National Automated Clearing House (NACH) Procedural Guidelines.V.3.1

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1. Short title of the service

The National Payments Corporation of India (NPCI) offers to banks, financial institutions, Corporates and Central and State Government/s a service termed as "**National Automated Clearing House (NACH)**" which includes both Debit and Credit transactions. It shall be referred to as NACH hereafter.

NACH (Debit) & NACH (Credit) products aim at facilitating inter-bank high volume, low value debit/credit transactions, which are repetitive in nature, electronically using the NPCI platform.

2. Objectives of NACH

➢ The NACH system facilitates end-to-end processing of bulk electronic payment instructions with the objective of creating a national eco-system covering all the banks and their branches.

➢ Provide a technology platform to banks to route the debit / credit instructions through NPCI using different routing codes like IFSC Code / MICR Code / IIN Code or any other code as may be decided from time-to-time.

➢ Provide Direct Corporate Access (DCA) to select Corporates/ Government Depts., major user institutions and third party to NACH system of NPCI.

➢ Provide a sound mechanism for revocations, holiday's management, settlement, exceptions handling, processing of returns, rejects, reversals, refunds, unwinding, dispute handling etc.

➢ Maintain a robust Aadhaar number with Institution Identification Number (IIN) mapper with related governance mechanism.

➢ Create a robust Mandate Management and related governance mechanism.

➢ The system would leverage on Core-Banking Solution (CBS) of participating banks for centralized posting of inward debit / credit transactions. NPCI would be running the Centralised service out of Chennai or Hyderabad or any other place as may be decided from time to time, with settlement in the books of Reserve Bank of India (RBI).

3. Definitions

The acronyms / abbreviations used in this document are listed in **Annexure-I**.

4. NACH membership

Banks in India who are members of any Payment System / Channel approved by the Reserve Bank of India, and who intend to enter into a mutual service level agreement (SLA) with NPCI will be permitted to originate transactions in the NACH system, as **"Sponsor Banks"**.

A Sponsor bank may discontinue its membership from the NACH by giving due notice as is decided by NPCI in consultation with the NACH Steering Committee. The said Steering Committee will meet within 14 days of the bank giving notice and will work out a notice period depending upon the impact the Sponsor Bank has on other participants, number of customers impacted, time line required for customers' to migrate to other banks etc. In no case, the notice period will be less than two months from the date of acceptance of the same by the Steering Committee. On acceptance, NPCI shall communicate the notice to all banks participating in NACH platform.

On merger/demerger of two or more participating banks, the involved entities will give due notice to NPCI to process transactions accordingly. NPCI will act on the request received within a period of one month.

All Banks in India who are members of any Payment System / Channel approved by the Reserve Bank of India would be allowed to participate on NACH system as **"Destination Banks",** on submission of necessary Agreement. These Banks would be allowed to process transactions through NACH, process debit Mandates and update the Aadhaar Mapper.

The Corporates/ Government Departments will have to indicate the names of the Sponsor Bank with whom they are maintaining accounts to facilitate settlement on their behalf. They would be allowed to participate on NACH system as "Users", on submission of necessary Agreement, through their Sponsor Bank.

It is clarified that,

i.   Banks maintaining settlement accounts with RBI-DAD would be allowed to participate on NACH system. Banks not possessing the same but desirous of participating in NACH would be allowed to do so through their Sponsor Bank (for settlement purpose), who should be maintaining a settlement account with RBI-DAD.

ii.   On merger/demerger of two or more participating banks, the involved entities will give due notice to NPCI to process transactions accordingly. NPCI will act on the request received within a period of one month.

iii.   NPCI will communicate through a notice the earliest date of Go Live of the NACH in advance and the member banks who want to opt out will have to notify their option of non-participation.

iv.   Government Departments/Corporates can choose to become direct participant having Direct Corporate Access (DCA) for the purpose of submission/receipt of the transactions provided the request for participation is recommended by the Sponsor Bank and the Departments/Corporates agree to comply with the NACH Procedural Guidelines as applicable to them and NPCI Net/Internet Access regulations that are applicable for usage of Network for submission and receipt of transactions.

v.   All applicants to NACH system will have to pay a membership fee and any other fee as may be decided by NPCI from time-to-time.

vi.   Other approved Payment System Solution Providers would also be allowed to participate on NACH on completion of necessary Registration formalities with NPCI.

vii.   Indian Postal Department is also eligible and participating as a NACH member.

viii.   Relevant Registration formalities would be decided by NPCI in consultation with the NACH steering committee and duly informed to the NACH participants.

5. Members / Indirect Participants

It has been decided to expand the sub-membership / indirect participants route to enable all licenced banks to participate in NACH system, as per directions laid down in RBI Circular No. DPSS.CO.OD.1848 /06.07.003/2011-2012 dated April 09, 2012 on "Access criteria for payment systems – sub-membership to centralised payment systems". **(Annexure 2)**

Other Guidelines as laid down in the above mentioned circular would be applicable to NACH participants wherever relevant.

5.1 On-boarding of corporates

"User registration form" as per the format defined by NPCI has to be submitted by the corporate through their sponsor bank in order to get on-boarded into the NACH platform. Copy of the format provided in Annexure 13. The form should be submitted by the corporates on their letter head

through their sponsor bank. The form should be duly signed by the authorized officials of corporates as well as the forwarding official with their official stamp.

5.1.1 User institution portability (Corporate portability)

Corporate portability is the facility provided to member banks to handle the transactions of any corporate irrespective of the sponsor bank through which the mandate has been presented and registered. Following are the technical and procedural details of corporate portability:

1. **Validation of corporate number/utility code:**

   The corporate number / utility code given in the transaction data will be validated against the corporate number/utility code in the master data of NACH system. If there is any mismatch or the corporate / utility code does not exist in the NACH master, then such transaction/file will be rejected with the reason "Bad Batch Corporate".

2. **Linking of corporate number / utility code with UMRN:**

   At the time of registration of mandates NACH system will link the corporate code and UMRN allotted to the mandates presented with the code. At the time of presentation of transactions, both the sponsor bank and the corporate should ensure that correct corporate code what was linked to the respective UMRN is provided in the transaction file. If there is any mismatch, such transactions/ file will be rejected by NACH system with reason "Bad Batch Corporate"

3. **Registration of corporate with sponsor bank:**

   Any bank who wants to act as a sponsor bank for a corporate to either process the mandates or present transactions, has to get the corporate registered with NPCI. The bank has to submit user registration form (Annexure 13) for such registration. If the corporate is new in NACH system then a new corporate code will be allotted by NPCI. In case of existing corporate, the corporate/utility code already allotted should be quoted in the user registration form to get the same registered. If a corporate gets registered with a new code, such code cannot be used by the corporate/ sponsor banks for processing transactions that are pertaining to mandates that have been already registered with a different corporate/utility code.

5.1.2 Portability of mandates registered with Aggregator's utility code

<mark>There are instances where in the corporates have got their mandates registered with a common code.</mark> This facility will allow corporates to port such mandates into their own code in NACH system. As the change in the corporate code may require changes in CBS of banks that have built validation of corporate code, the process of portability will be carried out once in a month as per a defined schedule. As the change in corporate code will have impact at multiple levels, the timeline defined by NPCI has to be strictly adhered to by the corporates and banks.

Process

The following documents have to be submitted by the corporate and sponsor bank:

- Application from corporate through their sponsor bank for allotment of separate corporate code (Annexure 17)
- Indemnity from sponsor bank (Annexure 17)
- No objection letter (Annexure 17) from entity that has done initial registration of mandates with common code. The UMRN data pertaining to the corporate should be annexed to the letter. This should be submitted in soft form (in CD or any external media) as well.

Schedule

As the change in the corporate code may require changes in CBS of banks that have built the validation of corporate code, the process of portability will be carried out once in a month only as per the schedule given below:

- Corporate to submit the documents each month on or before 20th
- NPCI to scrutinize the documents within 2 days of submission and provide response
- Corporate may submit the documents well in advance so that the documents can be resubmitted, before 20th, after correction of the discrepancy if any
- Any document that is submitted after 20th of a month will be considered for next cycle month only.
- The change in the corporate code will be executed by 10th of the subsequent month.
- Member banks to update the corporate code within 7 working days and provide confirmation back to NPCI.
- The corporate can use the new code post updation

As the process involves change in the corporate code at multiple levels the timeline has to be strictly adhered to by the corporates and banks.

6. Roles and responsibilities

The roles and responsibilities of the participants in the scheme are as shown in **Annexure 3.**

7. Charges

NPCI may levy charges for the usage by Sponsor Bank/Receiving banks/ Corporates/Government Departments for allowing them to use the NACH / MMS services.

The charges may include but are not limited to

- o Joining/membership fee
- o Transaction fee
- o Network Recovery charges
- o Certification and On-boarding charges
- o Taxes and statutory payments
- o Mandate related services
- o Testing
- o Training
- o Settlement Services
- o Charges for offering value added services/miscellaneous which may be mutually agreed between NPCI and the organization using such value added services/miscellaneous services.
- o Fines and penalties for non-adherence to NACH procedural guidelines or any relevant circulars issued by RBI.

The periodicity for collection of such charges as well as mode of collection of such charges would be as decided by NPCI in consultation with ACH steering committee and communicated to the participant banks. Indirect Participant banks will have to give a mandate to NPCI to collect such charges through their Sponsor Banks.

NPCI will furnish a schedule of charges annually to all the member banks and shall communicate the charges as and when there is an upward/downward revision. All charges will be exclusive of GST/service tax or any other statutory charges which will be payable separately unless otherwise clarified.

NPCI reserves the right to and will have the ability to revise or to waive any or all the charges after discussions in the Steering Committee and after communication to members.

Penalty for representation of debit transactions returned for specific reasons - If any bank continue to present the returned transactions more than twice, then from the third instance of presentation of such returned instruments will attract penalty of Rs. 25/- per instance of presentation. Penalty is applicable for debit transactions returned with following reasons.

- ACH Debit (306) – "Account closed"

** Taxes as applicable will be levied

Harmonization of Turnaround Time (TAT) and Customer compensation

- RBI issued circular DPSS.CO.PD. No.629/02.01.014/2019-20 dated 20th September, 2019 on harmonisation of Turn-around Time (TAT) and customer compensation for failed transactions using authorized Payment Systems. As per the directions, every failed transaction, the credit amount shall be auto reversed to the customer's account suo moto, without waiting for customer's complaint/claim along with the compensation in case of delay as per stipulated time. The TAT is as follows

Sl. No.	Description	Framework for TAT, auto-reversal and compensation	
		Timeline (TAT)	**Compensation payable**
	Aadhaar Payment Bridge System (APBS)		
1	Delay in crediting beneficiary's account	• Destination bank to credit penalty if reversal response is delayed beyond T+1 working day for a failed transaction. • Destination bank to credit penalty if delay in crediting beneficiary account i.e. beyond T+1 working day.	₹ 100/- per day if delay is beyond T+1 working day
	National Automated Clearing House (NACH)		
2	Delay in crediting beneficiary's account or reversal of amount	• Destination bank to credit penalty if reversal response is delayed beyond T+1 working day for a failed transaction. • Destination bank to credit penalty if delay in crediting beneficiary account i.e. beyond T+1 working day.	₹ 100/- per day if delay is beyond T+1 working day
	Account debited despite revocation of debit mandate with	Customer's bank will be responsible for such debit.	₹ 100/- per day if delay is beyond T+1 working day

Sl. No.	Description	Framework for TAT, auto-reversal and compensation	
		Timeline (TAT)	**Compensation payable**
	the bank by the customer	Resolution to be completed within T+1 working day	

- If the bank delays crediting the customer beyond the stipulated timeline then the customer's account should be credited with applicable penalty amount as well.
- If there is a delay in submission of returns NPCI shall levy the penalty and pass on the credit to the sponsor bank. The details will be provided to sponsor bank for passing on the credit to the originating corporate / Government department.

8. Message Formats

NACH transactions routed through NPCI should comply with the message formats discussed and decided by the ACH Steering Committee members and specified by NPCI as a part of NACH file format specification. Modifications if any will be communicated by NPCI to member banks from time to time.

<mark>Transaction type: This is 2 digit code in APB file format and 3 digit code in ACH file format.</mark>
The following transactions codes can be used by the banks

Sl. No.	Product Name	Tran code / Product Category	Remarks
1	ACH CR Present	10	Normal ACH Credit transactions
2	ACH CR Present 306	ECS	ECS credit migrated transactions
3	ACH CR TReDS Present	TRE	TReDS
4	ACH DBT Present	DBT	Direct benefit transactions (Other than LPG)
5	ACH DBTL Present	LPG	LPG Direct benefit transactions
6	ACH DR Present	10	Normal ACH Debit transactions
7	ACH DR Present RPN	RPN	Representation of failed ACH Debit transactions
8	ACH DR TReDS Present	TRE	TReDS
9	ACH PEN Present	PEN	Pension transactions
10	ACH PFM Present	PFM	Direct benefit transactions (Other than LPG)
11	ACH SAL Present	SAL	Salary transactions
12	ACH WAL Present	WAL	Wallet transactions
13	ACH DR SYM Present	SYM	Pradhan Mantri Shram Yogi Maan-dhan (PMSYM) debit transactions

Sl. No.	Product Name	Tran code / Product Category	Remarks
14	ACH DR MWI Present	MWI	Central government pension scheme related debit transactions other than PMSYM
15	ACH DR Present LEG	LEG	Debit legacy migrated transactions
16	ACH GEN Present	GEN	Presentation of subsidy transactions with Non-DBT mission codes
17	ACH KSN Present	KSN	PM-Kisan scheme transactions
18	ACH LON Present	LON	Transactions containing loan account numbers to which subsidy credit to be made
19	APB DBT Present	77	Direct benefit transactions (Other than LPG) with value less than Rs. 2 lakhs
20	APB DBTL Present	78	LPG Direct benefit transactions
21	APB HIG Present	79	Direct benefit transactions (Other than LPG) with value greater than Rs. 2 lakhs
22	APB Non-DBT	80	Non-DBT credits
23	NACH DR Present (156 format)	66	ECS Debit transactions
24	PUN 306 Present	PUN	Pungrain transactions
25	APB DBT HIG	79	Subsidy transactions exceeding Rs. 2.00 Lakh
26	APB GEN Present	82	Presentation of subsidy transactions with Non-DBT mission codes
27	APB KSN Present	81	PM-Kisan scheme transactions
28	ACH SYM Present	SYM	Pradhan Mantri Shram Yogi Maan-dhan (PMSYM) credit transactions
29	ACH MWI Present	MWI	Central government pension scheme related credit transactions other than PMSYM

The ACH Specification document covering file formats, is as shown in **Annexure 4**.

Banks participating in NACH should adhere to the return & reject reason code defined by NPCI. The list of codes are provided in Annexure 4 (a).

8.1. Trade Receivable Discounting System (TReDS)

TReDS is a system used to secure finances for micro, small and medium enterprises. It is a platform set up by RBI under Payment and Settlement System Act 2007 to bring the stakeholders and participants together for discounting, trading and settlement of the invoices. RBI has authorized NPCI for undertaking the settlement of TReDS platform.

TReDS is a utility plugged into NACH. The utility will cater to many to many transactions wherein the debit and credit legs of the transactions are dependent on each other. i.e. TReDS utility facilitates uploading a single presentation file with multiple debits and multiple credits in advance to the settlement date in NACH application. The initiation of credit transactions will be dependent on the success of debit transactions linked to them and the failed transactions will be reversed through the subsequent credit sessions.

Process overview
1. TReDS will collect the mandates from the financiers and the buyers authorizing the TReDS to debit their account for the agreed amounts.
2. The debit mandates will be submitted to sponsor bank for registration through NACH Mandate Management System (MMS).
3. If the mandates are rejected TReDS will take necessary corrective action and re-submit the mandates.
4. After the mandates are authorized TReDS will proceed with transaction processing.
5. TReDS through their sponsor banks upload a single file having the following debit and credit components
   - Financing
     - Debit to the financier (finance amount)
     - Debit to the buyer (interest amount)
     - Credit to the seller (finance amount)
     - Credit to TReDS (charges)
   - Repayment
     - Debit to the buyer
     - Credit to the financier

6. The following conditions will be taken care in the transaction file
   - Each set of debit and credit transactions will have a single reference number as an identifier.
   - Each set of debit and credit transactions should be self-balancing i.e. the sum of all the transactions will be zero.
7. TReDS utility after executing necessary validations will trigger the debit set of transactions through NACH system as per the session timings decided by NPCI.
8. The debit transactions will be processed by the destination banks and response will be submitted to NACH system. After all the responses are received, session will be closed and final response file will be passed on to TReDS utility.
9. Based on the response codes the next step of processing will be triggered in TReDS utility
10. Set of debit transactions (debit to financier and buyer) will be treated as a single set. Both the transactions should be successful for processing the related credit leg transactions.
11. If any one of the set of debits referred to above fails the other successful transaction will be taken up for reversal.
12. Cleared debit transactions: The corresponding credit leg entries will be triggered to NACH system for credit leg processing.
13. Debit returned transactions: if both the debit transactions in a set are returned then no further processing will happen for returned transactions and also no further action on the credit leg of these returned transactions.
14. Transactions without response:
   - Debit transactions for which no response is received from the destination bank will be treated as deemed returned by the destination bank.
   - As the settlement has already happened in NACH system for these transactions TReDS utility will initiate a reversal transaction for these deemed returned transactions in the subsequent credit sessions.
   - No further action on the credit leg of these deemed returned transactions will be carried out.
15. In credit leg the only credit transactions pertaining to seller credit will be considered in the first credit leg for processing and the transactions pertaining to TReDS charges will not be considered for processing at this stage.

16. After preparing the credit files the utility will push the credit transactions to NACH system as per the session timings decided by NPCI.

17. Credit transactions will be processed by banks and response files will be submitted to NACH system and the final response file will be pushed to TReDS utility.

18. Based on the response codes of the credit leg transactions the next step of processing will be triggered in TReDS utility.

19. Cleared credit transactions: The TReDS charges transactions pertaining this successful credit transactions will be taken up for processing.

20. Failed credit transactions: TReDs utility will pick up the successful debit leg transactions pertaining the set of failed credit transaction for reversal. No further action to be taken on TReDS charges transactions in this case.

21. Transactions without response:
    o Credit transactions for which no response is received from the destination bank will be treated as deemed successful.
    o The TReDS charges transactions pertaining to deemed successful credit transactions will be taken up for further processing.

22. After preparing the credit files the utility will push the last leg of credit transactions (Transactions pertaining to TReDS charges and also reversal of failed transactions) to NACH system as per the session timings decided by NPCI.

23. Credit transactions will be processed by banks and response files will be submitted to NACH system and the final response file will be pushed to TReDS utility.

24. No further action will be taken by TReDS utility and the final response files will be provided to TReDS entities for accounting and reconciliation.

8.1.2 Validations

File Upload by Banks

The input file from Bank should be in the existing 306 format. Banks should upload the input file in their respective mail box (root path) host to host.

File Validation (Technical)

Whenever a new file is received by the utility for Debit-Credit the following validations will be carried out

1. File name

2. Business validation

The file name should be in the below format:

Product Name-Transactiontype-Bank Short code-User Name-DDMMYYYY-Sequence number-INP.txt

Terms in File Name	Description
Product Name	ACH
Transaction type	TR
Bank Short Code	4 Characters Unique Bank Identifier in ACH System
User Name	User Login Id
Date	In ddmmyyyy format (Date of Upload)
Sequence Number	6 digit running sequence number, which can also include characters.

E.g.:

ACH-TR-SBIN-SBINMaker-09092016-000001-INP.txt

If file name validation is successful technical validation on the file will be done.

Technical validation is done to make sure that the data in the input file adheres to the specified format.

Business Validations

1. File gateway will do technical validations and route the file to interface utility.
2. TReDS utility does basic business validations and sends acknowledgement to file gateway. The business validations are
    a. Whether any of the debit reference numbers are duplicated
    b. Whether the sum of debit amount matches the sum of credit amounts against the same group reference number.
3. The records against the reference numbers for which either of the above validation fails will be marked as errors and rejected with appropriate reason.

8.1.3 File processing Scenarios

1. The following scenarios will be covered in TReDS utility
   a. One to one   : (Financier 1) → Seller 1
   b. Many to one   : (Buyer 1 + Financier 1) → Seller 1
   c. One to Many   : Financier 1 → Seller 1+ Seller 2+.+ Seller N
   d. Many to Many   : Financier 1 + Buyer → Seller + TReDS charges
2. Each set of transactions (debit as well as credit) can have a maximum of one financier, one buyer, one seller and TReDs charges entry and also the set should have single reference number as an identifier.
3. Utility will consolidate debit and credit leg of the same set and accept only if the set is self-balancing.
4. To facilitate this, the credit to be given to the seller should be sum total of the interest to be paid by the buyer and the remaining amount should be debited to be financier. For example
   a. Financer A to pay seller Z Rs. 10 lakhs
   b. Buyer Y has to pay interest of Rs.50,000 upfront to the financier
   c. The file should have the following set of records
   d. Financier (A) debit   : 9,50,000
   e. Buyer (Y) debit   :   50,000
   f. Seller (Z) credit   :10,00,000
5. Example for buyer → financier scenario.
   o Buyer (Y) debit   :10,00,000
   o Financer (A) credit   :10,00,000

8.1.4 Fund flow
The below figure illustrates the fund flow between the bank
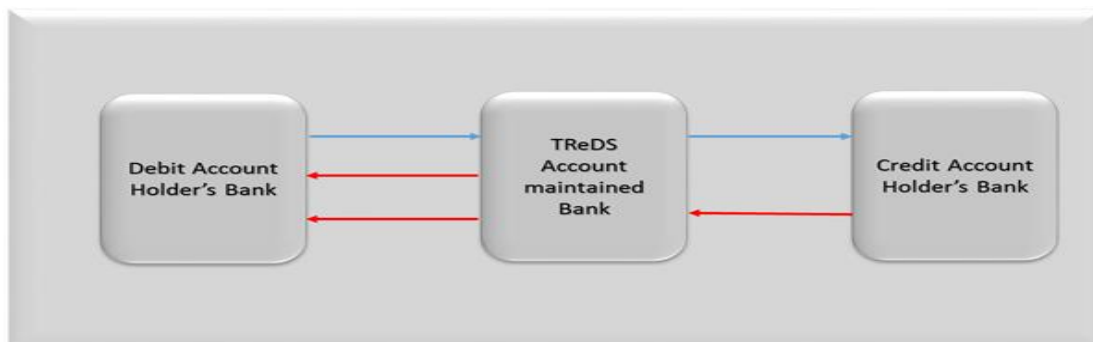
Particulars	Debit	Credit
Debit leg initiation file	Financier, Buyers account holding bank accounts	TReDS sponsor Bank
Returns on debit initiation file	TReDS sponsor Bank	Financier, Buyers account holding bank
Credit leg for corresponding debit	TReDS sponsor Bank	Seller account holding Bank
Returns in credit leg	Seller account holding Bank	TReDS sponsor Bank
Reversal of debit for credit returns	TReDS sponsor Bank	Financier, Buyers account holding bank
TReDs charges	Already debited to financer & buyer account holding banks (netted amount) in Debit leg initiation file	TReDS sponsor Bank

Exception settlement: In case of deemed debit returns TReDS utility will do a reversal of the deemed returns to the bank which got debited.

8.1.5 Exceptions Handling

Recall of Debit file:

If a bank user recalls the ACH debit file from ACH then the entire TReDS file will be rejected

Recall of credit file in credit first session:

If a bank user recalls the ACH credit file of initial credit session from ACH then utility will process the reversal to the respective debit transactions in the final credit session

Recall/Rejection of credit file in final credit session

If a bank user recalls the ACH credit file of final ACH credit session from ACH then utility will alert NPCI user about the action performed by the bank user.

8.1.6 Customer grievance redressal mechanism

In-case of grievance / disputes on transactions processed via TReDS utility, TReDS entities should approach their sponsor bank who in turn should raise the same using Dispute Management System (DMS) in NACH system.

8.1.7 Assumptions

1. No extensions will be provided for the TReDS product.
2. All the TReDS transactions will be processed on T+0.
3. Banks will upload the file only through Host to Host.
4. Max of 2 credit transaction will be linked with debit transactions.
5. Only IFSC as routing codes will be used.
6. Mandates will be registered before raising corresponding debit transactions.
7. Utility will accept partial file.
8. TReDS entities will upload the files on the previous business day to the settlement date. File will not be uploaded on T+0 basis.
9. There will be only one set of sessions for TReDS, transactions missed out, if any are to be taken up for processing in the next cycle only.
10. TReDS entities will process transactions pertaining to the banks that are live in NACH system. The transactions pertaining to the banks that are not live in NACH will be rejected by NACH system. No validation will be built in TReDS utility for this.
11. Deemed accepted credit leg transactions will be taken up by TReDS entities and the respective sponsor banks directly with the destination banks for resolution.
12. In the last leg of credit transaction session if any transaction/s is/are returned no further action will be taken by NPCI. The overnight balance created in the books of sponsor bank will be handled by TReDS along with their bank. RBI and TReDS will devise a process for handling this exception.

8.2 NACH Credit/ Debit 156

As per the RBI directive all the transactions should be processed in ACH 306 file format only. The existing ECS credit and debit transactions will be migrated to ACH 306 file format in a phased manner.

In case of ECS debit transactions the corporates will create data mandates and present them through their sponsor banks. The mandates will be pre-authorized the destination banks are expected to verify the mandates using either paper mandates (ECS) available on their records

or using the debit transactions in the customer account. In the event of any discrepancy destination bank can approach NPCI for cancellation of the data mandates.

Once all the transactions are migrated to ACH 306 format NACH will stop processing the transactions in 156 file format (ECS).

9 Aadhaar Payment Bridge System (APBS) guidelines & validations

The member banks should diligently follow the Standard Operating Procedure (SOP) designed for Aadhaar seeding and other related processes.

9.1 IIN validation in APB file

NACH system is built to validate the Aadhaar numbers provided in the transaction file at the time of upload and route to destination banks as per the IIN mapping done with NPCI in the Aadhaar mapper. In case sponsor bank provides the IIN as well in the file then same will be validated against the existing mapping at NPCI and in case of mismatch all such transactions will be rejected.

10. Transactions & files

10.1 Minimum and Maximum Number of Transactions & amount

NPCI may prescribe the optimum records in a file and transaction amount at record level for efficient processing and banks shall adhere to that limit.

10.2 Transaction processing capability

All NACH participating banks must put in place necessary infrastructure to process at least 5 lakh transactions per session (within 90 minutes) on NACH system. The stated processing capability is critical for the banks keeping in view the continuous increase in number of transactions processed through NACH system.

10.3 Transaction value cap

There is a cap of Rs. 2 Lakh on DBT transactions (both Aadhaar based as well as Account based) however another product is available specifically for processing high value DBT, there is no cap

on the amount for this DBT product. For product categories please refer point 8 (page no. 11) of this document.

10.4 Multiple sessions

NPCI may create multiple sessions for the same product to provide inward files in different lots in order to allow more time to the banks for processing the inward and uploading the response. Prior communication with updated session timings will be issued by NPCI from time to time. Member banks should make necessary arrangements to handle additional sessions.

10.5 File warehousing

Sponsor banks can upload files up to 7 days prior to the settlement date. All the future dated transactions will be validated, warehoused. On the settlement date the warehoused files will get tagged to a session.

In the event of bank being blocked for any reason, all transactions that have been initiated by the bank or drawn on it for the specific settlement date would get rejected. Such rejection will happen only on the settlement date.

10.7 XML & Text file format

NPCI can generate either XML / text (TXT) files for member banks. By default the text file format will be enabled and files will be pushed to banks in TXT format only. In case, banks requires XML format then a request has to be submitted to NPCI for activation of XML files.

XML format can be enabled only for ACH 306 format. APB & NACH Debit (156 format) files will be provided in TXT format only.

10.8 Response for inward files

The destination banks should provide the status (success & return) of all the inward files / transactions received. If the status of the transactions are not received within the scheduled cut off then all such transactions shall be treated as deemed accepted. It is important for the destination banks to take necessary steps for processing all inward transactions within the clearing timelines.

The transactions that are deemed accepted are not considered for payment of incentive (paid by government for DBT transactions) and inter-change.

10.9 Flags in the response file

Response flag identify the status of each record that was sent by the sponsor bank during the presentation session. The status provided by the destination bank/s is updated in NACH system and response file is provided accordingly to the sponsor bank. The following are the standard response codes accepted in NACH system:

Flag	Reason Code	Status
0	Return code as given by destination bank	Returned transaction
1	00	Accepted transaction
2	Reject codes as available in Annexure 4 (a)	Rejected transaction
3	98	Mark Pending/Bank Extension transaction
3	99	Finality status not confirmed transaction
7	00	Deemed accepted transaction (Only for those records where finality status is not confirmed)

10.10 Narration in account statement

RBI vide its circular DPSS (CO) EPDD No. 788/04.03.01/2010-11 dated October 08th 2010 has directed that banks should furnish the details of the electronic transactions to the account holders. It is therefore essential in providing relevant information in NACH as well to help beneficiaries in identifying the source of debit / credit. The CBS of the banks should be enabled to capture the complete information in appropriate fields which should be displayed whenever customer accounts are accessed either online (internet banking etc.) or offline i.e. the passbooks, account statement etc. (Refer NPCI:2013-14:NACH:Circular 7 dated May 31, 2015). In case of DBT transactions, the member banks should include the scheme name as well for which the credit was given.

10.11 Account verification (AV) process

Account verification process was implemented by NPCI to improve the success rate of DBT transactions presented through account based mode. The TAT for processing an AV inward file is set as T+2 days. Only after successful verification and uploading of response into NPCI system the Government departments / OMCs will initiate the transfer of credit to the beneficiaries account. Destination banks must ensure compliance. The process has been extended for non-DBT transactions as well effective from April 2020.

Process

- Government departments / OMCs / Corporate will create bank wise files and Banks will create OMC wise files
- Files will be digitally signed and uploaded into NACH system
- Input Files received will be processed by OMCs and Banks
- Response File will be created with response for each record and uploaded into NACH
- In case of negative confirmation, all the names of that particular account will be provided in the Response File

File Details

- Input & Response Files will be in fixed length text format
- The columns for both input and response files will be the same, based on origination or response the fields have to be updated.
- An acknowledgment file will be sent for each file uploaded into NACH.
- Input can have maximum of 20,000 records
- Timings for upload and download of Files for Account Verification will be restricted to outside business hours (this will be communicated separately)
- When the data field is less than the field length,
  - If the field is Numeric, then the data must be left padded with zeroes
  - If the field is Alphanumeric, then the data must be right padded with spaces

AV file format provided in Annexure 18

10.12 Account verification for CBDT

Central Board of Direct Taxes (CBDT) is in the process of moving the processing of income tax refunds on digital platform i.e. NACH. The pre requisite to this process is to get the account number, beneficiary name and PAN from banks for validation at their end before initiating the electronic refunds. AV CBDT was built in similar lines to already existing account verification process. The TAT will be T+2 days.

Roles and responsibilities

CBDT:

- Provide correct data of Account number, IFSC code and beneficiary name as per the TSD.
- The input data should be complete in all aspect and validated in terms of account field length for each bank.
- On receipt of response files, validate the Assesses name and PAN against the CBDT data base before initiating the transactions.
- The banks are only capturing and passing on the details available in CBS and responsibility of the validation lies completely with CBDT.

Sponsor bank:

- Upload the AV files as received from CBDT.
- Pass on the response files received from NPCI to the CBDT (beneficiary name and PAN for matched records)
- Pass on the response files with the same response codes received from NPCI without any modification.

NPCI:

- Facilitate sponsor bank to upload the files in NACH and generate inward file as per the prescribed format.
- Share the response files as received from destination banks with CBDT / sponsor banks.
- Follow up for getting the complete response files.

Destination banks:

- Enable the system to capture secondary account holder name in case of joint account and PAN as per the format from CBS for the account numbers available in the inward file.
- Ensure to process the files
    - o Within two weeks (for the initial bulk records)
    - o Within two days on an on-going basis
- Provide response code for all unmatched records as per the specifications.

- Process all the records in a file in one go. Partial processing is not allowed.
- It is the responsibility of the destination bank to capture the PAN number, beneficiary name and other customer details (as required in NPCI format) as available in CBS as per the specification.

Expectations:

- The AV files of CBDT must be processed within the agreed timelines.
- Due care should be taken to share the correct details of PAN and Account holder name as available in CBS.

AV CBDT file format provided in Annexure 19

10.13 Old account conversion (OAC)

NPCI has built a file sharing mechanism for the member banks to send the old account numbers for the destination banks to process and provide the account numbers as per their core banking system

For purpose of this process, based on the prevailing CBS account number length of various member banks any account number with 9 digits or less can be construed as old account number. Further sponsor banks can use the data of returns over a period of time and send the records that are returned with reason no such account or equivalent. The above are only indicative, it is left to the individual user institution /sponsor bank to decide on the methodology to be followed for submission of old account number.

Banks must get certified in order to be on-boarded for this facility.

The roles and responsibility of all the stakeholders are given below:

Sponsor banks

- Provide old account numbers available in their database or in coordination with the user institution.
- After receiving the CBS account number from the destination banks, get the same updated by the user institution
- Ensure that subsequent transactions are originated with new account number only

- It is the responsibility of the sponsor bank to provide accurate and complete details of the old account number and get the new account number correctly mapped by the user institution.

  In the event of any issue as a result of incomplete / incorrect data provided or mapping done at the sponsor bank, it will be liable to make good the amount wrongly credited/debited and the consequence of such action.

Destination banks

- Process the old account number records received from the sponsor banks and provide the new account numbers as per the core banking system.
- Process the files within the agreed TAT.
- The destination bank should check whether the account number provided is
    - Active and eligible to receive debit or credits
    - The account name provided by the sponsor bank matches with the name as it is in the core banking system (for the purpose of name verification the banks can follow the process that is being followed for collection of cheques)
    - Banks should put necessary controls and processes including maker/checker mechanism to ensure the authenticity of the data of the new account number being provided.
    - 100% matching should be the criteria for these records, member banks should not resort to full automation through string matching.
    - Once confirmed the transactions sent for these accounts should not be returned unless the status of the account has changed, barring such debit/credit transactions.
- Banks should update only the columns pertaining to the response file, they should in no way modify the data and reference fields provided by the sponsor banks.
- It is the responsibility of the bank to provide the correct account number for each of the old account numbers.
- In the event of any issue as a result of incomplete / incorrect data provided or mapping done at the sponsor bank, it will be liable to make good the amount wrongly credited/debited and the consequence of such action.

User institutions:

- The data received from the destination bank should be verified for name matching before updating the records in the database.
- Updates received from the destination / sponsor banks are duly reflected in the customer records.

Disputes:

- By virtue of facilitating the mechanism of file exchange between sponsor and destination banks for submitting / receiving data pertaining to old account and the corresponding new account, NPCI will not be party to any disputes between the two banks arising out of data pertaining to such exchange of the files, processing, confirmation, updation of account numbers and the credits / debits made into such accounts by the respective banks or constituents.

- Both sponsor and destination bank should store the files sent / received and the response files sent / received. In the event of any dispute pertaining to account number confirmation, destination / sponsor bank, as the case may be, raising such dispute should provide the signed data files containing the records.

- In case of any transaction related disputes the member banks should route the same through Dispute Management System (DMS) of NPCI.

10.14 Host to Host (H2H)

H2H is a mechanism for seamless file transfer between Banks and Clearing House in a secured way. This helps member banks to do end to end automation of transaction processing. The member banks should develop H2H encompassing the following functionality

- Auto split and merging of files based on the NPCI set limit
- Auto signing and un-signing
- Conversion of old account numbers to CBS account numbers

10.15 Handling extension

In the event of a destination bank not able to complete processing of inward transactions within the stipulated timeline, NPCI, upon receiving request from the member banks and on the basis of merits of such request, might provide day extension for submission of return/response files. The information on the extension will be passed on to sponsor bank through an appropriate flag and response code in the response files. Once the response is uploaded by the destination bank on the subsequent working day, final response file containing the updated status of the extended records will be provided to sponsor banks. Sponsor banks should have capability to handle extended record for T + N days.

10.16 Communication to corporates on the NACH files processing

Banks may be receiving the files with large number of records from corporates. For ease of processing, banks may be splitting the files at the time of presentation and merging again for providing response to the corporates. In such cases it is essential that the corporates are made aware of such processing by the banks.

All the banks that are processing the files as cited above are advised to keep the corporates duly informed of the process being followed and take their consent on record.

10.17 Processing of DBT related payments

Reference be taken from Office Memorandum (OM) No. F. No. 32 (07)/PF –II/2011 Vol. II) dated August 20, 2015, February 26, 2016 and May 26, 2017issued by Ministry of Finance, Department of Expenditure. In accordance to the same:

a) All DBT transaction should be routed through the National Payments Corporation of India.

b) DBT charges and cash-out incentive for specific schemes will be provided only if declaration submitted by the bank to NPCI as per the format defined. The declaration has to be submitted on half - yearly basis.

Incorporation of 30 character NREGA FTO reference number in input file – PFMS sends the payment files to sponsor banks holding SEGF accounts with 13 character reference as well as 30 character FTO reference number in C7495 tag. Sponsor banks while uploading transactions to NACH are advised to incorporate 13 character reference number (available in PFMS payment file) in NACH input file under User credit reference number column in APB and transaction reference column in case of ACH as well as the 30 character code provided in the C7495 tag should also be captured in the tag as introduced by NPCI.

- It is mandatory for MNREGA as of now. For other schemes the additional tag will be considered optional however it is suggested that the banks should start providing the value in the additional field for all schemes wherever available. The same will be made mandatory once notified by NPCI.

- As this is only for the consumption of NACH for billing purpose the value in the additional field will not be passed on to the destination banks.

- There will be no change in the format of response file provided to the sponsor bank.

- In the event of 30 digit FTO reference number not provided by the sponsor bank in the file it is their responsibility to provide the details to NPCI at a later stage once sought

- In the absence of 30 digit FTO reference number Ministry of Rural Development will decline settlement of the claims for those transactions, if the sponsor bank is not in a position to provide the details as required then all such transactions will be treated as Non – DBT and the charges (NPCI charges and interbank -change) will be debited to the sponsor bank.

10.18 DBT Scheme codes

DBT Mission office vide their OM No. D-11011/02/2016-DBT (Cab) (Pt.) dated September 23, 2016 and corrigendum date December 09, 2016 issued standard scheme codes for various central and state government schemes. The standard scheme codes are of 5 characters. The scheme codes must be implemented uniformly by all stakeholders. Also banks should take utmost care to use the relevant scheme related user code allotted for each scheme during the presentation. Implementing agencies have issued direction to NPCI to provide state-wise billing data for which claims are not getting settled. Sponsor Banks should use DBT scheme related and state specific user codes for all central and centrally sponsored DBT schemes.

Providing the right scheme codes in the NACH files is of critical importance, as this forms the basis for calculation of incentive and charges and the claims will be raised on the departments based on the scheme codes. In the event of banks using incorrect scheme code, detected at a later stage on investigation / audit findings, the charges / incentives already credited to the sponsor banks / destination banks would be reversed without prior notice. Sponsor banks will be primarily responsible for such lapse.

For submission of data in NACH, the banks should follow the process given below:
- Provide 5 digit scheme code as given by PFMS at the header level suffixing spaces
- Provide 7 digit user code (this includes 2 digit state/ location code as a prefix to the 5 digit scheme code issued by DBT mission, it will be issued by NPCI to sponsor bank) at record level.

NPCI will validate whether 5 digit scheme code provided at the header level is a sub set of the 7 digit user code provided at the transaction level. This is to ensure that the data pertaining to the same scheme is uploaded in a single file. If there is any mismatch, the file will be rejected by the NACH system.

Process to be followed by banks

- If the 5 digit scheme code is provided to the sponsor bank along with the state details, then bank should approach NPCI for obtaining the relevant user code to be used for that state. On allotment bank should start using the relevant code.

- If the state cannot be identified, then banks should obtain all India user code from NPCI and process the transactions with the specific schemes code provided in the input data by the department.

- Banks should present all government subsidy transactions under respective product / transaction codes as per the circulars issued from time to time.

- The responsibility of uploading transactions in appropriate scheme codes lies with the sponsor banks.

- In case the scheme code is not available then the banks may use the user code allotted for either 'CS' or 'NZ'. The transactions uploaded under these codes will be Non-DBT transactions and hence the processing fee and interchange will be debited to the sponsor bank settlement account.

- If sponsor bank presents DBT category transaction with Non-DBT mission issued code then the transaction will be rejected or vice versa.

10.18.1 DBT processing in-case of inoperative & dormant accounts

As detailed in the circular issued by RBI (RBI/2013-14/262 and RBI/2013-14/313 dated September 17, 2013 and October 07, 2013) banks should take appropriate steps including allotment of a different product code in their CBS to all such accounts opened by them so that the stipulation of inoperative / dormant account due to non-operation does not apply while crediting proceeds. An additional code Unclaimed/DEAF account (code 10) has been introduced to deal with such account.

10.18.2 API services

As a part of value added service to banks to support in better customer services at bank branches, API services will be provided. Member banks are to be guided by the circular or communication issued by NPCI from time to time.

11. Member Notification

NPCI shall notify all the member banks through email/letter/circular regarding:

1) Inclusion of a new member to the NACH Network.

2) Cessation of any member.

3) Suspension/Termination of any member.

4) Amendments in the Procedural Guidelines.

5) New enhancement of the software and hardware released pertaining to the NACH Network.

6) Any other issue/s deemed important.

7) Regulatory Guidelines applicable to NACH.

8) Orders of the PRD.

12. Steering Committee for ACH

The ACH Steering Committee would be dedicated for discussion on the operational issues relating to NACH services and would consist of 50% members who are non- promoter banks. The Steering Committee meetings may have invitees from other organizations involved in promoting NACH services and industry experts as required, to get better insight. The committee shall meet at least once in a quarter.

Steering Committee is an advisory committee which constitutes of representatives of promoter banks, non-promoter banks and special invitees (technology or business counterparties and subject matter experts). The Committee would provide guidance on key issues such as strategic objectives including business and operational objectives and functioning mechanism of a business vertical such as product development, fees and interchange, member bank guidelines of National Payments Corporation of India.

Constitution:

The appointment of the Steering committee or any individual member to an existing Steering Committee shall be informed periodically, to the Committee of Executives of National Payments Corporation of India.

The constitution of the Steering Committee has to be made in the following manner:

Clause	Reference	Terms and Conditions
1	Total Promoter and Non-promoter Banks in the Steering Committee	Ideally not more than 20
2	Promoter Banks in the Steering Committee	Not more than 50% of the total members in the Steering Committee
3	Non-Promoter Banks in the Steering Committee	50% or more of the Total Members in the Steering Committee
4	Special Invitees in the Steering Committee	Flexible to include relevant stakeholders
5	Permanent Invitees [NPCI Employees]	CEO, COO and relevant CXOs, Heads of Sponsoring Business Vertical
		Individual terms of reference of the Steering Committees may have reference to the form or manner in which invites may be sent to other NPCI Employees as deemed fit by the Head of the Sponsoring Business Verticals and shall be approved by any of the designated appointment authorities of Steering Committees
6	Eligibility criteria for Membership for Promoter or Non-Promoter	Deputy General Manager and above or equivalent cadre or designation as applicable to the Promoter or Non-Promoter
7	Bank's representative	Bank's organization structure
8	Appointment of Member Secretary	Member Secretary of the Steering Committee shall be from NPCI and will be appointed by the MD & CEO.
9	Appointment of individual representatives after constitution of the Steering Committee	Appointment shall be approved by the Managing Director & CEO or COO of National Payments Corporation of India
10	Re-appointment of existing representatives (in the case of re-constitution after 3 years)	The re-appointment is feasible subject to approval of re-constitution by Managing Director & CEO or COO

Tenure:

The tenure of Steering committee shall be for a period of 2 years. The reconstitution of the Steering committee shall be approved by the Managing Director & CEO of National Payments Corporation of India as per constitution clause.

Frequency of Meetings:

Frequency of meetings has to be at a minimum of at least three meetings per annum. Further to the above, steering committee can be called for the below reasons

1. Exceptional situations or on a specific agenda based on the urgency of the requirement
2. Off-boarding of member on a voluntary decision of bank/institution

Quorum and voting at meetings:

The Steering Committee's role includes approving or rejecting proposals. It will be necessary for a quorum to be present before a vote can proceed. For the purposes of the Steering Committee a quorum is defined as at least 90% of the total number members of Steering Committee Members.

When resolving issues and making decisions, the aim of the Steering Committee is to achieve unanimity of opinion wherever possible. However, a 75% majority of votes will be sufficient to carry the motion.

Attendance at meetings:

Members may attend meetings of the Steering Committee in person or through other electronic means of communication. NPCI will arrange to documents such attendance through other electronic means of communication.

Roles and Responsibilities:

The roles and responsibility of the steering committee is as follows

1. Evaluation of strategy
2. Providing input to the development of the project
3. Defining and helping to achieve the project outcomes
4. Prioritisation of projects
5. Identifying potential risks
6. Providing advice (and sometimes making decisions) about changes to the project as it develops
7. Addressing any issue which has major implications for the project

Minutes of meeting:

The minutes of meeting of the Steering Committee meetings will be documented by the NPCI and kept on record.

Dissolution:

The Managing Director & CEO of National Payments Corporation of India reserves the right to dissolve a Steering Committee at any time on grounds that he deems fit.

Termination of Membership:

The Managing Director & CEO of National Payments Corporation of India reserves the right to terminate the membership of Promoter Bank or a Non-Promoter Bank or a Special Invitee nominated by an entity to a Steering Committee at any time on grounds that he/she deems fit.

In addition, any representative from Promoter Bank, or a Non-Promoter Bank or a Special Invitee nominated by an entity to a Steering Committee stands terminated with immediate effect in the case the Promoter Bank, or the Non-Promoter Bank or the entity nominating the Special Invitee terminates any existing agreement with National Payments Corporation of India which pertain to any business or activity performed by National Payments Corporation of India.

Withdrawal of Membership:

Steering committee members can also choose to voluntarily withdraw from the steering committee by notifying NPCI in writing.

Record Retention:

NPCI shall keep documentation for the Steering Committee in relation to the date and manner of constitution, approved terms of reference of the forums and approved minutes of the meetings for a period of ten years from the date of the meeting.

13. Audit by NPCI

It is obligatory for all participant Banks on the NACH platform to strictly follow the NACH Procedural Guidelines. NPCI reserves the right to conduct audit of the NACH related documentation of a participant Bank, maintained by them or with any other entity. Each member bank should conduct annual internal audits of itself (or of outsourced agents) in order

to comply with the NACH Procedural Guidelines and submit a report to NPCI which would be shared with RBI.

14. Clearing Times

➢ The system will have the capability to undertake multiple presentation and return settlements during a day, but, initially it will be restricted to one presentation settlement session and one corresponding return settlement session per day (as illustrated in Illustration 1 below). (For Mandate Management System (MMS) the clearing session will be non-financial in nature.)

➢ The clearing timings for these sessions would be as per pre-defined timelines stipulated by NPCI post discussion at the ACH Steering Committee.

➢ The NACH system would be capable of allowing different settlement session timings for different transaction types.

➢ The NACH system would be capable of allowing different settlement session timings for varied priority based transactions.

➢ NPCI may due to certain exigencies change the settlement session timings.

➢ NPCI will notify the participants in case of any change.

➢ NPCI reserves the right to add additional settlement windows/sessions based on business exigencies and after getting approval from NACH Steering Committee.

➢ The participants can request for extension in case of genuine delays but it would be the sole discretion of NPCI to extend/change the settlement session timings.

➢ Settlements would not take place during Sundays, National Holidays. NACH follows RTGS holidays, NACH system will not be available on Second and Fourth Saturday as notified by RBI.

➢ Session timings will be decided by NPCI from time to time in consultation with steering committee (wherever required). A separate circular will be issued providing the session timings to the member banks.

14.1 Processing of files on regional holidays

NACH works on all days except for RTGS holidays. Member banks must ensure sufficient staff are available on all the NACH working days for processing the files received as per the session timings. In case of a centre which manages the NACH processing is on holiday then bank must make alternate arrangements for processing the files received. Banks must ensure 100% compliance.

14.2 Session extension

Banks seeking time / day extension should submit the extension request form as per the format provided in Annexure 16. Banks should follow process as given below:

- Request form for time or day extension duly signed by competent authority should be submitted 1 hour before the session closure.
- The scanned copy of the request form may be sent through mail, the subject line should read "Extension request".
- NPCI will decide on extension and communicate back to the bank concerned within 30 minutes of submission.
- In case of response not received within the stipulated time, bank should reach out to the session officials for confirmation.

15. Late Submission of return / response

I. If any Destination Bank fails to submit the file to the NACH system on day T+0, or within extended timeline such delayed shall not be considered by NACH system for processing and settlement.

II. Payment / Settlement for such items would have to be worked out between the Sponsor Bank and the Destination Bank concerned.

16. Finality of Settlement and Settlement Arrangements

i. Settlement Finality: The settlement shall be final and irrevocable, as defined in Section 23 of the "Payment and Settlement Systems Act 2007" and will be handled as per the RBI Guidelines on Settlement and Default Handling Mechanism **(Annexure 5).**

ii. NPCI will provide settlement services for the NACH system. NPCI"s RTGS infrastructure will arrange the necessary inter-bank settlement of credits and debits to the banks respective current accounts directly with RBI-DAD. NPCI may levy a settlement processing fee as decided by the Steering Committee which may be revised from time to time.

iii. All banks before participating in NACH shall issue a Letter of Authority to RBI authorizing debit/credit for NACH related settlements in their respective accounts through NPCI RTGS infrastructure, duly approved by their respective boards. **(Annexure 6**).

iv. As indicated in the process flow (Annexure 7), settlement will be handled in two different ways. One for the transactions processed on T+0 basis (same day credit) and another will be for the transactions to be processed on T+1 basis (next day credit)

T+0 Credit/Debit: Debit / Credit instruction file to be made available for the Destination Bank only after debiting / crediting settlement account of the Destination Bank / Sponsor Bank, as applicable. The Sponsor Bank should credit the beneficiary account on same day for NACH (Debit) & the Destination Bank should credit the beneficiary account for NACH (Credit) on receipt of funds into their settlement account.

T+1 Credit/Debit: This is applicable to all the products that are being run on warehousing basis for value dated credits like ECS credit, ECS debit migrated to NACH and ACH 306 credit/debit sessions specifically opened for migration of ECS debit/credit transactions. The inward file will be made available to the member banks on the previous day evening. NPCI will be debiting / crediting settlement account of the Destination Bank / Sponsor Bank, as applicable, only on the next working day on which settlement bank should post the settlement files. The member banks should ensure that they process the transactions received in inward files only after verifying that the necessary settlement entries (i.e. debit or credit, as applicable) are sighted in the settlement account, maintained with settlement bank.

The definition of settlement determination and the default procedure are detailed in Annexure 5.

v. At the end of the business day or within timelines stipulated by NPCI, the net receivable or payable in respect of each member bank, will be generated and a Daily Settlement Report prepared and sent to all member Banks. The Net Settlement Amount will be inclusive of the transaction and settlement fees and any applicable taxes payable by Member Banks to NPCI.

17. Termination/Suspension of Membership

NPCI under the following circumstances may terminate/ suspend the NACH membership:

o The member has failed to comply with or violated any of the provisions of the NACH Procedural guidelines.
o Member bank blocked as per RBI direction.

o Member commits material breach of NACH Operating Procedures, which remains un-remedied for thirty (30) days after giving notice. Some instances that may be considered as material breaches are captured in **Annexure 8**.

o The current account with RBI of the member bank is closed or frozen.

o The member bank is amalgamated or merged with another member bank.

o Steps have been initiated for winding up the business of the member bank.

o Suspension or cancellation of RTGS membership.

18. Prohibition to Use NPCI Logo/ Trademark /Network

o Upon termination from NACH, the bank shall abstain from further using the NACH Trademark with immediate effect and failure to comply with the same, shall invite legal proceedings.

o Banks that have been terminated from NACH membership shall be deprived of the privilege of originating/receiving transactions as may be the case.

o Any pending dispute pertaining to transaction errors not resolved before the member bank is terminated will be retrieved from the respective bank's settlement account.

o The terminated member bank shall not disclose any information regarding the NACH Network or any knowledge gained through participation in the NACH Network to the external world. Failure to comply with the same shall be treated as breach of trust and will invite legal penalties. This rule shall be binding on the terminated member bank for One (1) year from the date of the termination.

19. Intellectual Property Rights

NPCI will acquire all the intellectual property rights to all the documents prepared particularly for proposed NACH solution.

20. Risk Mitigation

Member banks will adhere to access criteria guidelines that NPCI may prescribe from time to time in consultation with the Steering Committee.

One of the security controls adopted by NACH application for processing transactions is signing of the transaction files. It is mandatory for all banks to have ability to digitally sign the transaction files at the time of uploading and validate NPCI's digital certificate at the time

of downloading inward transactions files i.e. all participants must procure licensed version of signer tools. Currently PKC#7 algorithm is being used for encryption, the technical specification of the same is provided in Annexure 4 (c).

NPCI is a facilitator of transactions and hence will not be liable for the accuracy of the data submitted to it for processing nor shall it be liable for not being able to process transactions due to late submission of transactions, even though, it will take reasonable care and will publish the operating timelines from time to time.

Participants will have to put in place required backup system.

The transactions to the receiving banks/participants will be made available on the successful completion of the settlement for the session/day as the case may be. In case of the failure of the bank to keep adequate funds in the account at the time of settlement, the process as per Default Handling mechanism, as provided by RBI, vide its circular dated September 29, 2010 or any other modification RBI may issue from time to time shall apply.

Settlement Finality: The settlement shall be final and irrevocable, as defined in Section 23 of the "Payment and Settlement Systems Act 2007". NPCI will provide settlement services for the ACH system.

20.1 Remedies to payee against dishonour of NACH transactions

Section 25 of the Payment and Settlement Systems Act, 2007 accords the same rights and remedies to the payee (beneficiary) against dishonour of electronic funds transfer instructions for insufficiency of funds in the account of the payer (remitter), as are available to the payee of a cheque under section 138 of the Negotiable Instruments Act, 1881 on dishonour of cheque for insufficiency of fund in the bank account of the drawer of the cheque.

21. Maintaining NACH transaction records

NACH participants are expected to retain copies of NACH records in electronic form. Those participants using electronic methods to retain NACH records should implement practices and procedures to ensure that electronic records of NACH documents accurately reflect the information contained within the document and that both the electronic record and a record of the authentication can be accurately reproduced for future reference.

The preservation period for NACH records is ten years from the date of submission of the transactions to NACH.

22. Disputes Resolution Mechanism

The procedures of handling disputes in the NACH system are as follows:

NPCI will set up a Panel for Resolution of Disputes (PRD) consisting of four member banks and the panel-chairman to look into unresolved interbank settlement disputes as per the directives of the Department of Payments and Settlement Systems of the Reserve Bank of India, notification Ref: DPSS.CO.CHD.No:654/ 03.01.03 /2010-2011 dated 24th September, 2010. **(Annexure 9)**

23. Indemnification

It is binding on all members including NPCI, utilizing the NACH system to defend and indemnify themselves from all loss and liabilities if any, arising out of the following:

- o Member's failure to perform its duties and responsibilities as per the Procedural guidelines for NACH.
- o Malfunctioning of Member's equipment.
- o Fraud or negligence on the part of member.
- o Unauthorized access to NACH system.

NPCI will not be responsible for omissions and commissions on part of any of the participants.

In the event of omissions and commissions on the part of NPCI, the same would be rectified and NPCI would not be liable for any fines or penalties etc.

24. Compliance to Regulatory Guidelines by Reserve Bank of India

All participating bank shall strictly comply with relevant RBI notifications from time to time. The Regulatory Guidelines of RBI shall have over-riding effect over the provisions made in these Guidelines

25. Amendment to the Procedural Guidelines

NPCI may issue amendments to these Guidelines from time to time by way of circular. The revised versions of the Guidelines may also be issued incorporating the new provisions periodically. Banks would however be intimated fairly well in advance if it involves software changes at the level of participating banks.

26. Residual Claim

- If there are any claims not covered under these guidelines, applicable RBI guidelines will prevail.
- If claims are not covered under the RBI guidelines, the banking laws/ relevant legal laws will be applicable.
- In case of any claim on the running of the process, NPCI officials are authorized to define the process and take post facto approval by Steering Committee constituted for the purpose.

27. Mandate Management System (MMS)

Mandate Management System (MMS) is an essential part of National Automated Clearing House (NACH) service. The Mandates are necessary from the regulatory perspective in order to process NACH transactions. As a step towards streamlining the process and making it more customer and participant friendly, it is proposed to implement the MMS, where mandate information is captured on a standard cheque like mandate form. **(Annexure 10)**. All mandates must be taken in new format only.

This **NACH Mandate Management System** shall be referred to as MMS hereinafter.

27.1. Brief Features of MMS

The following are the key features of the MMS –

- MMS may utilise the existing CTS infrastructure.
- Automated processing and exchange of mandate information electronically with well-defined timelines for acknowledgement/confirmation.
- Each mandate is uniquely identified by Unique Mandate Reference Number (UMRN) which makes tracking of multiple mandate details easier for customers.
- Defined and agreed SLA"s to be implemented-provide Governance model and defined timelines for mandate processing.
- Enhanced Mandate data and information synchronization among banks and service providers
- Enable the usage of standardized Mandate Forms.

- Mandate repository containing mandate details to be maintained for the purpose of validating mandate UMRN available on the NACH transaction files, at the time of NACH transaction processing.

- MMS would allow processing of Debit and Credit mandates.

- MMS would allow processing of debtor and creditor initiated mandates.

- MMS would allow processing of e-mandates as well as paper mandates, where e-mandates would consist of data file upload while paper mandates would consist of mandate image and Data file uploads.

27.2. MMS Operating Procedure

- Banks shall ensure generation of accurate input and output data as per the technical specification provided by NPCI.

- Banks shall comply with Security guidelines that are prescribed by NPCI.

- All member banks shall monitor and ensure adequacy of their record maintenance.

- All member banks shall ensure that they download their respective MMS transactions and reports from the NPCI systems and keep their records updated on a daily basis.

- Mandate has to be complete in all aspects, legible. Incomplete mandates will lead to rejections. Due process should be put in place to ensure that verification is carried out to ensure the mandate is completed by the customer.

- Due care should be taken while doing data entry and authorizing the mandates for presentation as any mismatch will cause validation failure leading to legal issues and customer dissatisfaction.

- Mandates with definite periodicity like EMI should not be presented with the option "as and when presented". In case where the mandate form is pre-printed with "as and when presented" option the text 'as and when presented' can be cancelled out and appropriate period may be chosen. The act of such striking should not be construed as material alteration.

- Exception to the above is mandates issued by customers for Mutual funds (SIPs) and also mandates for small value. Currently mandates for value of Rs.25,000 and below are construed as small value mandates (this limit may be reviewed and revised by NPCI in consultation with the steering committee, wherever required).

- Destination banks must implement necessary controls in place to accept mandates of those accounts which are valid to get debited. Only exception to this is change in the

account status post acceptance of the mandate. Also if the mandate is active then destination must process the transaction successfully considering that there are no business rejection.

- o Destination banks in-case of OD or CC account mandates to check the purpose tag of the mandates and process accordingly.
- o All member banks would need to adhere to the MMS process flow as detailed in **Annexure 11**.

Corporates

- Ensure that the customer is made aware of the purpose for which they are executing the mandate.
- The name of the customer should be to the maximum possible extent written as it appears in their bank account. Writing short names or expanded names that are not in line with the names in the bank account might lead to returns.
- The customer should be made aware that signature should be similar to the one as per bank records.
- Only the CBS account number should be entered in the mandate of the customer. Giving non-CBS account number might lead to rejection by the destination bank.
- If the mandate is taken in advance, the customer should be notified before deposition to the bank. If the customer is not aware then he may deny signing the mandate in response to confirmation calls of his / her bank.

Sponsor bank

- At the time of initiating the mandates in NACH system, the sponsor bank / aggregators should have robust internal maker/checker process which ensures that the image and data uploaded in to the system are pre-validated. In-case of aggregators, the sponsor banks should ensure proper maker and checker practice is in place for aggregators.
- The mandates should be raised only after the consent is received from the customer. The banks might have back to back agreement with the corporates to ensure that this practice is followed by them and customer is properly kept informed.
- Keeping in view the facility of corporate portability it is necessary that the sponsor banks should ensure that the mandates are registered in the name of the corporates. If the corporate wishes to get the mandates registered with the code of the aggregators then the same may be carried out by the sponsor bank. It is advisable that the banks should have clear communication with the corporates in this regard.

- Banks should have internal controls in place to ensure that no duplicate mandates are processed in MMS.

Receiving bank

- As ACH system is to facilitate automation. If any mandates received with non-CBS account number, then the same can be rejected with appropriate reject reason.
- Maker / checker process should be adhered, so that the processing quality of high standards.
- As at the time of filling up the mandate, the customer is not aware of the bank through which the mandate will be presented. The bank should not insist on the bank code being filled in the mandate form. Bank code related information will be part of the data file.
- Process data mandate for PMSYM, PMKYM and NPS-Traders scheme with verification of account number. (Refer point 27.19)

27.3 Electronic Mandates

To improvise the mandate registration process and TAT, NPCI has implemented electronic mandate (E-mandate) in NACH system. In-case of E-Mandate only the data mandate with/without images will flow from destination bank to sponsor bank or vice versa depending on the variant of E-Mandate.

Variants of Electronic Mandate:

Variant 1 – Data mandates through destination bank: In this case customer can submit the physical mandate to their bank branch. The bank after verification of signature and other details provided in the mandate will upload only the data mandate through NACH system on the sponsor bank. The mandate image will be optional.

Variant 2 - E-Mandate through API: The customer after entering the details of the mandate in the web page provided by the corporate or integrator will be directed to the internet banking page of his bank to authenticate the mandate. The data is then uploaded by his bank on the sponsor bank through NACH system. This should be automated end to end.

To standardise the fields provided in the corporate webpage, NPCI has provided the list of fields which have to be taken care by corporate during the designing of a web page. The list of fields is provided in Annexure 14.

The fields provided are only indicative not exhaustive, the corporate depending on their requirement may include few more fields. These fields should be part of the web page,

the placement of the fields can be as per the design requirements as per the internal policies of the corporate. Wherever possible the corporates are advised to fetch few details from their documentation / database and display the values in non-editable mode. All the validations required as per the technical specification document have to be factored in at the time of developing the web page.

Care should be taken that the system is able to generate the mandate file with all the mandatory fields and in the format acceptable to NACH application.

Variant 3 - E-Mandate through E-Sign: The corporate, aggregator or bank can get a digital mandate authenticated using Aadhaar credentials verified using UIDAI data. The digital mandate will contain the eSign of the customer which will be passed on by the sponsor bank to the destination bank. The destination bank has to verify the eSign and accept or reject the mandate as per their internal operational procedures.

Objectives of E-Mandate

The E-Mandate system facilitates issuance and confirmation of mandate by the customers through alternate channels in lieu of paper based mandate. The objectives of E-Mandate are:

1. Creation of an authenticated mandate by the customer himself through electronic channels
2. Shorter mandate acceptance cycle
3. Secured and assured mandate acceptance

Channels:

1. Online mode
a) Internet banking
b) Debit card authentication

Using NPCI interface of API integration between both corporate and destination bank customer can create the mandate seamlessly authenticating either using his/her internet banking credentials or card credentials.

2. eSign (Digitally signed mandate using Aadhaar based authentication):
The customer through the corporates will provide the E - mandate through the digital certificate issued by CA on the basis of Aadhaar authentication by UIDAI either through

OTP or Bio-metric. In this case the physical form is replaced by electronic form and the wet signature of the customer will be replaced by the eSign with the digital certificate issued by CA based on the UIDAI authentication.

3. Mandate submitted to the destination bank:
Alternately a customer can submit the physical form of the mandate to the respective destination bank branch based on which the destination bank will raise an E-Mandate on the sponsor bank.

Online mode

Internet Banking - Overview

NPCI introduces the process of E-mandate registration online, using the customer's internet login credential, i.e., ID and password as the authorisation for mandate registration. The purpose of API E-mandate is to make the mandate registration process online, simpler and user friendly. NPCI through its interface provide the API support between bank and corporate to facilitate the customer to self-approve the mandate by logging-in to his bank net banking.

Stake holders

- Corporate – Entity that provides services to the customer like Insurance policies, home loans, personal loans etc. The E-mandate initiated through corporate is authenticated by customer using his / her net banking details at destination bank page and the same gets transferred to the sponsor bank through NACH platform.

- Sponsor Bank – The sponsor bank relates to corporate with which it is banking.

- NPCI – Provides API interface between destination bank and corporate for E-mandate authentication.

- Destination Bank – The bank where customer maintain his / her account and authorises the E-mandate using net banking or debit card.

  Process flow of API E-mandate initiation and registration in NACH is defined in Annexure 20.

Online mode: Debit card - Overview

NPCI introduces the process of E-mandate registration online, using the customer's debit card details, i.e., card number and OTP (received from account holding bank) as the authorisation for mandate registration. NPCI through its interface provide the API support between bank and corporate to facilitate the customer to self-approve the mandate by accessing the bank page using debit card details.

Stake holders

- Corporate – Entity that provides services to the customer like Insurance policies, home loans, personal loans etc. The E-mandate initiated through corporate is authenticated by customer through his / her debit card and OTP details at destination bank page and the same gets transferred to the sponsor bank through NACH platform.

- Sponsor Bank – The sponsor bank relates to corporate with which it is banking.

- NPCI – Provides API interface between destination bank and corporate for E-mandate authentication.

- Destination Bank – The bank where customer maintain his / her account and authorises the E-mandate using net banking or debit card.

  Process flow of API E-mandate initiation and registration in NACH is defined in Annexure 21

Legal aspects on On-line authentication:

Government of India has enacted The Information Technology Act, 2000, in order to provide legal recognition for transactions carried out by means of electronic data interchange and other means of electronic communication, commonly referred to as 'Electronic commerce'…The Act, which has also drawn upon the Model Law, came into force with effect from October 17, 2000. The Act has also amended certain provisions of the Indian Penal Code, the Indian Evidence Act, 1872, The Bankers Book of Evidence Act, 1891 and Reserve Bank of India Act 1934 in order to facilitate e-commerce in India.

Banking services are electronically supported by banks through their network accessible over internet to its customers. RBI has specified guidelines to banks on Internet banking with respect to terminology and security standards, legal issues, Regulatory and

supervisory issues to be followed at bank end. Banks can refer RBI notification no DBOD.COMP.BC.No.130/ 07.03.23/2000-01 issued on June 14 2001 for detailed information.

eSign - Overview

eSign Electronic Signature Service is an innovative initiative from Government of India for allowing easy, efficient and secure signing of electronic documents by authenticating signer using UIDAI. Any Aadhaar holder can digitally sign an electronic document without having to obtain a physical digital signature certificate on the crypto device or dongle.

Here in this case either Corporate or Sponsor Bank would be on boarded as Application Service Provider (ASP) with eSign Service Provider (ESP). ESPs are entities licensed by CCA, Govt. of India to provide eSign Services. Through the interface provided by ASP, users can apply electronic signature on any electronic content by authenticating themselves through biometric or OTP using UIDAI service through ESP.

ESP actually facilitates key pair generation and Certifying Authority issues a digital signature certificate. The ESP facilitates creation of digital signature of the user for the document which then ASP need to apply signature on to the document.

The Electronic Signatures facilitated through eSign Online Electronic Signature Service are legally valid under the provisions of Second Schedule of the Information Technology Act and Guidelines issued by the Controller of Certifying Authorities, Ministry of Information Technology, and Government of India. Please refer Electronic Signature or Electronic Authentication Technique and Procedure Rules, 2015 – e-Authentication technique using e-KYC services.

Stake Holders

- Corporate – Entity that provides services to the customer like Insurance policies, Home loans, personal loans etc. The E-mandate signing process gets initiated and the same gets transferred to the destination bank through NACH platform.

- Sponsor Bank – The sponsor bank relates to corporate with which it is banking.

- NPCI – NACH platform provider for processing E-mandates.

- Destination Bank – The bank where customer has an account. The recipient of E-mandate through NACH platform and does verification of the eSign mandate.

Process flow of eSign E-mandate initiation and registration in NACH is defined in Annexure 22

Legal aspects of eSign (Electronic Signature)

The Information Technology (IT) Act provides for the legal framework to create trust in the electronic environment. Section 3A (2) provides for non-repudiation of electronic signatures. Section 4 of the IT Act provides legal recognition of electronic records and Section 5 provides legal recognition of electronic signatures which are to be accepted at par with handwritten signatures.

eSign Online Electronic Signature Service is provided by an eSign Service Provider (licensed CA empanelled by the CCA) under the provisions of the **Electronic Signature or Electronic Authentication Technique and procedure** notified under the Second Schedule IT Act on 27th January, 2015.

Related e-authentication Guidelines have also been issued by the Controller of Certifying Authorities (CCA).

Membership:

All banks in India who are members of any payment system / channel approved by Reserve Bank of India will be allowed to participate in the E-Mandate process of NACH system as **"sponsor/destination Banks",** on submission of necessary documents, list of such documents is provided in Annexure 16.

The Corporates will have to develop their e-commerce portal or get in to an agreement with an aggregator to be part of the E-Mandate process.

It is clarified that,

1. Banks maintaining settlement account with RBI-DAD and their sub-member banks will be allowed to be part of E-Mandate processing.
2. All applicants to E-Mandate system will have to pay a membership fee and any other fee as may be decided by NPCI from time-to-time.

3. Relevant registration formats will be decided by NPCI in consultation with the NACH steering committee and will be duly informed to the participants.

Member Notification

NPCI shall notify all the member banks through email/letter/circular/through website regarding:

1. Inclusion of a new member for E-Mandate.
2. Suspension/termination of any member.
3. Amendments in the procedural guidelines.
4. New enhancement of the software and hardware released pertaining to E-Mandate system network.
5. Any other issues deemed important.
6. Regulatory guidelines applicable to E-Mandate processing.
7. Orders of the PRD.

Process automation

The primary objective of E-Mandate is to reduce the burden of processing on the destination bank therefore all the aspiring participants on E-Mandate platform should implement end to end process automation including auto submission of authenticated mandates to NACH system.

NPCI reserves the right to allow participation in E-Mandate process depending on the readiness of the bank to process with full automation.

Late acceptance of mandates / un-accepted mandates

If any sponsor or destination bank fails to submit the response file to the MMS system within the agreed TAT 48 hours, the status of the mandate will be deemed rejected.

Liability

In the event of any dispute by the customer on the debits to his account it will be the sole responsibility of the customer to provide all material facts to establish the authenticity of the transactions debited to the customer's account. The customer's banks will be responsible for

1. Authenticity of the mandate and the underlying transactions.
2. Amounts debited to the account in case of wrong debits.

As the transactions cannot be originated without getting UMR number and the UMRN is generated only after the E-Mandate record is generated by the liability of the sponsor bank/corporate will be to the extent of

1. Dispute raised by the customer on the amount being debited to his account (excess or short debit within the overall limit of the mandate amount).

Maintaining E-Mandate records

Participants are expected to retain copies of E-Mandate records in electronic form. The participants to ensure that electronic records of documents accurately reflect the information contained within the document and that both the electronic record and a record of the authentication (which enabled the mandate in to Active status) can be accurately reproduced for future reference.

The preservation period is ten years from the date of submission of the mandate by the customer.

Amendment and cancellation of Mandate

For any amendment or cancellation of an E-Mandate, only banks will be able to do the same. The customer will not be able to amend/cancel the mandate directly. The customer has to approach his/her bank. The mandate cancellation is possible only in case of mandates accepted by the sponsor/destination bank as the case may be in NACH MMS system. If the mandate is not accepted by either of the banks then initiation of transaction is not possible in any case.

Withdrawal of Service:

Any Member may withdraw from using the service in the following ways:

1. The NACH member would have to submit in writing for its withdrawal from E-Mandate services along with the reasons, serving a notice period of ninety (90) days.
2. NPCI will take minimum of fifteen (15) working days from the date of receipt of request to process the withdrawal request for the member and to inform the date of termination of the members.
3. NPCI will inform all the other members regarding the withdrawal and the date of closure of E-Mandate services for the particular member for necessary action at their end.

4. If a sub-member withdraws from E-Mandate, the sub-member would have to submit in writing through the sponsor bank for the withdrawal and the reasons.

5. In case the Steering Committee approves the re-joining of member, the member would have to go through the complete process of joining NACH/E-Mandate again. If sponsor bank wants to withdraw from sponsoring the sub-member, it must serve a thirty (30) days' advance notice to NPCI.

Record maintenance

1) The destination banks should ensure the electronic authentication received from the customer as per the record maintenance guidelines issued by RBI from time to time.

2) The electronic record is retained in the format in which it was originally generated, sent or received or in a format which can be demonstrated to represent accurately the information originally generated, sent or received.

3) The details which will facilitate the identification of the origin, destination, date and time of receipt of such electronic record are available in the electronic record.

4) The destination bank should maintain a copy of the electronic authentication given by the customer as per the record maintenance guidelines issued by RBI from time to time.

5) In the event of any dispute by the customer on the authenticity of the debits to his account it will be the responsibility of the destination bank to provide the evidence of the electronic authorization given by the customer.

6) In case of mandates created by the destination banks on the basis of physical mandates submitted by their customer the record retention has to be done as per the procedural guidelines of NACH as well as the guidelines issued by RBI from time to time. In the event of disparity in the two guidelines cited above the guidelines issued by RBI shall prevail.

27.4. Mandate amendments and Mandate cancellations

An amendment by the customer of mandate may be executed in a similar way the new mandate is initiated, however the only difference is that the mandate amendment / cancellation request will contain the Unique Mandate Management Reference (UMRN) number that was communicated to the customer by destination bank when the mandate record was validated, authorized and passed successfully. Therefore the customer will send mandate amendment request through sponsor bank, and the same will reach destination bank through NPCI. Mandate record would need to get updated post validation of customer details at the respective bank end.

As per the directive from RBI vide its circular DPSS (CO) EPPD No.1918/04.03.01/2011-12 dated April 18, 2012 NACH platform will allow cancellation request from both sponsor and destination banks. Once a cancellation request is initiated and approved in GUI the mandate would be updated as cancelled in NACH system. In case of upload through XML, as soon as the ACK file is generated, the status of the mandate would be updated as cancelled.

Receiving bank would receive the cancellation request as cancellation inward file however the bank is not required to upload the acceptance file and file should be treated for information purpose.

Mandate once cancelled cannot be revived and no further transactions can be raised on the cancelled mandate.

27.5. Transmission of Image / Data in MMS

The MMS system will transmit the images and data of the mandate to the recipient bank electronically as per NPCI prescribed formats **(Annexures 10).**

27.6. Storage of Physical Instruments in MMS

1) The new sponsor bank desirous of presenting the transactions for which the mandates are already presented by the erstwhile sponsor bank should use the same user code allotted to the corporate/user institution to which the transactions originally belong. The new sponsor bank should complete the necessary documentation with the concerned corporate/user institution and submit the documents to NPCI for linking the user code of the corporate/user institution to the new sponsor bank. Only post this activity the new sponsor bank will be permitted to route the transactions through NACH system.

2) The sponsor banks should have clear arrangements with their corporate/user institution with regard to storage of physical mandates.

3) In the event of transactions being processed by the new sponsor bank other than the erstwhile sponsor bank who has presented the mandates, all the stakeholders should have clear arrangements with regards to storage, retrieval and submission of physical mandates in case of any such requirement.

4) In case of any dispute raised by customer/corporate/user institution/destination bank such disputes should be raised with the sponsor bank that has processed the transaction

even if the mandate for that transaction was presented by the erstwhile sponsor bank. It is the responsibility of the sponsor bank that has processed the disputed transaction to present all the relevant documents (Including the physical mandate if required) for resolution of such disputes. All the constituents should build back to back arrangements to ensure accessibility to physical mandates.

27.7 Mandate validation

27.7.1 Mandate format in NACH

Sender banks must ensure all mandatory details as defined by NPCI in the format are captured before initiating the mandate.

NPCI may review the mandatory and optional fields from time to time and make necessary amendments as per the suggestion of Steering Committee members or as per the directive of RBI.

27.7.2 Mandate transaction validations

All debits processed on the NACH platform will be validated by NPCI against the available mandate data as per the details given in table below. Only those transactions which successfully clear stated validations will be forwarded to the destination banks for onward processing.

Sl. No.	Field to be validated	Validation Description	Reject reason on validation failure
1	Customer Account number	The customer A/c no. has to be same as recorded on the mandate	"Customer a/c no. mismatch with mandate"
2	Destination bank IFSC / MICR	Should be same as recorded on the mandate	"Destination Bank IFSC/MICR mismatch with mandate"
3	Amount	Fixed Amount – Transaction amount should be same as recorded in the mandate	"Amount mismatch with the mandate"
		Maximum Amount – Transaction amount should be same or lesser than the amount recorded in the mandate	"Amount exceeds customer mandate"

Sl. No.	Field to be validated	Validation Description	Reject reason on validation failure
4	Start Date	Transaction date should be greater than or equal to start date recorded in mandate	"Transactions cannot be initiated before start date"
5	End date / Until cancelled	Transaction date should be less than or equal to the end date recorded in the mandate. The status of field 'Until cancelled' should be checked in case the end date field is "NULL"	"Transaction cannot be initiated after end date"
6	Utility code	Transaction utility code should be same as the one recorded in the mandate	"Utility code mismatch with mandate"

27.8 Mandate processing capability

Banks must on an going basis review their existing infrastructure & staffing and provide for additional infrastructure and staff wherever required to ensure error free and timely processing.

27.8.1 Handling of operational issues

a) Mandate with end date "until cancelled" – Mandates raised with "until cancelled" option must be considered a valid direction from the customer to the bank. Banks should make necessary arrangements to handle this in their respective application. Such mandates should not be returned where other validations are held true.

b) Mandates on cash credit/ overdraft accounts – Mandates drawn on cash credit (CC) Overdraft (OD) accounts should be processed on the similar lines of process being followed for cheques drawn on these accounts. Destination bank should ascertain the reason for the mandate, either through data on the mandate or by contacting customer; as may be required and process the mandate accordingly.

c) Change in the mandate amount due to change in taxes – Member banks facing issue on handling the upward changes in mandate amount due to increase in tax are advised to

have sufficient cushion to accommodate the upward revision. In case it is not done then the sponsor bank should inform their corporates to obtain fresh mandate.

d) Sponsor banks and Corporates should not represent the mandates rejected with valid reasons without taking proper corrective action.

27.9 Mandate TAT

It is the responsibility of the receiving bank to accept / reject the mandate received within 10 business days the date of the receipt of the mandate. If not processed within the specified TAT the mandate will be expired by the system.

27.9.1 Incentive

The destination banks will be eligible for incentive for the mandates processed within the stipulated timelines. The amount of incentive and the TAT may be decided by NPCI in consultation with the steering committee

27.9.2 Penalty

If the destination bank is unable to complete the processing of mandates with in the stipulated timelines leading to expiry of such mandates penalty will be charged to them. The amount of penalty and the TAT may be decided by NPCI in consultation with the steering committee

There are certain extra ordinary circumstances where 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, if the conditions as defined by NPCI for the waiver are met.

27.10 Own application for mandate processing

Member bank having inward volume of 100 mandates per day and also the banks that require to lodge the mandates in NACH system should compulsorily set up their own application for processing the mandates. All member banks must review their position and take appropriate measures to get the application for processing the mandates.

27.11 Maximum value limit for mandate

- Physical mandate - Rs. 1 Crore.
- E-Mandate – Rs. 1 Lakh

(This can be revised by NPCI in consultation with Steering Committee and or RBI as may be required)

27.12 Mandate re-initialization

Expired mandates can be reinitiated with the same URMN. Life cycle for the re-initiation is restricted to 2 times i.e. if an UMRN is rejected more than 2 times cannot be sent one more time. If those mandates (rejected more than twice) are valid enough for reprocessing then the same need to be re-scanned and sent in a different UMRN after undertaking necessary corrections.

Destination banks must make necessary modifications in their internal system as the case may be to handle the representation of same UMRN which was already recorded as rejected in their system.

This facility can be used only when both the initiating banks and receiving banks systems are ready and certified by NPCI.

27.13 Notification to account holders on successful registration

Banks must put in place necessary mechanism to ensure account holders are notified through email/SMS on the following events
   1. Registration
   2. Rejection
When the mandate is rejected the banks should inform the customer of the reason for rejection as well. This should part of the SMS / email text sent to the customers.

27.14 Return memo for rejected mandates

The mandate might get rejected by destination banks for various pre-defined reasons. As the rejection reason are not clearly communicated to the corporate who in turn is expected to intimate customer, the end customer will not be in position to rectify and re-submit the mandates. Sponsor banks should issue return memo whenever requested by the customer or the corporate.

27.15 Virtual signature in mandates

Printing of mandates through getting virtual signature from customer i.e. signing is done using mobile / handheld devices, such process is legally not tenable. So corporates must refrain from taking virtual signature.

27.16 MMS reject reasons

NPCI will periodically review the list of reject reason made available for mandates and make necessary modification / deletion / addition for each of the mandate variants after taking feedback from the respective stakeholders.

27.17 Grievance redressal mechanism for mandates

As many banks follow centralized processing, the branches are not having the information of mandate registration /rejection or transaction debit / return. As a result the branches are not able to respond to customer issues. The customer are not made aware of the channels that can be used to raise their grievances for redressal.

All the member banks are advised to take the following steps:

- Set up necessary structure in place to address the queries and complaints of the customers.
- The branches should be made aware of the process followed internally for mandate and transaction processing.
- It is suggested that the banks should have in place internal workflow for the branch to pass on the customer query/complaint to the central processing unit through application /utility for their response.
- There should be timelines for providing response to the queries / complaints. There should be strict monitoring of the responses to the queries / complaints and the branches should be provided with escalation matrix.
- The customer grievance cell should be monitor the pending grievances and take steps to ensure all the queries are addressed in time.

27.18 MMS images & documents archival

Archival process has been introduced in NACH MMS system wherein the documents & images of mandates beyond the predefined retention period will be archived. Currently the retention period is defined as 90 days i.e. beyond 90 days images & documents of mandates and data of rejected / cancelled / expired will not be available in the live system.

The retention period will be decided by NPCI from time to time and communicated to the member banks.

Data and image storage

Data:

- Data of the active mandates will continue to be available in live system therefore the users can access data of active mandates through MMS module through GUI.
- Data of the mandates that are rejected / cancelled / expired will be moved to archival therefore the users can access the documents & images of such mandates only through archival utility.

Images:

- All the images will be archived therefore the users can view the images only using the archival utility.

The archival utility is available under utility option in NACH application.

27.19 Mandate without images (MWI)

Government of India has launched various voluntary co-contributory pension schemes for unorganized sectors. As the subscribers for this scheme is from unorganized sector, (a few may be literate but may not be able to sign consistently and others may be illiterate who can provide thumb impression only), the process of registration of mandate will act as a deterrent for smooth and seamless implementation of this Social Welfare scheme meant for workers in un-organised sector. To overcome this, based on the approval from RBI & IBA, mandate registration based on data without transmission of physical mandate copy to the destination banks has been implemented. The process flow is given below:

1. Customer will approach Common Service Center (CSC) for pension scheme registration. (The CSC is a strategic cornerstone of the National e-Governance Plan (NeGP), approved by the Government in May 2006, as part of its commitment in the National Common Minimum Programme to introduce e-governance on a massive scale. It works under MeitY).

2. CSC will ensure customer related information are validated using customer bank passbook before completing the registration process. Basic details to be validated are:
   a. Customer name
   b. Customer account number
   c. IFSC/ MICR Code
   d. Other customer information as available in the passbook which is required for mandate registration.

3. The onus of recording the correct details of the customer and validation of customer will be on CSC. If there are any dispute at a later date by the customer on the debits to his/her account, the onus of resolving the dispute to the satisfaction of the customer is entirely on LIC.

4. Post successful registration, CSC/LIC to prepare data mandate as per the format provided by NPCI (to be shared).

5. The data mandate to be shared with sponsor bank.

6. Sponsor bank on receiving the data to upload into NPCI portal.

7. NPCI will generate inward to respective customer banks for processing the mandates.

8. Customer banks will validate the account number only and accept if it is valid (name validation will not be carried out by the bank).

9. If the account number is correct, the bank will register the mandate. If the account number is incorrect, frozen, blocked or cannot be debited for any other reason, the bank will reject the mandate with appropriate reason as per the reasons list provided by NPCI.

10. NPCI on receiving the accept/reject reason from customer bank will generate response back to the sponsor bank of LIC.

11. LIC should share the response data with CSC.

12. LIC will ensure that the transactions are generated only on the mandates that are confirmed by banks as valid. In case LIC generates a transaction on a mandate that has been rejected by the bank, such transactions will be rejected by NACH system at the time of upload itself. It is the responsibility of LIC to ensure that the response

files received from the customer's bank are updated in their database and originate transactions on valid mandates only.

13. At the time of transaction presentation by sponsor bank, NCPI will validate transaction data against the mandate data based on the Unique Mandate Reference Number (UMRN) generated at the time of mandate registration. The destination banks may also validate the transaction data against the mandate data registered in their internal systems before allowing debit to the customer account.

14. In the event of any dispute on the validity of the mandate or debit to an account, it will be the responsibility of LIC and the Government to handle the dispute and settle with the customer accordingly.

15. NPCI will provide the dispute management system to the banks concerned for raising disputes through the system. NPCI will follow up with sponsor bank, LIC for settlement of disputes as per the defined TAT. If the dispute is not settled within the agreed TAT, the sponsor banks account will be debited to the extent of disputed transaction amount and credited to the dispute raising bank for crediting to the customer account (this is as per the dispute management processed detailed in NACH procedural guidelines).

Roles and responsibilities of sponsor and destination bank

Sponsor bank

- Create/amend / cancel files to be created as per the format or specification defined by NPCI.
- Category code to be captured as "W001" (Mandate without images) in create XML.
- The sponsor or destination bank will not be allowed to create/amend/cancel mandate through GUI and said operation can be done through xml only.
- To ensure system readiness to consume, Unique Mandate reference (UMR) number generated with identifier in fifth digit as "5".

As a destination bank

- Identification of the mandate for processing through following options:
    a. Unique Mandate reference (UMR) number will be generated with identifier in 5th digit as "5"
    b. Category code will be "W001" in the inward mandate XML
    c. Sequence number of the mandate inward file name will be prefixed with "LVMWI".

- To validate the customer account provided in mandate XML with CBS (mandate images will not be available) and upload the acceptance file into NPCI MMS.
- Destination bank should use the relevant reasons as provided by NPCI in circular or communication when accepting / rejecting the mandate.

28. Dispute Management System (DMS)

DMS is a part of NACH system, which ensures creation, escalation and resolution of disputes raised by banks. These disputes can be raised on ACH payment transaction or mandate transaction.

It is a facility provided by NACH system and NPCI will not be held responsible for any consequential damages.

28.1. Brief Features of DMS

I.   DMS provides an electronic platform to raise and resolve disputes among participant banks having provision to exchange documentary support and details for the relevant transaction and / or mandate processed through the ACH application.

II.   For each dispute record processed, a Dispute Reference Number will be created, which will be a unique across the NACH system.

III.   When the dispute record is created, the Bank raising a dispute will assign a priority to this dispute that will be used for the escalation of the Dispute, using the escalation matrix process described in Clause 27 Sub Clause 27.6 below. Priorities will be governed by closure timelines and the same would be applicable to the levels within a priority. In the event of a dispute assigned to a priority remaining open beyond set timelines, the dispute will automatically be assigned to the first level of the next priority. The timelines for the priorities will be defined by NPCI and informed to participating banks.

IV.   Dispute can be closed by the bank raising the dispute, however in certain circumstances NPCI will have the authority to close the dispute if it exceeds the timelines that are specified in the system, with due intimation to the concerned banks. Reopening of the dispute is allowed.

V. The audit log details are to be maintained for all actions carried out during the dispute resolution life cycle of the records, for a period as would be decided by NPCI and shared with participating banks.

VI. DMS provides MIS on details of all disputes routed through the application, along with details of the same.

VII. In the event of unresolved disputes, the participants would be governed by the Dispute Resolution Mechanism as laid down in Clause 21 as mentioned above.

28.2. Participants in DMS

Disputes are created by direct and indirect participants in NACH system, regarding ACH payment or mandate transactions. Corporate participants must route their disputes to their sponsor banks in order to create disputes on the DMS application.

28.3. Step wise process flow for Creating a Dispute

1) The dispute details and related information to be provided when a dispute is created by user of Dispute Initiating Bank (DIB) is as follows. The Diagrammatic representation of dispute creation in DMS module is given in **Annexure 12.**

2) IFSC, MICR or IIN of Recipient Bank. The system will support searching participants based on IFSCs, MICR codes and IINs.

3) Error Type of dispute - The reason for creating the dispute. Error types will be provided by NPCI.

4) The following basic necessary documents are to be provided by dispute initiating bank while raising the dispute on the system

    a. For ACH Credit Transaction related dispute (includes APBS transactions)

        i. Copy of customer complaint
        ii. Transaction details

    b. For ACH Debit Transaction related dispute

        i. Copy of Customer complaint
        ii. Mandate Copy
        iii. Transaction details

    c. Mandate related dispute

        i. Copy of Customer complaint
        ii. Mandate Copy

5) An ACH transaction number or Unique Mandate Management Reference Number (UMRN) to be attached to the dispute.

6) Information regarding participant client needs to be provided.

7) Documents pertaining to the dispute may be attached.

8) Priority of dispute to be set for routing disputes as per escalation set.

9) Memo about the Dispute may be entered in order to keep information about the Dispute for other users from the same Participant.

10) When a Dispute is created, an automatic alert email message is sent to respective Participant. The message is received by all users in the escalation matrix as indicated by the priority of the Dispute and the Dispute is automatically assigned to the first user in the given priority.

11) Documents may be attached to a dispute and correspondence messages may be interchanged between originating and the recipient banks.

12) Disputes can be reassigned for resolution to another user based on the

13) Escalation Matrix for disputes received, by the supervisor of the recipient bank.

14) The DMS application supports resolution of disputes by successive modification

15) Dispute Initiating Bank (DIB) and Dispute responding Bank (DRB).

16) Disputes can be closed by DIB user, who raises the dispute. However in certain circumstances NPCI will have the authority to close the dispute as per timelines that would be specified /parameterized in the system.

17) In the event of a resolution of a dispute. The settlement between the originating and the recipient banks will be handled separately.

28.4. Step wise process for representing a dispute

    i.   Disputes can be reopened only by DIB.

    ii.   Alert notification is sent to the DRB bank user in case a dispute is reopened.

28.5. Step wise process for Reassigned disputes

    I.   Reassigning is initiated by the users who are already assigned or by their supervisor.

II.   Automatic reassignment is possible if the dispute is not resolved within the timelines specified for the priority level. In this case, the dispute is assigned to the next priority and also user at the DRB will be changed to accommodate the new priority of the dispute.

28.6. DMS Escalation Matrix

I.   General conditions

- Each Participant bank must define an Escalation Matrix on its Profile.
- The Escalation Matrix consists of 5 levels and each level may contain up to 5 users. The levels are assimilated as priorities.
- NPCI administrative users are able to define days/hours after which the dispute is automatically assigned to the next priority (with a lower time-span)
- When a dispute is assigned to a level, it is assigned to the first user in that level.
- Based on the Escalation Matrix, a dispute can be reassigned to other user on the same level. This reassignment can be done by the user who has already been assigned to the dispute or by the supervisors.
- Users assigned to the escalation matrix should be users registered in the ACH application and having login provision.

Example

Assuming bank "A" opens a dispute, assigning it to bank "B", with a priority of 1, this dispute will enter bank "B""s flow, alerting all users that a dispute with the given reference number is up for resolution. By default, it will be assigned to the first user in the escalation matrix for priority 1 in bank B"s matrix. A supervisor in bank "B"s profile will be able to reassign this dispute to another user in the same priority level, or change the priority too. This dispute will follow in the normal flow, using the TATs such that it can reach the highest level of the matrix until it gets resolved.

28.7. DMS Timelines

The procedure for handling disputes in the NACH network is as follows:

- DMS is an online platform for exchange of dispute related information with in the member banks.
- Any transactions processed in the system will be considered for DMS.

- Transaction rejected due to technical reason will not be considered for DMS.

- The banks can use this DMS for raising & resolution of disputes pertaining to transactions and mandates processed through NACH.
- Disputes pertaining to success and return transactions / mandates are allowed to be processed in DMS.

- The TATs to be adopted by NACH member banks for resolution of disputes is as given below:

Event / Action	Dispute raised by	TAT
Initial Dispute	Dispute initiating bank (DIB)	Initiate within 45 business days from the date of transaction and to close before end of 10 business days from the date of dispute initiation. Closure would happen on acceptance of reasons provided by DRB. In the event of no response from DRB, the dispute would be considered as accepted by DRB.
Pre-Arbitration	Dispute responding bank (DRB) / Dispute initiating bank (DIB)	Initiate within 5 business days from the date of closure of dispute initiation and to close before end of 10 business days from the date of pre- arbitration initiation. Closure would happen on acceptance of reasons provided by DRB. In the event of no response from DRB, the dispute would be considered as accepted by DRB.
Arbitration	Dispute responding bank (DRB) / Dispute initiating bank (DIB)	Initiate within 15 business days from the date of closure of Pre-arbitration. Arbitration process is a manual process and hence outside scope of DMS. .

28.8. Dispute Management cycle

Initiation of dispute will be charged at no cost, however upon acceptance of the dispute the dispute receiving bank will be charged Rs.25/- per dispute. Charges however are waived for central government pension schemes like PMSYM, PMKMY, etc.

The online dispute management system will come into picture when the following situations happen

A. No credit to customer account.

  ▫ Sponsor Bank will lodge dispute within 5 days on receipt of complaint from client.
  ▫ In the event of successful closure of dispute, destination and sponsor banks are expected to amend their records accordingly.

B. Credit transaction erroneously returned by destination bank.

  ▫ Sponsor Bank will lodge dispute within 5 days on receipt of complaint from client.
  ▫ In the event of successful closure of dispute, destination and sponsor banks are expected to amend their records accordingly.

C. Credit transaction returned by destination bank with wrong reason code.

  ▫ Sponsor Bank will lodge dispute within 5 days on receipt of complaint from client.
  ▫ In the event of successful closure of dispute, destination and sponsor banks are expected to amend their records accordingly.

D. Transaction returned despite debit to customer account.

  ▫ Sponsor Bank will lodge dispute within 5 days on receipt of complaint from client.
  ▫ In the event of successful closure of dispute, destination and sponsor banks are expected to amend their records accordingly.

E. Debit transaction erroneously returned by destination bank.

  ▫ Sponsor Bank will lodge dispute within 5 days on receipt of complaint from client.
  ▫ In the event of successful closure of dispute, destination and sponsor banks are expected to amend their records accordingly.

F. Debit transaction returned by destination bank with wrong reason code.

  ▫ Sponsor Bank will lodge dispute within 5 days on receipt of complaint from client.

- In the event of successful closure of dispute, destination and sponsor banks are expected to amend their records accordingly.

28.9. Pre-arbitration procedures

The procedures of handling pre-arbitration in the NACH network are as follows:

a. In the event of DRB refusing a dispute initiation made by DIB on the DMS module, the DIB has a right to refer the same for pre-arbitration. For all cases of pre-arbitration, the time frame for raising pre-arbitration will be 5 business days from date of closure of dispute initiation.

b. DRB has to respond to the pre-arbitration raised by DIB within 10 business days from the initiation of pre-arbitration.

c. DRB can decline the pre-arbitration along with reasons and attachments.

d. For uploading of incorrect copies of documents / records by any of the disputing banks, a flat penalty of Rs 500 will be imposed at the time of Pre-arbitration. This amount will be credited to the affected Bank.

e. Where a decline by the DRB is not acceptable to the DIB, they can refer the issue for arbitration by manual process.

28.10. Arbitration procedures

The procedures for handling arbitration in the NACH network are as follows:

a. All disputes pertaining to settlements will be referred to Panel for Resolution of Disputes (PRD)

b. The processing fee for referring dispute to arbitration is Rs 1000. These fees are subject to change as per decision taken by the NACH Steering Committee.

c. The Panel for Resolution of Disputes (PRD) as defined in the RBI circular DPSS.CO.CHD.No. 654/03.01.03/2010-2011 dated September 2010 will be constituted from the members of the steering committee

d. The PRD will comprise of 5 members, 4 members of the steering committee and the Chairman who will be either the Chief Executive Officer or the Chief Operating Officer of NPCI.

e. In case of specific disputes involving any member(s) of the PRD, the member(s) concerned shall be replaced by other member(s) of NACH steering committee for the limited purpose of looking into the specific dispute.

f. The PRD shall dispose of the dispute within 15 business days of submitting the dispute

g. Any party aggrieved by the decision of PRD can approach the Appellate Authority for review. Relevant provisions of RBI circular DPSS.CO.CHD.No. 654/03.01.03/2010-2011 dated September 24, 2010 will be applicable.

h. The Appellate Authority shall dispose of the appeal within 15 business days of submitting the appeal

i. Until the disposal of appeal by the Appellate Authority, the Dispute Management Committee can decide to levy the refund / compensation and hold such amount in an interim account till disposal of the appeal as per the RBI circular DPSS.CO.CHD.No. 654/03.01.03/2010-2011 dated September 24

j. The timeframe for referring a dispute to the Arbitration is 15 business days from the date of closure of pre-arbitration process. A penalty of Rs 500 will be levied where the timeframe for referring the dispute for arbitration is exceeded. These fees are subject to change as per decision taken by the NACH Steering Committee.

28.11. Good faith Disputes

Any disputes raised after 45 business days up to 120 business days from the date of transaction will be considered as a good faith dispute.

Participant banks are expected to resolve the dispute amicable in the interest of customer with in a period of 10 business days from the date of good faith dispute initiation.

29 Grievance Management System (GMS)

GMS was launched for handling queries and grievances related to LPG subsidies. GMS will do away the manual process of query handling. All the member banks of DBTL, Oil Marketing Companies, UIDAI and NPCI are eligible to participate in the system.

GMS would be a part of Dispute Management System (DMS) application (uses the same escalation matrix) which is a part of NACH. Maker checker concept is followed in GMS like in DMS and NACH. Banks can add more officials in escalation matrix if DMS and GMS would be dealt by different team members.

29.1 Brief features of GMS

- Raising of grievance
- Accepting or rejecting of grievance
- Tracking of grievance raised/received
- Escalation for open grievances
- Mails to the registered ID's on grievance creation, modification, closure of grievances or level movements and priority changes.

29.2 Non-financial queries

GMS to be used for Non-financial queries pertaining to the activities that are pre-requisites for receiving the subsidy and queries on the process followed at OMC for calculation and crediting subsidy. Few examples are

- Aadhaar seeding not done by the bank
- Despite seeding Aadhaar number OMC portal is showing non cash transfer compliant
- Aadhaar card not received
- Name on the Aadhaar card is mis-spelt
- Subsidy amount less than eligible/expected

29.3 Turn-around Time

The Turn-around time (TAT) for resolution of grievance will be decided by the NPCI in consultation with Banks and OMCs and necessary communications will be issued.

31 Bank merger

In the event of merger / amalgamation of two or more banks, the new bank emerging out of such merger / amalgamation should approach NPCI for merger of the IFSC / MICR codes and routing of the transactions of all the merged / amalgamated entities to the new entity.

In the process of executing the merger of masters of merged / amalgamated banks the following will be the roles and responsibilities of the stakeholders & process

The bank / banks that are merged or amalgamated herein after referred as merged bank and the new bank will be herein after referred as target bank.

Target bank responsibilities

- Request to be submitted to NPCI on bank merger
- Confirm on date of merger & end of grace period
- Providing complete old MICR & IFSC list of merged bank.
- Mapping list for old MICR/IFSC codes with new MICR/IFSC codes as allotted by RBI to be submitted.
- Target bank to process transactions & mandates of merged bank received at their end from the date of merge.

Merged bank responsibilities

- To clear all waiting for acceptance mandates & pending disputes.
- Process spill over transactions & mandates received with old MICR / IFSC codes till the end of grace period.
- Disputes if any, can be raised for transactions received at merged bank till the end of grace period. Hence merged bank to process the same within the agreed TAT.

NPCI responsibilities

- Verification of documents submitted (Request mail & RBI approval on the merger) and proceed if found correct.
- Approval to be obtained from RBI DPPS & NPCI Senior management to proceed with the merger.
- Sending Communication to all member banks on bank merger and its effective date. Also share with member banks the mapping list for old MICR / IFSC codes to new MICR / IFSC codes.
- Updating all old MICR / IFSC codes of merged bank in ACH participant master on the date of merge.
- Target bank to be made as settlement agent for merged bank under ACH participant master. This will ensure all settlements of merged bank are routed through RTGS / RBI account of target bank.
- On the date of grace period migrate all active Aadhaar number, corporates, & mandates of merged bank to target bank.

- Financial / non-financial transactions if any raised by sponsor banks with old MICR / IFSC code of merged bank will be summarily rejected by NPCI except for DMS.

Modules

Bank merger covers the following modules and each are explained in detail.

- ACH
- MMS (Mandate Management System)
- DMS (Dispute Management System)
- Mapper
- Corporates

ACH

- Once the request for bank merger is received at NPCI, bank merge will be created between the merged bank & target bank by giving the Date of merge and grace period.
- On the date of merge, merged bank will be treated as Indirect Bank and the Target bank will become settlement agent for the merged bank. Hence all NACH settlements of merged bank will happen in the RBI account of Target bank.
- Any transactions presented on merged bank / target bank will reach ACH without any issues. However, after the grace period set in ACH all transactions of merged bank should be presented with corresponding target bank MICR / IFSC code.
- Also till the end of grace period, inward for merged bank and target bank will be generated separately.
- If any transactions are presented with merged bank code after the grace period then the same will be summarily rejected in ACH.
- Frequent alert and mail communication to member Banks to remind on the date of grace period to ensure that all transactions of merged bank are presented with corresponding target bank code.
- Participant will be blocked only after all the above activities are done. System will not allow to disable participant until any function is active against that participant.

MMS (Mandate Management System)

- There will be no change in process for initialization / amendment / cancellation of mandate during the cooling period.

- From the date of merger a communication was issued by NPCI to present all further Mandates of merged bank with corresponding code of target bank. This ensured that no mandates are in waiting of acceptance status at the end of grace period.
- Also merged banks was advised to clear all pending mandates received at their end.
- After the grace period all active mandates of the merged bank will be updated with routing codes of target bank. i.e., all active mandates of merged bank will become part of target bank.
- Also after grace period, ACH system will un-map the merged participant from all the products except DMS so that system will not allow to create mandates on/by the merged bank

DMS (Dispute Management System) / Grievances

- Even after end of grace period DMS system will allow users to raise disputes on/by the merged participant till the end of dispute period however the settlement will be done only to the Target participant.
- The system will not allow the users to raise grievances on merged participant after the grace period however system will allow user to act on the active grievances.

Mapper

There are two options for handling Aadhaar mapper in bank merge, they are

- Option 1 – NPCI will provide list of Aadhaar numbers currently mapped with merged bank to target Bank where the target bank will upload mapper file as a one-time activity to map all Aadhaar of merged bank to target bank
- Option 2 – After the end of grace period, Aadhaar numbers which are currently active under merged bank will be automatically moved to target bank.
- Target bank can chose any one of the above options as per their convenience.

Corporates

Similar to mapper there are two ways for handling corporates between merged bank & target bank, they are

- Option 1 – NPCI to map the corporates of merged bank to target bank manually.
- Option 2 – After the end of grace period, corporates which are currently mapped under merged bank will be automatically moved to target bank.
- Target bank can choose any one of the above options as per their convenience.

Complete Merger in NACH

- Complete merge for merged bank & target bank will happen at the SOD (Start of the day) of Grace period given in ACH.
- All transactions post the grace period must be presented with corresponding target bank MICR / IFSC code only.
- All inwards of merged bank from the date of grace period will be listed to target bank only.

32 Disaster Recovery

Member bank must do at least one Disaster Recovery (DR) drill in every 6 months or as per defined operating circulars of RBI or NACH network as may be applicable. Confirmation to be submitted to NPCI with details as per the format given in **Annexure VIII.**

Annexure I – Definitions

I.   **CBS** – Core Banking Solution

II.   **DAD**- Deposit Accounts Department, RBI

III.   **DCA** – Direct Corporate Access provides corporate direct connectivity to NACH

IV.   **IFSC Code** - IFSC stands for Indian Financial System Code. In the Structured Financial Messaging System (SFMS), the Indian Financial System Code (IFSC) is being used as the addressing code in user-to-user message transmission. IFSC is being identified by the RBI as the code to be used for various payment system projects within the country, and it would, in due course, cover all networked branches in the country.

V.   **IIN** – IIN stands for Institution Identification Number. The IIN is being used as the addressing code in user to user message transmission. IIN is issued by NPCI to banks processing Aadhaar based transactions.

VI.   **Aadhaar**- Unique Identification number allotted to resident of the country by UIDAI.

VII.   **UIDAI**- Unique Identification Authority of India

VIII. **Aadhaar Mapper** – Application built in the NACH system to map Aadhaar numbers to their related IIN.

IX.   **MICR** - Magnetic Ink Character Recognition is the special set of characters and symbols that appear at the bottom of checks and other financial documents. MICR technology was developed in mid –   1950s to more efficiently process checks, which were increasing in volume and quickly overwhelming the manual processing system. The code is used to identify a bank branch in a particular city.

X.   **NECS -** National Electronic Clearing Service

XI.   **NPCI** - National Payments Corporation of India.

XII.   **Outward Files** – It refers to the files submitted by Sponsor Banks for processing.

XIII. **RTGS** - Real Time Gross Settlement System.

XIV. **Sponsor Bank** - It refers to the bank which had agreed to act as the Sponsor for the User and will submit the file to NACH and will also ensure that the status of transactions are passed on the User on receipt from destination bank.

XV. **User Institutions** – It refers to the Utility Companies (telecoms, etc.), Insurance & Loan Companies, who periodically collects premium amount / bill out-standings from a large number of end customers enjoying the service.

Annexure 2 - Access criteria for payment systems

RBI/2011-12/489 DPSS.CO.OD. 1848 /06.07.003/2011-2012 dated April 9, 2012

The Chairman/Managing Director/Chief Executive Officer All Scheduled Commercial

Banks including RRBs/ Urban Co-operative Banks/State Co-operative Banks/ District Central Co-operative Banks

Dear Sir/Madam

Access criteria for payment systems – sub-membership to centralised payment systems

Under the overall guidance of the Board for Payment and Settlement Systems, the Reserve Bank over the last few years, has been taking a number of steps to popularise the electronic payment systems in the country. In this connection, a reference is invited to circular DPSS.CO.OD.494/04.04.009/2011-2012 dated September 21, 2011, in terms of which, liberalised revised access criteria for centralised and decentralised payment systems were announced.

2.   The centralised payment systems, viz. Real Time Gross Settlement System (RTGS) and National Electronic Funds transfer (NEFT), currently provide for only direct membership. As an exception, Regional Rural Banks (RRBs) have been given access to the NEFT system through their Sponsor Banks.

3.   On a review, it has been decided to expand the sub-membership route to enable all licenced banks to participate in NEFT and RTGS systems. This would be an alternate mechanism to all licenced banks which have the technological capabilities but are not participating in centralised payment systems on account of either not meeting the access criteria or because of cost considerations. This arrangement would be subject to the following conditions:

A) The sub-member/s would participate in the centralised payment systems through their sponsor bank which is a direct member of the centralised payment system.

B) In order to ensure compliance with the timely credit and return discipline which is of utmost importance in centralised payment systems, branches of sub-member/s that are not under core banking system shall be kept out of the centralised payment systems till such time they are brought under core banking.

C) The sponsor banks would be responsible for sending/receiving the transactions/messages on behalf of their sub-member/s.

D) There are no restrictions on the number of sub-members a sponsor bank could sponsor. Aspects relating to operational feasibility, risk mitigation, fund settlement, collaterals etc., have to be taken care of by the sponsor banks before sponsoring sub-member/s.

E) The sponsor bank should put in place a risk management framework and a system of continuous monitoring of the risk management practices of sub-member/s that they desire to sponsor. The risk management framework should be approved by the Board of the sponsor bank.

F) The settlement of transactions by/on the sub-members would take place in the settlement accounts of the sponsor banks maintained with Reserve Bank of India. The sponsor bank under this arrangement will assume complete responsibility for the settlement of all transactions by/on the sub-members.

G) The sponsor bank at all times should ensure that their sub-member/s adhere to and abide by the rules, regulations, operational requirements, instructions, orders, decisions etc, of the centralised payment systems, as laid down by Reserve Bank of India from time to time.

H) Redressal of all customer complaints / grievance would be the responsibility of the sponsor bank. To aid in this process, the sponsor bank should ensure that the sub-member/s have put in place a transparent and robust mechanism to resolve customer complaints in a quick and efficient manner, as laid down in the procedural guidelines, business rules and regulations of the centralised payment systems.

I) All disputes between the sponsor bank and the sub-member/s will be handled bi-laterally amongst them.

J)   The sponsor bank should bring to the immediate notice of the Reserve Bank of India: (i) any involvement of its sub-member/s in any suspicious transactions, frauds, etc., (ii)any of its sub-member/s resorting to any unfair practices relating to their participation in centralised payment systems; (iii)any of its sub-member/s not adhering to the rules, regulations, operational requirements, instructions etc., of centralised payment systems;

K)   The sponsor bank is not required to take prior approval of the Reserve Bank of India for sponsoring a sub-member/s into the centralised payment systems. However, as and when they sponsor sub-member/s, they should immediately inform the Reserve Bank of India, the details of the sub-member/s, IFSC/MICR codes allotted to the branch/branches of sub-member/s, date of commencement of sub-membership etc.

L)   The sponsor bank should inform the Reserve Bank of India in case of cessation of sponsorship arrangement between the sponsor bank and sub-member/s immediately.

M)   The charges for customer transactions of sub-member/s cannot exceed the charges applicable to customers of sponsor banks/direct members of the centralised payment systems viz., RTGS and NEFT.

4. The scheme of sub-membership for centralised payment systems is effective from the date of this circular.

5. Any further rationalisation / liberalisation of the access criteria norms would be considered at a later stage based on the experience of these measures put in place.

6. Kindly acknowledge receipt of the circular.

Vijay Chugh

(Chief General Manager)

Annexure 3 - Roles and responsibilities

Sponsor Bank

- It would be the responsibility of Sponsor Banks to contribute to Settlement Guarantee Fund as may be stipulated by NPCI.
- It would be the responsibility of Sponsor Banks to ensure Anti Money Laundering (AML) related validations, if required.
- It would be the responsibility of Sponsor Banks to ensure effective Fraud Check & reporting.
- The Sponsor Bank will be responsible to ensure that all fees charged (if applicable) by NPCI for the proposed NACH system are settled with NPCI within given timelines arrived at as per consent of stakeholders and decided by NPCI.
- The Sponsor Bank would be held liable to pay penal interest from the due date of credit till the date of actual credit for any delayed credit to the User account, as per guidelines prescribed by RBI. Penal interest, if any, may be credited to the User even if no claim is lodged by the User.
- The Sponsor Bank will be responsible to ensure that the required funds for the credit into Destination Bank as per the return file submitted by them is made available to their DAD account held with the Central Settlement Agency / RBI, Mumbai, at the time of submission of said file into the NACH system.
- The Sponsor Bank will be responsible to forward the final response file generated through NACH application to the User Institution.

User Institutions

- In the proposed NACH solution User Institutions are expected to ensure accuracy of the input data with reference to the information received from the Destination Account Holders in the form of mandates.
- On receipt of mandate withdrawal instructions from its customer, it is obligatory on the part of the user institution not to include the transaction pertaining to such customers in the debit instruction input file provided.
- It will be the responsibility of the User Institution to ensure proper follow up and closure of un-processed items, i.e. records that will be rejected by Destination Bank due to invalid destination bank information (e.g. invalid bank code).

- It will be the responsibility of the User Institution to ensure that the status of the transaction records are intimated to the customer/mandate holders on receipt of the same through their sponsor banks.
- It will be the responsibility of the User Institution to ensure that the Destination Account Holders whose accounts could not be debited / credited are informed of the same along with reasons thereof.
- The User Institutes would be responsible to ensure dispute with the end customer or any participant is sorted out amicably. In the event of otherwise, wherever applicable, the same could be brought to the attention of NPCI as per the dispute resolution mechanism guidelines (Annexure 8).

Destination Bank

- The Destination Banks desirous to participate in NPCI proposed NACH would have to ensure that they create the capability to utilize the web based mechanism for availing the NACH facility.
- The Destination Banks should have the infrastructure & capability to support secured file exchange with NPCI for inward file and return file.
- The Destination Bank will be responsible to ensure that Aadhaars numbers seeded to account numbers in their system are uploaded onto the NPCI hosted NACH APB Mapper.
- The Destination Bank will be responsible to ensure Anti Money Laundering validations if necessary, and, Fraud Check & reporting to RBI.
- The Destination Bank will be responsible to ensure that the transaction limits, if applicable, are adhered to.
- The Destination Bank will be responsible to ensure declining of a debit, in case the customer account is on lien or blocked or debit is banned by any other regulatory reasons.
- The Destination Bank will be responsible to ensure incoming file/transaction data validation, account number verification and posting of debit instruction to the customer"s account.
- The Destination Bank will be responsible to ensure that the necessary reports required by NPCI are submitted within prescribed timelines stipulated by NPCI.
- The Destination Bank will be responsible to ensure dispute with the end customer or any participant is sorted out amicably. In the event of otherwise,

wherever applicable, the same could be brought to the attention of NPCI as per the dispute resolution mechanism guidelines (Annexure 8).

- The Destination Bank will be responsible to ensure that all fees charged (if applicable) by NPCI for NACH are settled with NPCI within given timelines arrived at as per consent of stakeholders and decided by NPCI.

- The Destination Bank will be responsible to maintain data of transaction records for a period as stipulated by RBI.

- The Destination Bank will be responsible to inform their Account holders in the event of any discrepancy in the account.

- The Destination Bank will be responsible to inform their Account holders vide entry into the respective account statements, of funds debited / credited from / to their account.

- The destination bank will be responsible to ensure that they provide necessary reports as may be requested by NPCI for the purpose of effective control. In the event of otherwise, the same could be brought to the attention of NPCI as dispute resolution mechanism guidelines (Annexure 8).

Annexure 4 – ACH Specification Document

ACH Specification Document for Banks

Annexure 4 (a) – Return & Reject reason codes

Return Codes

ACH Credit

Sl.no	Return Code	Reason Description	SYM	10	ECS	TRE	DBT	DBL	GEN	KSN	LON	PEN	PFM	SAL	WAL
1	01	Account Closed	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	02	No Such Account	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3	03	Account Description Does not Tally	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4	04	Miscellaneous - Others	NA	Yes	Yes	Yes	NA	NA	Yes	NA	Yes	Yes	NA	Yes	Yes
5	10	Unclaimed/DEAF accounts	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
6	51	KYC Documents Pending	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
7	52	Documents Pending for Account Holder turning Major	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
8	53	Account inoperative	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
9	54	Dormant account	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
10	55	A/c in Zero Balance/No Transactions have Happened, First Transaction in Cash or Self Cheque	NA	Yes	Yes	Yes	NA	NA	Yes	NA	Yes	Yes	NA	Yes	Yes
11	56	Small account, First Transaction to be from Base Branch	NA	Yes	Yes	Yes	NA	NA	Yes	NA	Yes	Yes	NA	Yes	Yes
12	57	Amount Exceeds limit set on Account by Bank for Credit per Transaction	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
13	58	Account reached maximum Credit limit set on account by Bank	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
14	59	Network Failure (CBS)	NA	Yes	Yes	Yes	NA	NA	Yes	NA	Yes	Yes	NA	Yes	Yes
15	60	Account Holder Expired	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
16	62	Account Under Litigation	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
17	68	A/c Blocked or Frozen	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
18	69	Customer Insolvent / Insane	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
19	71	Invalid Account Type (NRE/PPF/CC/Loan/FD)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

APB Credit

SI.no	Return Code	Reason Description	77	78	79	80	81	82
		APB Credit	**Sub-products (Transaction Code)**					
1	01	Account closed	Yes	Yes	Yes	Yes	Yes	Yes
2	10	Unclaimed/DEAF accounts	Yes	Yes	Yes	Yes	Yes	Yes
3	51	KYC Documents Pending	Yes	Yes	Yes	Yes	Yes	Yes
4	52	Documents Pending for Account Holder turning Major	Yes	Yes	Yes	Yes	Yes	Yes
5	53	Account inoperative	Yes	Yes	Yes	Yes	Yes	Yes
6	54	Dormant account	Yes	Yes	Yes	Yes	Yes	Yes
7	55	A/c in Zero Balance/No Transactions have Happened, First Transaction in Cash or Self Cheque	NA	NA	NA	Yes	NA	NA
8	56	Small account, First Transaction to be from Base Branch	NA	NA	NA	Yes	NA	NA
9	57	Amount Exceeds limit set on Account by Bank for Credit per Transaction	Yes	Yes	Yes	Yes	Yes	Yes
10	58	Account reached maximum Credit limit set on account by Bank	Yes	Yes	Yes	Yes	Yes	Yes
11	59	Network Failure	NA	NA	NA	Yes	NA	NA
12	60	Account Holder Expired	Yes	Yes	Yes	Yes	Yes	Yes
13	62	Account Under Litigation	Yes	Yes	Yes	Yes	Yes	Yes
14	64	Aadhaar Number not Mapped to Account Number	Yes	Yes	Yes	Yes	Yes	Yes
15	68	A/c Blocked or Frozen	Yes	Yes	Yes	Yes	Yes	Yes
16	69	Customer Insolvent / Insane	Yes	Yes	Yes	Yes	Yes	Yes
17	71	Invalid account Type (NRE/PPF/CC/Loan/FD)	Yes	Yes	Yes	Yes	Yes	Yes

ACH Debit

SI. No.	Return Code	Description
1	1	Account Closed
2	4	Balance Insufficient
3	5	Not Arranged For
4	6	Payment Stopped by Drawer
5	7	Payment Stopped under Court Order/Account Under Litigation
6	51	KYC Documents Pending
7	52	Documents Pending for Account Holder turning Major
8	53	Account Inoperative
9	54	Dormant Account
10	55	A/c in Zero Balance/No Transactions have Happened, First Transaction in Cash or Self Cheque

Sl. No.	Return Code	Description
11	56	Small account , First Transaction to be from Base Branch
12	57	Amount Exceeds limit set on Account by Bank for Debit per Transaction
13	58	Account reached maximum Debit limit set on account by Bank
14	59	Network Failure (CBS)
15	60	Account Holder Expired
16	61	Mandate Cancelled
17	68	A/c Blocked or Frozen
18	11	Invalid IFSC/MICR Code
19	12	Mismatch in mandate frequency
20	13	Duplicate transaction - transaction already debited either under ACH or NACH debit (ECS)
21	14	Mandate expired
22	2	No Such Account
23	8	Mandate Not Received
24	15	Incorrect amount-Mismatch between mandate & transaction
25	16	Customer name mismatch
26	17	Returned as per customer request

Reject codes

Reject_code	Description
21	Invalid UMRN or inactive mandate
22	Mandate not valid for Debit transaction
23	Mismatch in mandate debtor account number
24	Mismatch in mandate debtor bank
25	Mismatch in mandate currency
26	Amount exceeds mandate max amount
27	Mandate amount mismatch
28	Date before mandate start date
29	Date after mandate end date
33	Item unwound
76	Invalid Aadhaar Format
82	Item marked pending
75	Transaction has been cancelled by user
77	Invalid currency
85	Participant not mapped to the product
86	Invalid transaction code
94	Amount is Zero
34	Invalid amount
31	Duplicate Reference Number
32	Invalid date
73	Settlement failed
74	Invalid file format
78	Invalid Bank Identifier
79	Item sent before SOD or after FC
96	Aadhaar mapping does not exist/Aadhaar number not mapped to IIN
81	Product is missing
78	Invalid bank identifier
83	Unsupported field
84	Invalid data format
87	Missing original transaction
88	Invalid original transaction
89	Original date Mismatch
90	Amount does not match with original
91	Information does not match with original
92	Core error
93	Wrong clearing house name in SFG
95	Aadhaar inactivated by bank

Reject_code	Description
80	Wrong IIN
96	Aadhaar mapping does not exist/Aadhaar number not mapped to IIN
97	Bad batch corporate user number/name
98	Bad item corporate user number/name
99	Too many mark pending returns
72	Item cancelled
96	Aadhaar mapping does not exist/Aadhaar number not mapped to IIN
30	Mandate user number mismatch

Annexure 4 (b) - Session timings

Session Name	Type	Monday-Saturday (Presentation)	Monday-Saturday (Returns)
APB-1	DBTL	07:00 hrs to 09:00 hrs	10:00 hrs to 15:00 hrs
APB-2	DBT	10:00 hrs to 11:45 hrs	13:00 hrs to 16:00 hrs
APB-3	DBT	12:00 Noon to 13:00 hrs	14:00 hrs to 17:00 hrs
APB 4	DBT	13:00 hrs to 16:00 hrs	16:30 hrs to 17:30 hrs
ACH CR 1	DBTL	07:00 hrs. to 09:00 hrs.	10:00 hrs to 15:00 hrs
ACH CR 2	Any Other Credits	10:00 hrs. to 11:45 hrs.	01:00 hrs to 16:00 hrs
ACH CR 4	Any Other Credits	12:00 Noon to 13:00 hrs	14:00 hrs to 17:00 hrs
ACH CR 3	ECS Migration transactions (T-1 Settlement)	10:00 hrs. to 18:00 hrs.	10:00 hrs. to 16:00 hrs.
ACH CR 6	DBT	13:00 hrs to 16:00 hrs	16:30 hrs to 17:30 hrs
ACH DR	ACH DR	up to 07:30 AM	11:00 hrs. to 13:00 hrs.
ACH DR 2	ACH DR	09:30 hrs to 11:30 hrs	14:00 hrs to 16:00 hrs
ACH DR 3	ACH DR	11:30 hrs. to 13:00 hrs	15:00 hrs. to 17:00 hrs
ACH DR 4	ACH DR	10:00 hrs. to 13:00 hrs.	08:00 hrs. to 16:00 hrs.
Treds DR	TRE	07:00 hrs to 08:00 hrs	09:00 hrs to 11:00 hrs
Treds CR	TRE	12:00 Noon to 12:30 hrs	13:30 hrs to 14:30 hrs
Treds CR 2	TRE	15:30 hrs. to 16:00 hrs.	16:30 hrs to 17:00 hrs
NACH CR	RBI ECS transactions	10:00 hrs. to 18:00 hrs.	08:00 hrs. to 16:00 hrs.
Please note that Input file for NACH CR files will be accepted 7 days prior to the settlement date and inward file will be available to the banks on the previous working day.			

Annexure 4 (c) – PKC#7 encryption

**ACH File Signing
using PKCS& Signat**

Annexure 5 - Settlement and Default Handling Procedures

**Directive on Settlement and Default Handling Procedures in
Multilateral and Deferred Net Settlement Systems
(Issued under section 10(2) of the Payment and Settlement Systems Act, 2007)**

1. **Introduction**

1.1. Multilateral and deferred net settlement systems (like Cheques, ECS or NEFT) are critical payment system components handling substantial volumes and are popular among customers (because of convenience) and bankers (because of lower liquidity requirements). Netting also benefits the regulators, by virtue of reducing the size of credit and liquidity exposure of participant banks, thereby leading to containment of systemic risk.

1.2. It is essential for all such net settlement systems to have legal certainty for netting and settlement arrangements. It is also crucial for the transactions settled through such a system to have finality encompassing the relevant statutory prescriptions.

1.3. Finality, till recently, was achieved by way of adoption of Uniform Regulations and Rules for Bankers" Clearing Houses (URRBCH) and bilateral agreements entered into by the system providers with the system participants.

1.4. With the coming into force of the Payment & Settlement Systems Act, 2007 (the Act) and the framing of Regulations thereunder, the process of netting has got statutory recognition. Section 23 of the Act, provides for finality and irrevocability of settlement effected in accordance with such procedure as soon as the payment obligation, as a result of such settlement, is determined irrespective of whether or not such obligation is actually paid or not.

1.5. To amplify the aspect of finality of settlement and secure the multilateral and deferred net settlement systems with a default handling procedure, it is considered necessary to issue a directive on settlement and default handling procedures. Apart from clarifying the finality of settlement aspects, the directive will also bring in transparency in the default handling procedures and uniformity in default handling

procedures across all the multilateral and deferred net settlement systems approved by the Reserve Bank of India (the Bank).

1.6. The directive also intends to provide adequate protection from settlement risk in multilateral and deferred net settlement systems, as also ensure compliance with international minimum standards for netting schemes.

1.7. This directive on settlement and default handling procedures in multilateral and deferred net settlement systems is being issued in exercise of the powers conferred on the Bank by section 10(2), read with section 23 of the Act.

2. Definitions

In this Directive, unless the context otherwise require,

2.1. "Clearing house" means a collective entity of member banks for speedy and economic collection and clearance of cheques or electronic instructions, which is governed by the URRBCH / Procedural Guidelines issued by the Bank.

2.2. "Recalculation" means a default handling mechanism in respect of payment obligations that are not settled after their record in the books of the settlement bank. In case of resort to recalculation all dues to and obligations of the defaulting bank will be reversed by the Clearing House (on a request from the settlement bank) as if the defaulting bank did not participate in clearing.

2.3. "Settlement bank" means the bank which maintains the settlement accounts of all the member banks for settlement of clearing and / or other obligations.

2.4. Other words and expressions wherever used in this directive shall have the meanings and intent assigned to them in the Act.

3. Procedure for determining settlement in multilateral and deferred net settlement systems

3.1. Determination of settlement

3.1.1. In case of cheque clearing, after closure of the prescribed clearing window, Clearing Houses shall arrive at the net settlement position for each bank. This is based on all

the instruments that have been accepted by the Clearing House for arriving at the net settlement position.

3.1.2. At Clearing Houses where processing operations are carried out in the night or at a time when the settlement bank is not open for operations, the time for arriving at the net settlement position shall be one hour before the opening of the settlement bank for daily operations. The time available between the time of completion of processing and the time of arriving at the net settlement position, is to complete the administrative requirements, including ensuring that the net settlement position has been carried out correctly, the figures are accurately posted in the vouchers (to be sent to the settlement bank), the amounts are properly conveyed to the settlement bank and the like.

3.1.3. After opening of the settlement bank, a time window of thirty minutes shall be provided to the settlement bank for posting the settlement position. This time window of thirty minutes would enable banks to fund their accounts with the settlement bank so that the clearing obligations are smoothly settled.

3.1.4. For Clearing Houses where processing operations are carried out when the settlement bank is open for operations, the maximum time window from the time of arriving at the net settlement position by the Clearing House till the time of posting the settlement position in the books of the settlement bank for settlement of clearing obligations shall be thirty minutes.

3.1.5. In case of electronic multilateral and deferred net settlement systems (like Electronic Clearing Service, National Electronic Funds Transfer and the associated variants) where processing operations are carried out in night or at a time when settlement bank is not open for operations, the time for arriving at the net settlement position shall be one hour before the opening of the settlement bank for daily operations (as specified at 3.1.2 above). The clearing obligations will be taken up immediately for settlement as soon as the settlement bank is open for operations. The additional time window of thirty minutes provided at 3.1.3 above will not be available for electronic multilateral and deferred net settlement systems.

3.1.6. In case of electronic multilateral and deferred net settlement systems where processing operations are carried out when settlement bank is open for operations,

the net settlement position after being arrived at, will be conveyed immediately to the settlement bank for settlement of clearing obligations. The time window of thirty minutes provided at 3.1.4 above will not be available for electronic multilateral and deferred net settlement systems.

3.1.7. Each Clearing House shall publicise the time at which the net settlement position will be arrived at by the Clearing House and the time at which the settlement will be posted in the books of the settlement bank for settlement. Member banks shall ensure availability of funds in their settlement account at the time of posting of the settlement position in the books of the settlement bank to meet their clearing obligations, and in any case within the time window, if any, stipulated by the settlement bank for settlement of the obligations.

3.2. *Posting of net settlement position in the books of the settlement bank*

3.2.1. The time between arriving at the net settlement position and the time of posting of the net settlement position in the books of the settlement bank shall, however, be as minimum as possible. This is to ensure early completion of settlement.

3.3. *Default handling procedure*

3.3.1. In case of inability of a member bank to fund its settlement account to meet the net settlement obligations, it is open for the settlement bank to extend clearing overdraft or accommodation (temporary or otherwise) at the request of the member banks so that the clearing obligations are settled in the books of the settlement bank. The process of extending the overdraft shall, however, be a bilateral arrangement between the defaulting member bank and the settlement bank. It shall also be open for a member bank to have bilateral arrangements for liquidity with other member banks as well. Such bilateral arrangements shall have to operate and be completed within the time window (specified at 3.1.3 and 3.1.4), stipulated by the settlement bank for settlement of the obligations.

3.3.2. In case of inability of a member bank to fund its settlement account to meet the clearing obligations, the shortfall in the settlement account shall be dealt with as a default situation and the default handling procedure shall be put into operation.

3.3.3. In case the settlement is guaranteed, the default handling procedure shall involve utilising the margin money, invoking the line of credit extended to the defaulting bank, activating the loss sharing mechanism or any other guaranteed mechanism. Nuances of operationalising the default handling procedure shall be as per the procedural guidelines of the individual multilateral and deferred net settlement systems.

3.3.4. In situations where the settlement is non-guaranteed in nature, the mechanism of recalculation of settlement shall be applied. As part of this procedure, the settlement bank will request the Clearing House (with appropriate consent from the President of the Clearing House) to recalculate the settlement.

3.3.5. As part of the process of recalculating the settlement, the Clearing House shall exclude" all the transactions (both receivables and payables) of the defaulting member bank as if the said bank did not participate in clearing.

3.3.6. The recalculated position shall be immediately conveyed to the settlement bank and posted in the books of the settlement bank.

3.3.7. In case any other member bank is unable to meet its clearing obligations consequent to recalculating of the settlement, the steps at 3.3.3, 3.3.4 and 3.3.5 above will be repeated.

3.3.8. The process of recalculation of settlement as above is considered part of the settlement procedure.

3.3.9. In case of default and consequent recalculation of settlement, if insolvency arises during the interregnum, the immediately preceding settlement reached shall be treated as final and binding.

4. Others

4.1. The series of steps outlined at Para 3 above shall have to be fully complied with until the entire process of settlement from the time of arriving at the net settlement position by the Clearing House till the time the settlement obligations of member banks in their accounts with the settlement bank are fully met has been completed.

4.2. If it is decided by the Clearing House to extend the clearing settlement for any reason, the Clearing House shall announce at the time of acceptance of instruments / instructions for settlement, the time up to which extension has been considered and the time at which the net settlement position is intended to be arrived at and communicated to the settlement bank.

4.3. Individual Clearing Houses may prescribe with the approval of the President of the Clearing House other measures such as net debit caps, presentation limits, etc., for mitigating risk of default by member banks. Such measures shall in no way impact the process of settlement as prescribed at Para 3 above.

5. *Application of the directive*

5.1. The directive shall be applicable to all multilateral and deferred net settlement systems like Cheques (at MICR-Cheque Processing Centres and other Clearing Houses, including Cheque Truncation System), Electronic Clearing Service (Debit, Credit and related equivalents, if any), National Electronic Funds Transfer system and the like.

5.2. With immediate effect, the directive shall be applicable and binding on all Clearing Houses, system providers, member banks of Clearing Houses, members of payment systems operated by the system providers and the banks maintaining settlement accounts of member banks. The directive shall be applicable to other payment and settlement products as determined by the Reserve Bank of India from time to time.

5.3. URRBCH and Procedural Guidelines as they exist for various multilateral and deferred net settlement systems shall, wherever a reference is contained, also mean and include the directive on settlement and default handling procedures contained herein.

Annexure 6 – LOA from Participating Bank

ON Rs. 100/- STAMP PAPER

Letter of Authority

To,

The Regional Director,

Reserve Bank of India

Mumbai

Dear Sir,

Our Current A/c No._____and Settlement A/c No with the _____ Reserve Bank of India (RBI) Mumbai.

National Payment Corporation of India (hereinafter referred to as the NPCI) has admitted us as member of the National Automated Clearing House (NACH), which is an arrangement through which upload and processing of electronic transactions over their network would be allowed.

For that purpose, we hereby authorize and request you that as and when a settlement instruction is received by you from the NPCI relating to our transactions in the said NACH Network, you may, without reference to us, debit/credit our above Current Account/s with such sums as may be specified by the NPCI in its settlement instructions, notwithstanding any dispute that may exist or arise between us and NPCI.

The settlement instruction for debiting/crediting our Current Account/s with you shall be conclusive proof of debit/credit of our Current Account/s relating to our transaction in the said NACH Network as referred to in paragraph 2 above and it shall not be necessary for us to admit and/or confirm to the fact of such debit/credit by means of separate advice to you and/or NPCI.

We hereby further unconditionally and irrevocably undertake to arrange for the requisite funds in our Current Account with Deposit Account Department, Reserve Bank of India,

Mumbai to meet the demand of NPCI. We shall be bound by this undertaking and shall be liable therefore under all circumstances.

The mandate and undertaking shall not be revoked by us except with the prior concurrence of both the NPCI and the Reserve Bank of India (the RBI) and you may act upon this mandate till such time this authority is revoked in writing and all actions taken by RBI in pursuance of this mandate shall be absolutely binding on us, without any risk or responsibility to the RBI.

Thanking you,
Yours faithfully,

For and on behalf of the Applicant

Annexure 7 - NACH Transaction processing process flow

Illustrative diagram of NACH (Debit/Credit) transaction initiation process flow.
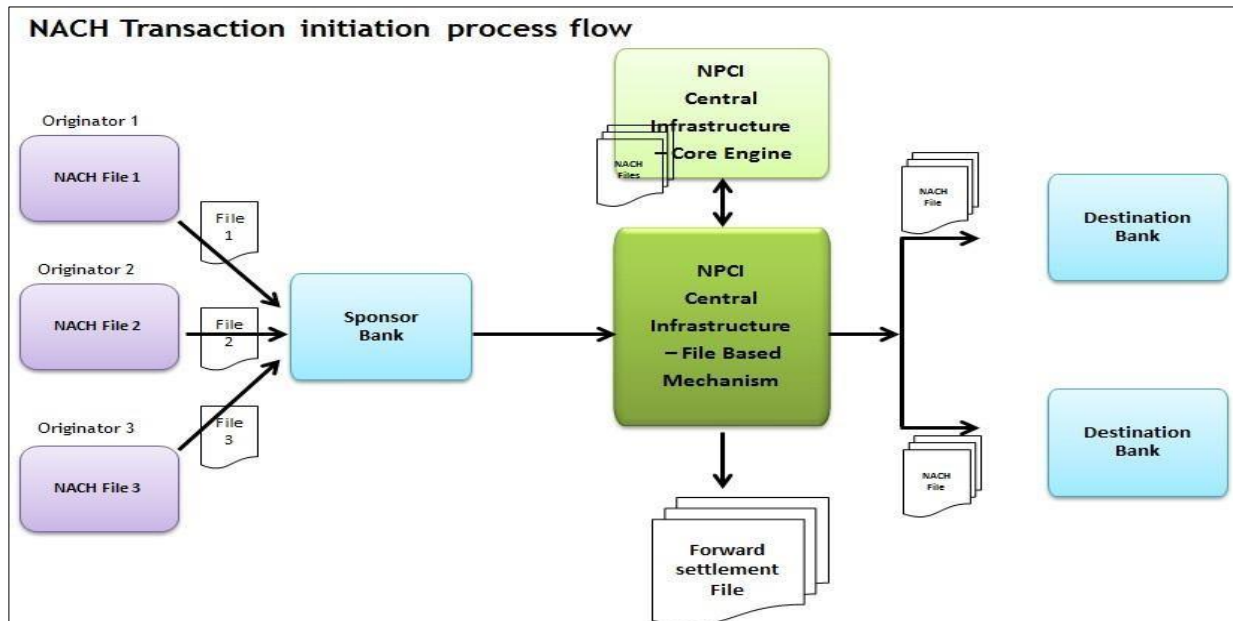
Illustrative diagram of NACH (Debit/Credit) transaction response process flow
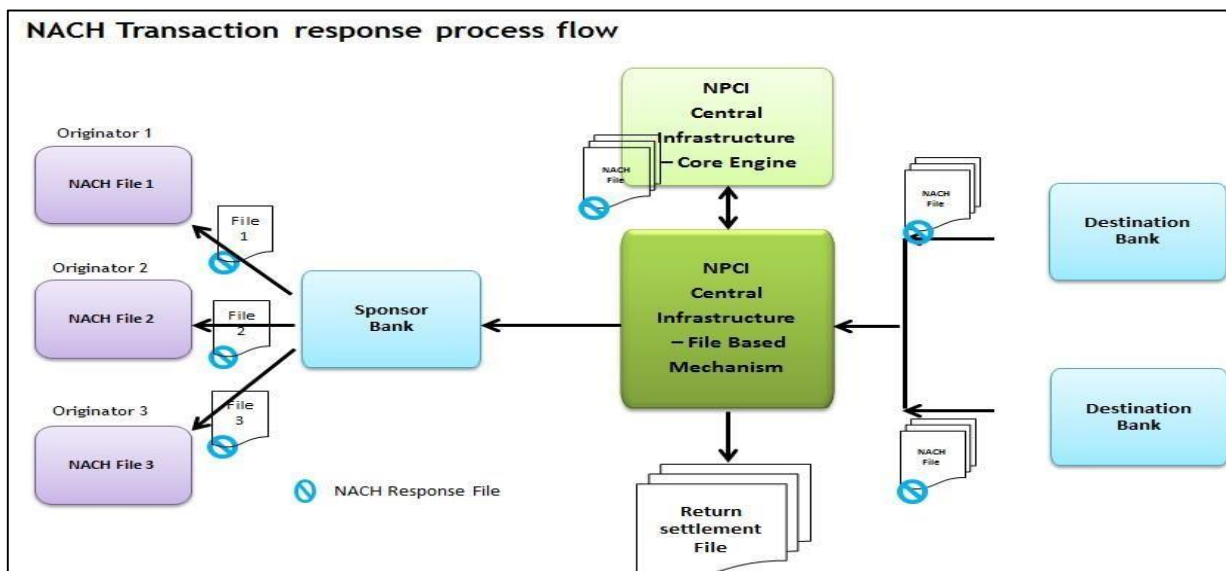
NACH PROCESS FLOW: T+0 flow:

S.No	Process flow
1	Sponsor Bank debit/credit the account of the User institution for the presentation files
2	Submission/ uploading of Input data by the sponsor banks
3	Validation of data of input files at NPCI
4	Product wise Settlement generation by NPCI for presentation session
5	Settlement accounts credited/debited in the books of RBI
6	Once settlement confirmation is received, the inward files are generated to the destination banks by NPCI
7	Service brach/back office of destination Bank/s download inward files, tally the settlement with inward received and do accounting of the transactions
8	Destination bank credit/debit the accounts of the beneficiaries (i.e. the destination bank account holders)
9	Service brach/back office of destination banks submit consolidated response data to NPCI with un-credited/credited data
10	Product wise Settlement generation by NPCI for return session
11	Banks (Sponsor/ destination) accounts credited/debited in the books of RBI based on the files uploaded by the destination bank
12	Service brach/back office of sponsor bank/s download respnse files, tally the settlement with response/returns received and do accounting of the transactions
13	Sponsor bank credit/debit the account of the User institutions for the returns received
14	NPCI to provide the processed data and final report to the sponsor banks
15	Sponsor bank to forward the final response file to user institution

T-7 flow:

Days	S.No	Process flow
T-1 to 7	1	Submission/ uploading of Input data by the sponsor banks
	2	Validation of data of input files at NPCI
T-1 at EOD	1	Product wise Settlement generation by NPCI for presentation session
	2	Inward files generation on one day prior to the settlement date (Settlement will posted next day)

T+0	1	Sponsor Bank debit/credit the account of the User institution for the presentation files
	2	Destination bank credit/debit the accounts of the beneficiaries (i.e. the destination bank account holders)
	3	Service brach/back office of destination Bank/s download inward files, tally the settlement with inward received and do accounting of the transactions
	4	Destination bank credit/debit the accounts of the beneficiaries (i.e. the destination bank account holders)
	5	Service brach/back office of destination banks submit consolidated response data to NPCI with un-credited/credited data
	6	Product wise Settlement generation by NPCI for return session
	7	Banks (Sponsor/ destination) accounts credited/debited in the books of RBI based on the files uploaded by the destination bank
	8	Service brach/back office of sponsor bank/s download respnse files, tally the settlement with response/returns received and do accounting of the transactions
	9	Sponsor bank credit/debit the account of the User institutions for the returns received
	10	NPCI to provide the processed data and final report to the sponsor banks
	11	Sponsor bank to forward the final response file to user institution

Annexure 8 – Cases of Material Breach

Cases of material breach include the below mentioned. This list is not exhaustive and hence could include further instances which may be considered as cases of material breach by NPCI.

Material Breach by Sponsor Bank

- Sponsor Bank not funding their DAD accounts at RBI, Mumbai, resulting in settlement failures.
- Sponsor Bank captures wrong Account Number on the input file submitted by them, which differs from that mentioned in input file submitted by User Institution resulting in diversion of funds to other accounts or return of transactions.
- Sponsor Bank captures wrong amount on the input file submitted by them, resulting in alteration of input files submitted by User Institution and hence causing a variance in amount of funds being transferred to destination banks.
- Sponsor Bank deducting charges from the input file received by the User Institution and thereby altering the said input file, without getting written consent from the User Institution.

- Sponsor Bank removes or adds records to the input file submitted by User Institution without getting written consent from the said User Institution.
- Sponsor Bank editing information on the input file submitted by User Institution without written consent of said User Institution.
- Sponsor Banks not adopting file formats as advised in NACH procedural guidelines, resulting in frequent rejects.
- Sponsor Banks not following settlement timelines as advised in NACH procedural guidelines or vide NPCI issued circulars, resulting in frequent settlement delays.

Material Breach by Destination Banks

- Destination Bank not funding their DAD accounts at RBI, Mumbai, resulting in return settlement failures.
- Destination Bank diverting amounts to account numbers which are in difference to those provided in the Sponsor Bank Input file.
- Destination Bank marking a transaction as success in their input file but the funds not getting credited to the respective account holder.
- Destination Bank marking a transaction as failure in their input file even though the details submitted by Sponsor Bank are correct.
- Destination Banks not adopting file formats as advised in NACH procedural guidelines, resulting in frequent rejects.
- Destination Banks not following settlement timelines as advised in NACH procedural guidelines or vide NCPI issued circulars, resulting in frequent settlement delays.

Annexure 9 – Dispute Resolution Mechanism

DPSS.CO.CHD.No:654/03.01.03 / 2010-2011 dtd 24-09-10

Dispute Resolution Mechanism

The Dispute Resolution Mechanism for all payment systems, in line with the provisions of the Payment and Settlement Systems Act, 2007 (PSS Act), is advised as under – For all Clearing House-related activities, including paper (cheques) and retail electronic (ECS) payment products –

a. All Clearing Houses shall constitute a "Panel for Resolution of Disputes" (PRD) consisting of five members - four members (system participants) from the Standing

Committee of the Clearing House and the President of the Clearing House - to look into all the clearing-related disputes. The four system participants shall be different from the system provider (bank managing the Clearing House).

b. The PRD shall be chaired by the President of the Clearing House.

c. In case of specific disputes involving system participants that are members of the PRD, the members concerned shall be replaced by other system participants for the limited purpose of looking into the specific dispute.

d. The PRD shall dispose of the dispute within 15 working days of submitting the dispute.

e. At Clearing Houses where there are fewer members (system participants), five or less in all, including the system provider, and / or where, by virtue of (c) above, the number of members in the PRD becomes less than five, clearing-related disputes between system participants may be submitted voluntarily (by the concerned system participants) for arbitration under The Arbitration and Conciliation Act, 1996.

f. If any of the aggrieved parties to the dispute are not satisfied with the decision of the PRD, the dispute shall be referred to the Appellate Authority at the Reserve Bank of India, as provided under Sub-section (3) of Section 24 of the PSS Act. The reference shall be to the Regional Office of the Reserve Bank of India (RBI) having administrative control over the activities of the Clearing House concerned. Such references will be disposed of by an officer not below the rank of a Deputy General Manager as may be specially authorized in this behalf by the concerned Regional Office of Reserve Bank of India. With respect to RBI managed clearing centres at the four metro locations, the Officer-in-Charge of Department of Payment and Settlement Systems at the Central Office of the Reserve Bank of India shall be the Appellate Authority for any aggrieved party to approach if not satisfied with the decision of the Panel.

g. The Appellate Authority shall dispose of the appeal within 15 working days of submitting the appeal.

h. Any dispute between the system participants and system provider or between the system providers, as provided under Sub-section (3) of Section 24 of the PSS Act, shall be referred to the Reserve Bank of India as indicated above. The dispute shall be disposed of within 15 working days of submitting the dispute.

i. In case of disputes where the Reserve Bank of India is an involved party (either as a system participant or as a system provider), the dispute shall be referred to the Central

Government which will authorize an officer not below the rank of Joint Secretary for settlement of the dispute and the decision of such officer shall be final and binding on all parties.

j. For all products that are national in character viz. National Electronic Clearing Service (NECS), National Electronic Funds Transfer (NEFT) and Real Time Gross Settlement (RTGS) system.

k. The PRD as highlighted at 1(a) above shall consist of members from the Steering Committee (or Standing Committee as applicable) and the Chairman of the Steering Committee (or Standing Committee as applicable) shall be the Chairman of the PRD. The process highlighted at 1(c) above shall also be followed.

l. The PRD shall dispose of the dispute within 15 working days of submitting the dispute.

m. If any of the aggrieved parties to the dispute are not satisfied with the decision of the PRD, the dispute shall be referred to the Appellate Authority at the Reserve Bank of India, as provided under Sub-section (3) of Section 24 of the PSS Act. The reference to the Reserve Bank shall be to the Department of Payment and Settlement Systems, Central Office of the Reserve Bank of India. The Officer-in- Charge of the Department shall be the Appellate Authority, for any aggrieved party to approach if not satisfied with the decision of the Panel.

n. The Appellate Authority shall dispose of the appeal within 15 working days of submitting the appeal.

o. In case of disputes where the Reserve Bank of India is an involved party (either as a system participant or as a system provider), the dispute shall be referred to the Central Government which will authorise an officer not below the rank of Joint Secretary for settlement of the dispute and the decision of such officer shall be final and binding on all parties.

p. For all other payment systems (other than those operated by RBI) like CCIL, NPCI, ATM networks, cross border money transfers, cards, etc.

q. The PRD as highlighted at 1(a) above shall consist of members from the Steering / Standing / Users / Members Committee (as applicable) and the Chairman of the Committee (as applicable) shall be the Chairman of the PRD. The process highlighted at 1(c) above shall also be followed.

r. In case there is no provision for Steering / Standing / Users / Members Committee, the PRD shall consist of five members - four system participants and the payment system provider. The payment system provider shall be the chairman of the PRD. The tenure of membership of the members in the PRD shall be one year.

s. The PRD shall dispose of the dispute within 15 working days of submitting the dispute.

t. If any of the aggrieved parties to the dispute are not satisfied with the decision of the PRD, the dispute shall be referred to the Appellate Authority at the Reserve Bank of India, as provided under Sub-section (3) of Section 24 of the PSS Act. The reference shall be to the Department of Payment and Settlement Systems, Central Office of the Reserve Bank of India. The Officer-in-Charge of the Department shall be the Appellate Authority, for any aggrieved party to approach if not satisfied with the decision of the Panel.

u. The Appellate Authority shall dispose of the appeal within 15 working days of submitting the appeal.

v. Any dispute between the system participants and system provider or between the system providers, as provided under Sub-section (3) of Section 24 of the PSS Act, shall be referred to the Reserve Bank of India as indicated above. The dispute shall be disposed of within 15 working days of submitting the dispute.

w. In case of disputes where the Reserve Bank of India is an involved party, the dispute shall be referred to the Central Government which may authorise an officer not below the rank of Joint Secretary for settlement of the dispute and the decision of such officer shall be final and binding on all parties.

x. Enforcement of decisions of the PRD - The PRD shall stipulate the period within which the order of the PRD is to be complied with by the system providers / system participants concerned. In case of non-compliance, the aggrieved party can approach the Appellate Authority for redressal. Non-compliance of the order of the Appellate Authority would attract the penalty prescribed under Sub-section (6) of Section 26 of the PSS Act.

However, in cases where any party aggrieved by the order of the PRD approaches the Appellate Authority for review, the order passed by the PRD would be held in abeyance. It shall, however, be appropriate for the PRD to decide levy of the refund / compensation and for such amounts to be held in an interim account or in trust, until disposal of the appeal by the Appellate Authority only.

# Annexure 10 - NACH Sample Standard Mandate Form

Front Side view of the Form

NPCI	UMRN		Date	D D M M Y Y Y Y

Utility Code

○ Create   ○ Modify   ○ Cancel

Sponsor Bank Code | | I/We authorize |

To debit (tick✓) | SB / CA / CC / SB-NRE / SB-NRO / OTHER | Bank a/c number

With Bank | | IFSC/MICR |

an amount of Rupees | | ₹ |

Debit Type ☐ Fixed Amount ☐ Maximum Amount **Frequency** ☐ Monthly ☐ Quarterly ☐ Half Yearly ☐ Yearly ☐ As & when presented

Reference 1 | | Reference 2 |

1. I agree for the debit of mandate processing charges by the bank whom I am authorizing to debit my account as per latest schedule of charges of the bank. 2. This is to confirm that the declaration has been carefully read, understood & made by me/us. I am authorising the user entity/Corporate to debit my account, based on the instructions as agreed and signed by me. 3. I have understood that I am authorized 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.

From D D M M Y Y Y Y

To D D M M Y Y Y Y

Or ☐ Until Cancelled

Signature of primary account holder | Signature of account holder | Signature of account holder

Phone No. |

1. Name as in bank records   2. Name as in bank records   3. Name as in bank records

Back Side View of the form (Mandate Form Field description) - Optional

Instructions to fill Mandate

1. UMRN is auto generated during mandate creation and is mandatory to be updated during amendment and cancelation of mandate (Maximum Length – 20 Alpha Numeric Characters) 2. Date is in DD/MM/YYYY format 3. Sponsor bank IFSC/MICR code, left padded with zeroes where necessary. (Maximum length – 11 Alpha Numeric Characters) 4. Utility Code of the Service Provider. (Maximum length – 18 Alpha Numeric Characters) 5. Name of Service Provider 6. Tick on box to select type of action to be initiated 7. Tick on box to select type of account to be affected 8. Customer's legal account number, (Maximum length – 35 Alpha Numeric Characters) 9. Name of Bank. 10. IFSC/MICR code of customer bank. (Maximum Length – 11 Alpha numeric Characters for IFSC & 9 Numeric for MICR code.). 11. Amount payable for service or maximum amount per transaction that could be processed in words 12. Amount in figures, similar to the amount mentioned in words. (Maximum Length – 13 digit Numeric. in paise) 13. Service Provider generated consumer reference number 14. Service Provider generated Scheme/ Plan reference number 15. Tick on box to select frequency of transaction 16. Validity of mandate with dates in DD/MM/YYYY format 17. Name of Customer/s and signature/s as well as seal of company (where required). (Maximum length of Name – 40 Alpha Numeric Characters) 18. Undertaking by customer 19. Permanent ID of customer e.g. PAN/ Aadhaar No. 20. Telephone no. with STD code of customer 21. 10 digit mobile number of customer 22. Mail ID of customer

Annexure 11 - Mandate Management System (MMS) process flow

Proposed Process (Customer initiates mandate through Sponsor Bank via Corporates / Service Provider)
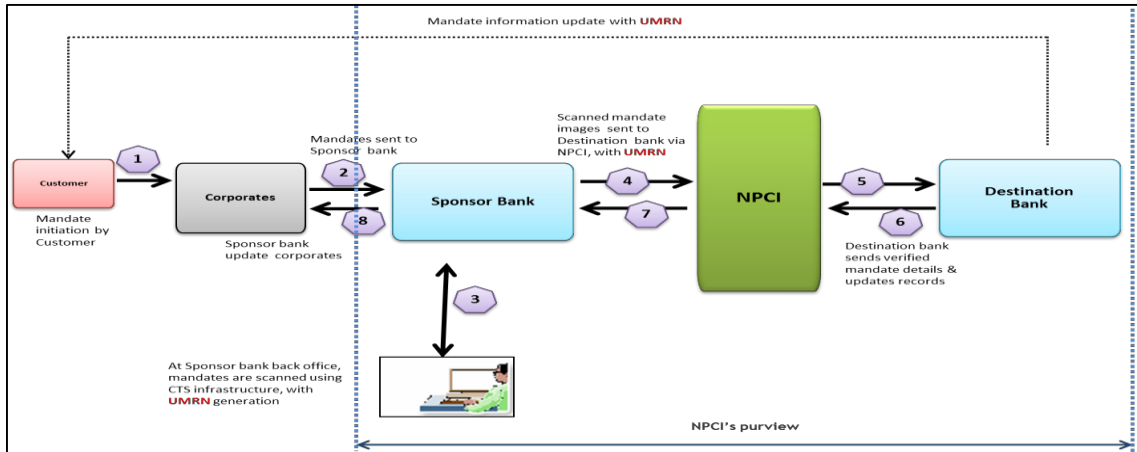
Step 1

1. Sponsor bank willing to avail the MMS services is required to register themselves with NPCI.

2. The Corporates / Service Providers that holds an account with Sponsor Bank send an application to the sponsor Bank for getting Unique Corporate Identification Code (UCIC), which would allow them to participate in the NACH process.

3. **Step 2**

1. A customer who made purchase or subscribe service from corporate/service provider and desire to pay by NACH services would fill up mandate form and sign it for authorizing debit to his bank account. Customer will hand over duly filled up mandate form to corporate/service provider, who in turn would submit the same to the sponsor bank.

Step 3

1. The sponsor bank will capture the Destination Bank IFSC / MICR details & other mandatory mandate transaction details as prescribed in.

2. The Mandate form will be scanned on front and back images as per CTS 2010 standards.

3. The scanned images of the mandate along with the data capture prescribed will be uploaded to MMS.

4. On receipt of mandate date with the scanned image, MMS will generate the Unique Mandate Reference Number (UMRN) for the individual mandates at the time of physical mandate form duly filled in processed in the system.

5. Proposed Logic for generating Unique Mandate reference number – 6 digits alphanumeric sponsor bank code from (MICR/IFSC/IIN Code + 3 digit alphanumeric filler field for future usage + 11 digits numeric code in running sequence.

6. The physical mandate can be preserved and kept with the corporate/ user Institution as may be agreed to between the sponsor bank and the corporate/ user institution. In any event, the sponsor bank which has processed the transaction shall retain in its possession a true copy of all relevant parts of the physical mandate; such copy being made by a mechanical or other process which in itself ensures the accuracy of the copy.

7. The sponsor bank should have clear arrangement with the corporates/user institutions for retaining/ retrieval and submission of physical mandates as may be required from time to time.

8. The physical mandates should be retained for the period as prescribed under the RBI guidelines. The sponsor bank should also ensure that the image copy and mandate transaction date is retained as per RBI guidelines.

Step 4

1. The mandate image and the related mandate transaction data will be routed to the concerned destination banks over the MMS system within the timelines stated by NPCI. In-case of MWI mandates only data will be routed (The indicative timelines are subject to change and any change to the timelines will be communicated to the participant banks)

Step 5

1. The Destination Bank will validate the transaction date and the details given on the image of mandate before registering details of the mandate into their systems within the timelines stated by NPCI.

2. The Destination Bank will send the mandate verification and acceptance confirmation message to sponsor bank via NPCI, where the Unique Mandate reference Number (UMRN) will be generated and updates records at its end within the timelines stated by NPCI.

3. The Destination Bank prescribed standard return reason codes for the rejected mandates.

4. In the event of delay in response from destination banks 48 hours beyond stipulated time, the same would be considered as expired and such instances would be considered as breach by the destination bank, which would attract penalties / fines.

Step 6

1. The Sponsor bank sends mandate information update with UMRN to corporate for their record updates to ensure the NACH transaction file carry the UMRN reference against the transactions sent for processing, after receiving from destination bank as per timelines prescribed by NPCI.

Step 7

1. The Corporate communicates the updated mandate information to customers post receipt from sponsor bank, within timelines as defined by NPCI.

Customer initiates mandate request through Destination Bank
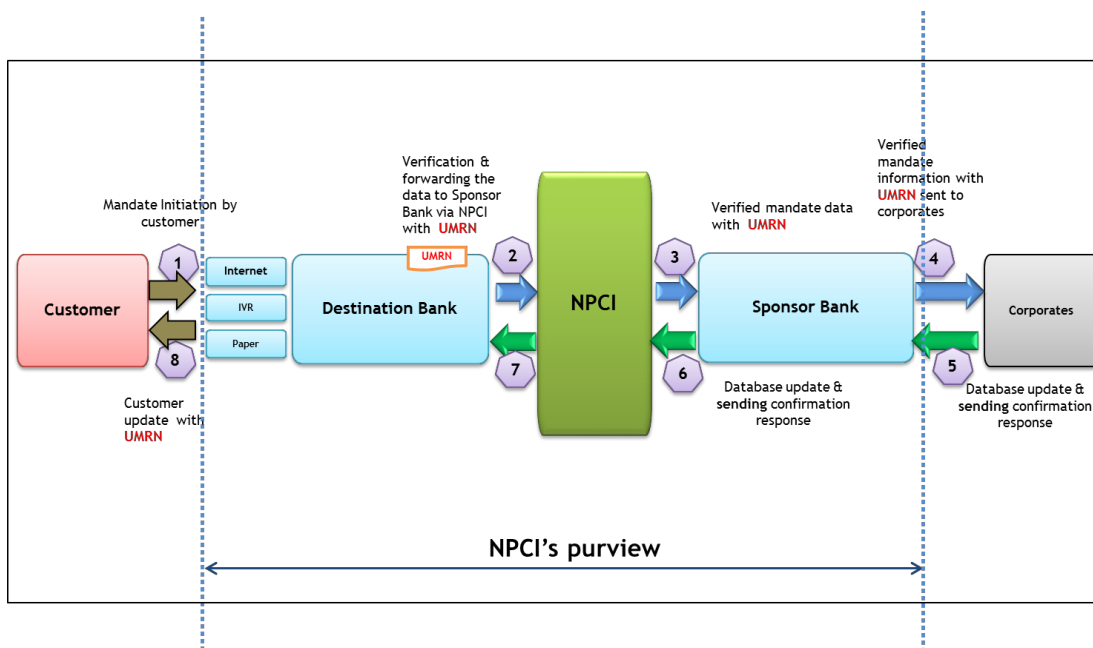
Step 1

1. Destination bank willing to avail the MMS services is required to register themselves with NPCI. (Please refer **Annexure – I**)

2. The end customer that holds an account with Destination Bank sends the mandate initiation request through Internet/ IVR/ Paper (Mandate form) to the Destination bank.

Step 2

1. Destination bank receives the mandate request along with the mandate data through secured channel with customer"s e-signature.

2. Destination bank authenticates the e-signature and validates the mandate data in case of request received through internet/IVR channel.

3. Destination bank verifies the mandate form information in case the request directly comes on physical mandate form.

4. Destination bank sends the mandate information over the MMS.(e-mandate)

Step 3

1. The mandate transaction data will be routed to the concerned sponsor banks with

   UMRN generated by NACH system within the timelines stated by NPCI.

Step 4

1. Sponsor bank updates its record and forward it to corporate/ service provider.

Step 5

1. Corporate /service provider updates its record and sends the confirmation to Sponsor bank.

Step 6

1. Sponsor bank sends the confirmation to NPCI.

Step 7

1. NPCI routes the confirmation toward the Destination bank.

Step 8

1. Upon receiving the confirmation from Sponsor bank/ Corporate via NPCI MMS, Destination bank sends the confirmation to customer.

Annexure 12 - Diagrammatic representation of DMS Lifecycle

Dispute Creation and Resolution
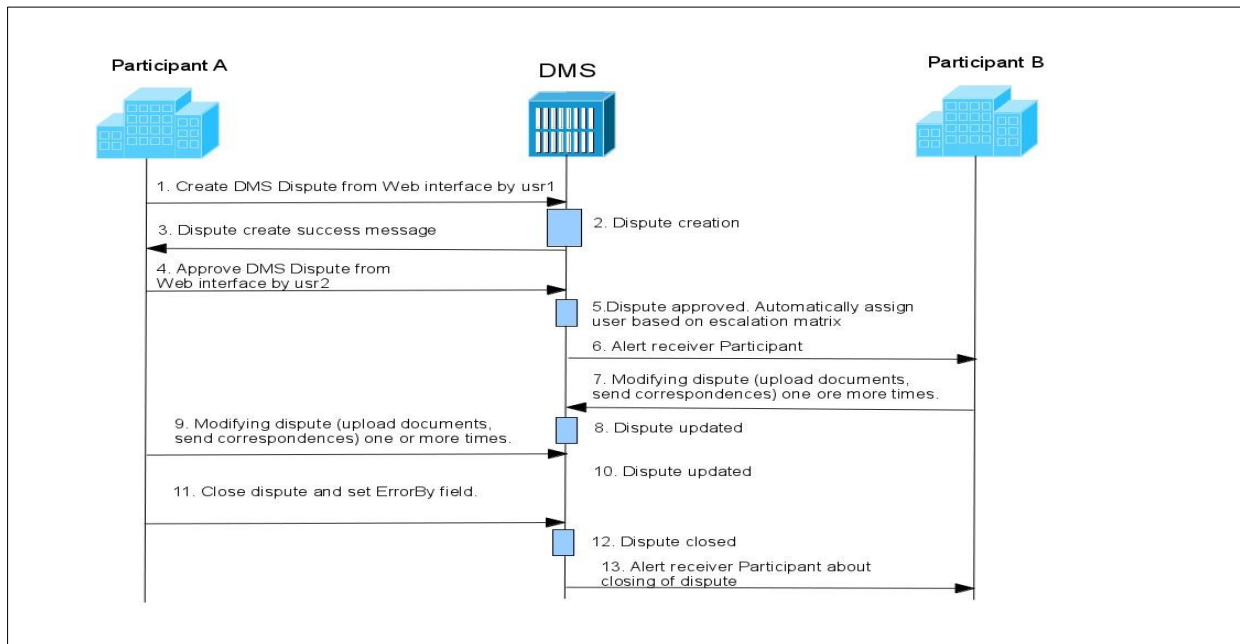
DMS Claim Settlement
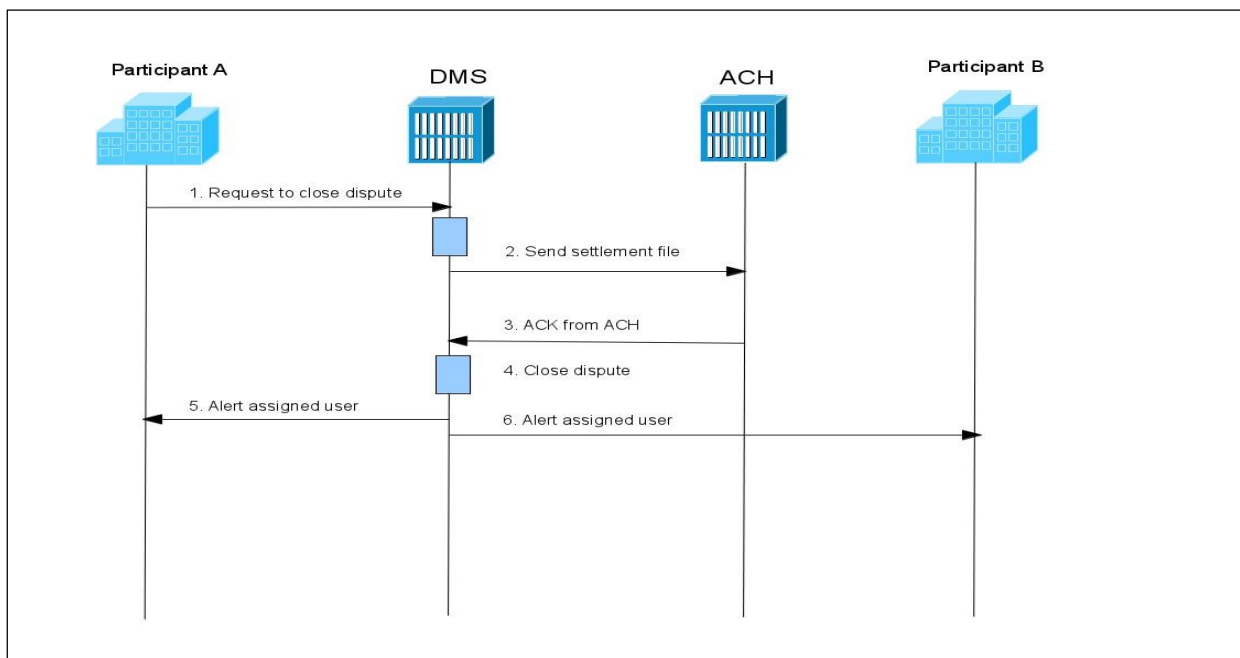
Annexure 13 – User registration form

User's Letter Head

Application for affiliation with sponsor bank for APBS/NACH facilities.

We_____(Name of the department/corporate), _____ (Name of State) with Registered office/Head office at _____
_____GSTN:_____PAN:_____/TAN:_____
have agreed to participate in APBS/NACH services of National Payments Corporation of India (NPCI), with registered office at The capital, 1001A,B Wing, 10th Floor, Bandra Kurla Complex, Bandra East, Mumbai – 400051 through our Sponsor Bank_____ (Name of Sponsor Bank) and for that purpose, we provide following details to NPCI.

1. Name of the scheme/product in DBT or Non – DBT.

Category	Scheme Type (Tick Appropriate)		Scheme code allotted by DBT Mission (5 digit)	Scheme Name/Category Name
DBT	Central scheme			
	Central sponsored scheme			
	State schemes			
	District schemes			
	Centrally sponsored scheme generated by state/UT			
Non – DBT			NA	

2. Types of transactions sought to be put through NPCI while availing APBS/NACH services.

Sr.No	Type of Transaction	Frequency	Approximate Volume.(Nos)

3. Complaints from beneficiaries, if any, relating to transactions process through APBS/NACH will be pursued by us with respective banks/branches in co-ordination with sponsor bank.
4. We would ensure necessary funding of our accounts with our sponsor banks to ensure seamless flow of APBS/NACH transactions.

5. We will ensure that the NRE / NRI accounts of beneficiaries, if any, will be included in the input data only after ensuring that such funds are eligible to be credited to NRE/ NRI account in India under the existing FEMA Act and regulations thereunder, as also under the Wire Transfer Guidelines.

Tick as appropriate	Existing User Code	User Code Number required OR N.A for New User
	YES	
	NO	NEW USER

Authorized Signatory for Corporate with company Seal	Authorized Signatory for Sponsor Bank with company seal
Signature	Signature
Name:- Designation Date :-	Name:- Designation Date:-

Annexure 14 – API corporate webpage

Emandate API
Corporate webpage

Annexure 15 – Extension form

Application for Extension of Session in NACH system

Particulars		Details
Member Bank name		
Name of the Session(s) to be Extended		
Extension requested date		
Type of extension	Time (mention hours)	
	One day extension	
Reason for extension		
Action taken to avoid issues in future		
Expected date of rectification		
Any Additional Information		

_____

Signature & Seal (Maker)

Name :

Designation :

Contact Number :

_____

Signature & Seal (Approver)

Name :

Designation :

Contact Number :

Annexure 16 – List of documents for on-boarding

Indirect bank
sample documents.z

Annexure 17 Documents for portability of mandates registered under aggregators

(On Corporate Letter Head)

June < >, 2017

To
The National Payments Corporation of India
47 & 49, Bazullah Road, 8th Floor,
T Nagar,
Chennai - 600 017

Dear Sir/Madam

Intimation of Corporate Portability

With reference to your circular no.145 dated January 27, 2016.We wish to inform that currently we are processing our mandates through *<aggregator name>* as aggregators for mandate processing. All our mandates are registered with the corporate id of M/s. *<aggregator name>*. Now we propose to get our corporate id and wish to process the mandates under our own id. We shall be completing the necessary documentation as per the procedure for corporate id creation.

We request that all our mandates that we're hitherto registered under the corporate id of M/s. *<aggregator name>* may please be mapped to our id on immediate basis. The list of UMRNs are provided in the annexure to this letter.

We certify that all the mandates as per the UMRNs listed in the Annexure belong to us. Please do the needful and confirm so that we can make arrangements for processing the transactions under new corporate id that will be allotted to us.

For <Corporate >

Authorised Signatory

Annexure

UMRN	Old Utility Code	New Utility Code

Letter of Indemnity
(ON THE LETTER HEAD OF THE BANK)

Date:

To

National Payments Corporation of India
_____Address_____
_____

Subject :

(1) We, _____<<name of new bank>>, having our office situated at_____ ("Bank"), have vide our letter dated _____, requested NPCI for creation of corporate code for M/s =============, having their office situated at _____ ("Corporate") and migration of the UMRN numbers (as provided in Annexure I) created by the erstwhile aggregator for the Corporate. In this context we _____<<name of new bank>>, do hereby indemnify and keep NPCI, its directors, employees, authorized representatives, agents, indemnified and harmless regarding the following:

   (a) Failure to adhere to any of the process or procedural guidelines issued by NPCI from time to time.

   (b) Against any claim, losses, expenses, damages, penalties etc., if any, levied either by the Corporate or the erstwhile aggregator of the Corporate;

   (c) From and against any loss, damage, injury, liability, demands and claims, and pay any settlements and judgments against NPCI, arising out of migration of UMRN numbers pertaining to Corporate and the erstwhile aggregator.

(2) Bank's indemnification obligations under this Letter are bound upon the Bank. Bank must:
   (a) Cooperate with NPCI in the defense of the claim at its sole costs and expenses;
   (b) Promptly make payment to NPCI for any claim, defense costs, settlement amounts, and damages, if any, awarded by any court against NPCI.

(3) In furtherance to what is stated and provided herein above, we irrevocably authorizes NPCI to debit the settlement account designated for NACH products for recovery of such loss or damages arising out of the above arrangement and to pay to parties concerned as per the directions of the courts or the claimants of the damages, as may be applicable.

(4) This Indemnity shall be effective from _____ ("Effective date").

We look forward for a great and valuable business relationship with NPCI.

Yours faithfully,

For (Name of the New Bank)

(Signature)
Name:
Designation:

(On Aggregator letter head)

To

The National Payments Corporation of India

Dear Sir / Madam,

No Object Confirmation (NOC) for Corporate Portability

We <aggregator name> providing the aggregator services for mandate management services (MMS) for National Automated Clearing House system (NACH). One of our client M/s._____ using our services since _____ and the mandates are registered in our user code.

M/s. _____ has now desired to have their own user code in the NACH system. As on date there are _____ active mandates registered for Ms/._____ using our generic user code. The UMRN wise details of those mandates are enclosed in the Annexure I.

We here by confirmed that the UMRN numbers listed in Annexure I belong to to Ms/._____.

We hereby indemnify National Payments Corporation of India (NPCI) against updation of the corporate code of M/s._____ listed in the Annexure I.

For _____

Authorized signatory

Annexure 18 – AV file format

Sr. No	Field Description	Length	Field Type	Mandatory/Optional	Field Description	Sample Data	Remarks
Header							
1	Header Identifier	2	NUM	Mandatory	The header identifier to identity the type of file		30 - Constant Value
2	Originator Code	11	ALP NUM	Mandatory	OMC/Bank code defined by NPCI	BPCL	Four Character code assigned by NPCI
3	Responder Code	11	ALP NUM	Mandatory	OMC/Bank code defined by NPCI	SBIN	Four Character code assigned by NPCI
4	File Upload Date	8	DATE	Mandatory	Date On which file is uploaded to NACH	02112014	
5	File Reference Number	10	ALP NUM	Optional	File Number given by Originator for their identification	BP12345678	
6	Total number of records in the file	6	NUM	Mandatory	Total number of records excluding header	020000	
7	Filler	452	ALP NUM	Optional	Spaces	Reserved Field	
	Total	**500**					
Records							
1	Record Identifier	2	NUM	Mandatory	The detail record identifier		70 - Constant Value
2	Record Reference Number	15	ALP NUM	Mandatory	Unique number to identify the record given by Originator	BPR1234567	
3	IFSC code of the bank branch at which customer account is maintained	11	ALP NUM	Mandatory	IFSC code where customer holds account	SBIN0000001	
4	Bank Account Number	35	ALP NUM	Mandatory	Customer Bank account number	1019876543123	
5	Beneficiary Name - Originator	100	ALP NUM	Mandatory	As per the records of Originator	ROHIT	
6	LPG Consumer ID	17	ALP NUM	Mandatory	LPG Consumer ID given by OMC	**12345678901234567**	
7	Account / LPG ID Valid Flag	2	ALP NUM	Mandatory	00' for account is active and valid,'01' for not valid for any reason		Spaces in INP file. If negative confirmation, the value should be of the return codes provided

Annexure 19 – AV CBDT

Sr. No	Field Description	Length	Field Type	Mandatory /Optional	Field Description	Sample Data	Remarks
CBDT Account Verification File Format							
Header							
1	Header Identifier	2	NUM	Mandatory	The header identifier to identity the type of file	30	30 - Constant Value
2	Originator Code	11	ALP NUM	Mandatory	OMC/Bank code defined by NPCI	CBDT	Four Character code assigned by NPCI Should be the same as in the File Name
3	Responder Code	11	ALP NUM	Mandatory	OMC/Bank code defined by NPCI	SBIN	Four Character code assigned by NPCI Should be the same as in the File Name
4	File Reference Number	10	ALP NUM	Optional	File Number given by Originator for their identification	IT12345 678	Values should same as input file
5	Total number of records in the file	6	NUM	Mandatory	Total number of records excluding header	020000	Values should same as input file
6	Filler	50	ALP NUM	Optional	Reserved	Spaces	Same as INP file
7	Filler	50	ALP NUM	Optional	Reserved	Spaces	Same as INP file
8	Filler	50	ALP NUM	Optional	Reserved	Spaces	Same as INP file
9	Filler	50	ALP NUM	Optional	Reserved	Spaces	Same as INP file
10	Filler	50	ALP NUM	Optional	Reserved	Spaces	Same as INP file
11	Filler	50	ALP NUM	Optional	Reserved	Spaces	Same as INP file
12	Filler	50	ALP NUM	Optional	Reserved	Spaces	Same as INP file
13	Filler	50	ALP NUM	Optional	Reserved	Spaces	Same as INP file
14	Filler	50	ALP NUM	Optional	Reserved	Spaces	Same as INP file
15	Filler	10	ALP NUM	Optional	Reserved	Spaces	Same as INP file
	Total	**500**					
Records							
1	Record Identifier	2	NUM	Mandatory	The detail record identifier	70	70 - Constant Value

Sr. No	Field Description	Length	Field Type	Mandatory /Optional	Field Description	Sample Data	Remarks
					CBDT Account Verification File Format		
2	Record Reference Number	15	ALP NUM	Mandatory	Unique number to identify the record given by Originator	CBDT12 34567	Values should same as input file
3	IFSC code of the bank branch at which customer account is maintained	11	ALP NUM	Mandatory	IFSC code where customer holds account	SBIN000 0001	Values should same as input file
4	Destination Bank Account Number	35	ALP NUM	Mandatory	Customer Bank account number	1019876 543123	Values should same as input file
5	Account Valid Flag	2	Num	Mandatory	Account Valid Flag -Flag value to indicate validity of account.		i.It should not be blank ii. "02" No such account (Invalid Account) iii. Other than "02" account is valid
6	Joint Account Flag	2	Num	Mandatory	Joint Account Flag - To indicate the valida account is individual or joint account.(if '00' then secondary account pan number can be captured).		i.Values can be either "00" or "01" or Blank. ii. "00" means joint account iv. "01" means individual account.
7	Primary A/C Holder's PAN No	10	ALP NUM	Optional	PAN Number of the primary account holder should be captured only if the Account Vlaid flag"00".		I.In case PAN number is not available,values should be spaces. ii.It should not be all numeric values. iii.First 5 digit should be alphabets followed by 4 digit numeric and last digit should be aplhabet. iv.Values captured should not be less than 10 digit.

					CBDT Account Verification File Format			
Sr. No	Field Description	Length	Field Type	Mandatory /Optional	Field Description	Sample Data	Remarks
8	Secondary A/C Holder's PAN No	10	ALP NUM	Optional	PAN Number of the secondary account holder can be captured only if the account valid flag is "00" and jont account flag is "00".		A)If joint account flag is "00" and when PAN no is available. The following validations applies

i.It should not be all numeric values.
ii.First 5 digit should be alphabets followed by 4 digit numeric and last digit should be aplhabet.
iii.Values captured should not be less than 10 digit.

B)If joint account flag is "00" and when PAN no is not available. Field should be captured with spaces.

C)If joint account flag is other than "00" then this field must be spaces. |
| 9 | Primary Account Holder's Name | 50 | ALP NUM | Mandatory | Name of the primary account holder | Sampath | i.It can accept alphanumeric.
ii.In case account valid flag is "01" the field can be populated with same customer name.
iv.In case account valid flag is "00" field can be updated by the destination bank with primary account holder name as per bank CBS. |
| 10 | Secondary Account Holder's Name | 50 | ALP NUM | Mandatory "if joint account flag is "00"

Optional "If joint account flag is "01" | Name of the secondary account holder | Prasann a sai | i.It can accept alphanumeric.
ii.It cannot be complete numeric.
iii.In case joint account flag is 01 the field can be populated with spaces.
iv.In case Joint account flag is "00" |

Sr. No	Field Description	Length	Field Type	Mandatory /Optional	Field Description	Sample Data	Remarks
							field can be updated by destination bank with secondary account holder name as per bank CBS
11	Account type	2	ALP NUM	Mandatory "if Account Valid Flag is not "02"	Beneficiary account number Type	SB	Possible values SB – Saving Bank Accounts CA – Current Accounts CC – Cash Credit Accounts OD – Over Draft Accounts TD – Term Deposit Accounts LN – Loan Accounts SG – State Government Account CG – Central Government Account OT – Others NR - Non- Resident Account PP- Public Provident Fund Account
12	Filler	50	ALP NUM	Optional	Reserved		Reserved fields (spaces)
13	Filler	50	ALP NUM	Optional	Reserved		Reserved fields (spaces)
14	Filler	50	ALP NUM	Optional	Reserved		Reserved fields (spaces)
15	Filler	50	ALP NUM	Optional	Reserved		Reserved fields (spaces)
16	Filler	50	ALP NUM	Optional	Reserved		Reserved fields (spaces)
17	Filler	50	ALP NUM	Optional	Reserved		Reserved fields (spaces)
18	Filler	11	ALP NUM	Optional	Reserved		Reserved fields (spaces)
	Total	**500**					

CBDT Account Verification File Format

Annexure 20 - Authentication using Internet banking - Process flow

API E-mandate initiation flow

1. Corporate or aggregator provides a web page for the customer to submit all the mandate related information.

2. Each mandate form should have a unique reference number assigned by the corporate and such reference number should be made part of the mandate data.

3. After the web form is completed by the customer he/she should be directed to NPCI interface to select the authentication mode either Net banking or Debit card mode.

4. On reaching the ONMAGS page, Unique mandate reference number (UMRN) will be generated for the request

5. NPCI provides the list of live banks in each authentication mode for customer to select and proceed the authentication.

6. Upon selecting of his / her bank, page will be directed to the customer desired bank page, where customer account credentials is validated prior getting to access the page.

7. After successful login to the bank page, mandate details filled by the customer in corporate page will be shown for customer confirmation at bank page.

8. Prior to customer confirmation, destination bank performs all business validation like Account dormant, insufficient balance etc.

9. Once customer authenticates the mandate information at bank page, it will be communicated back to the corporate/aggregator through NPCI interface.

10. The corporate or aggregator should update the status of customer authentication in their database based on the reference number of the mandate.

E-mandate through Internet banking - Process flow
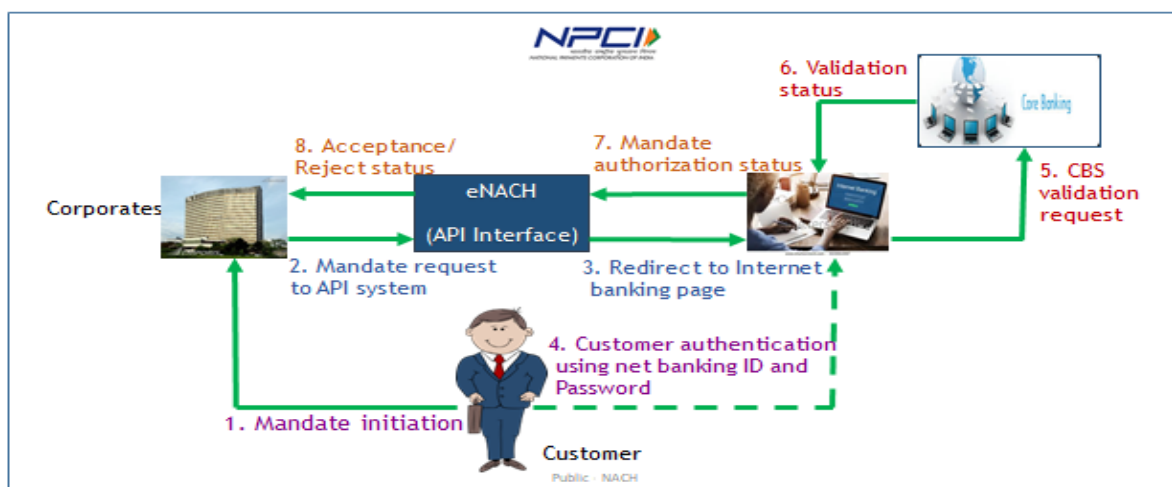
API E-mandate registration in NACH

1. The destination bank on daily basis should reconcile the mandates accepted and rejected and preserve it for record purpose.

2. The sponsor bank should updates the mandates received from NPCI and provide the UMRN along with the customer reference number to the respective corporates.

3. The corporate based on the reference number should update the UMRN in their database. The system is ready for processing the transactions pertaining to the authorized mandates.

4. At the time of authentication by the customer, the destination bank should send a SMS to the customer providing complete details.

5. It is suggested that the corporates before initiating the transaction should send a SMS to the customer intimating commencement of first debit with amount and date.

6. If the mandate is rejected for any reason, the destination bank, at the request of the customer should issue a return/reject memo reflecting exact reason as defined by NPCI.

E-mandate registration in NACH – Process flow
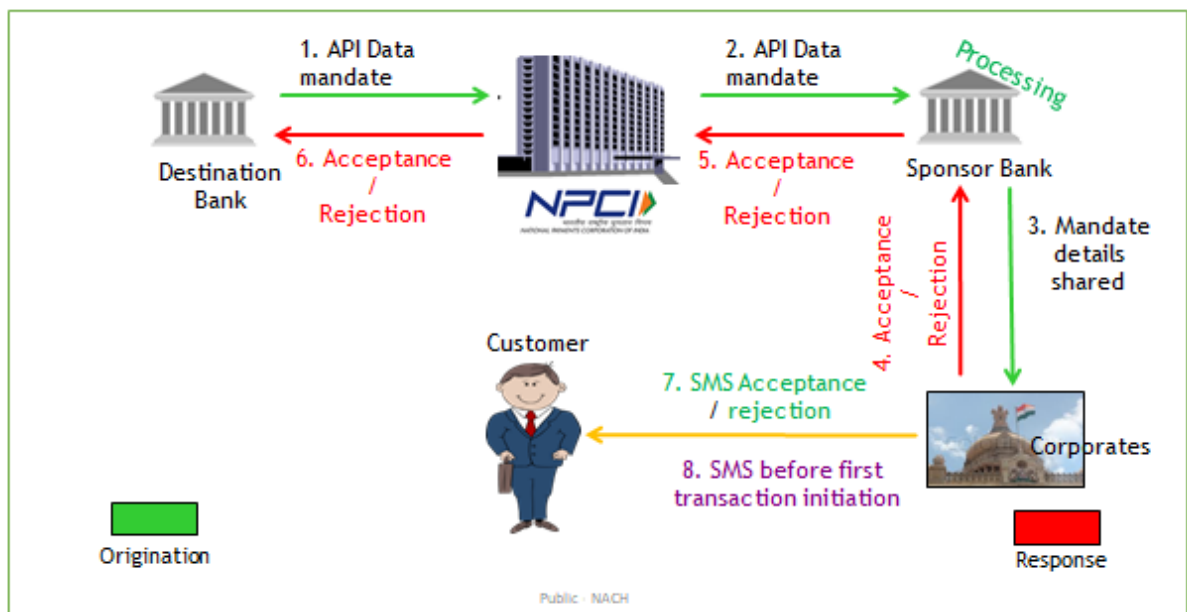
Annexure 21 – Authentication using debit card - Process flow

API E-mandate initiation flow

- Corporate or aggregator provides a web page for the customer to submit all the mandate related information.

- Each mandate form should have a unique reference number assigned by the corporate and such reference number should be made part of the mandate data.

- After the web form is completed by the customer he/she should be directed to NPCI interface to select the authentication mode either Net banking or Debit card mode.

- NPCI provides the list of live banks in each authentication mode for customer to select and proceed the authentication.

- Upon selecting of his / her bank, page will be directed to the customer desired bank page, where customer account credentials is validated prior getting to access the page.

- After successful login to the bank page, mandate details filled by the customer in corporate page will be shown for customer confirmation at bank page.

- Prior to customer confirmation, destination bank performs all business validation like Account dormant, insufficient balance etc.

- Once customer authenticates the mandate information at bank page, it will be communicated back to the corporate/aggregator through NPCI interface.

- The corporate or aggregator should update the status of customer authentication in their database based on the reference number of the mandate.

E-mandate through Debit card authentication - Process flow

API E-mandate registration in NACH

- The destination bank on daily basis should reconcile the mandates accepted and rejected and preserve it for record purpose. Also bank to ensure all accepted mandates are uploaded into NACH system and track the response. Preferably the process should be automated end to end using H2H and mandate data submission should happen online.

- The sponsor bank should authorize the mandates submitted by the destination bank and provide the UMRN along with the customer reference number to the respective corporates.

- The corporate based on the reference number should update the UMRN in their database. The system is ready for processing the transactions pertaining to the authorized mandates.

- At the time of authentication by the customer and after generation of UMRN the destination bank should send a SMS to the customer providing complete details.

- It is suggested that the corporates before initiating the transaction should send a SMS to the customer intimating commencement of first debit with amount and date.

- If the mandate is rejected for any reason, the destination bank, at the request of the customer should issue a return/reject memo reflecting exact reason as defined in NACH system.

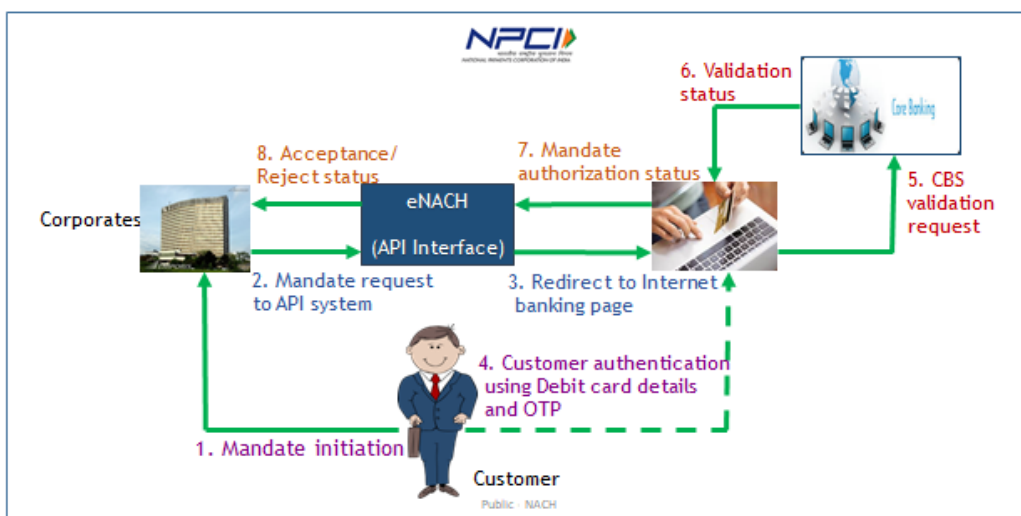**E-mandate registration in NACH – Process flow**
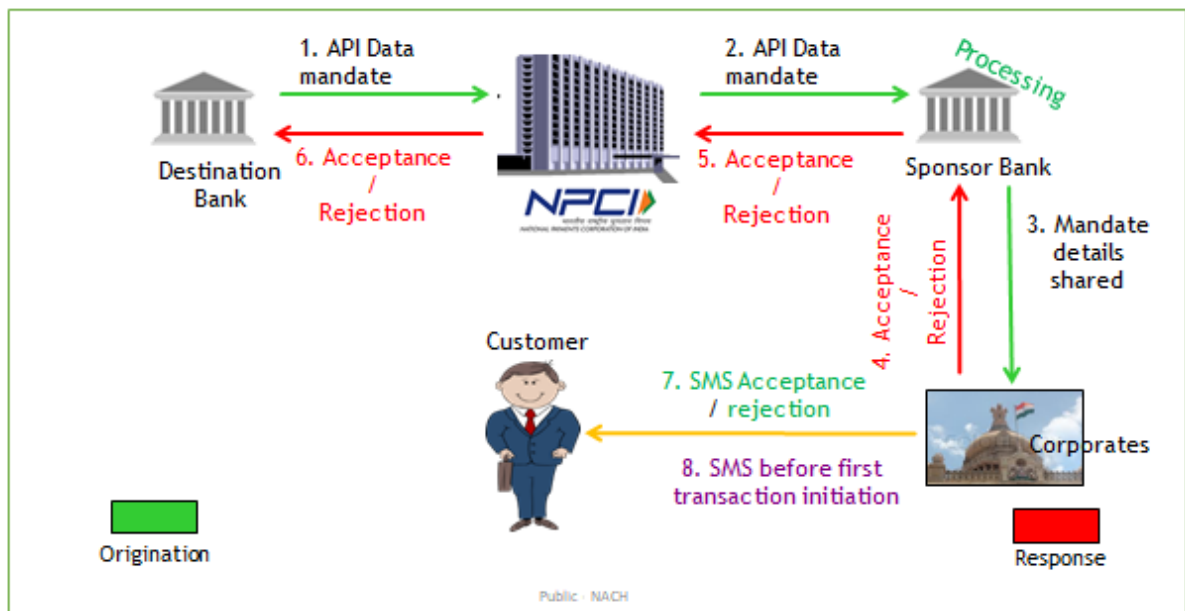
Annexure 22 - Authentication using eSign – Process flow

eSign creation process:

- Registration of Customer's Aadhaar number with his/her bank (the destination bank) is a pre-requisite for this process.

- Corporate or aggregator provides a web page for the customer to submit all the mandate related information.

- Each mandate form should have a unique reference number assigned by the corporate and such reference number should be made part of the mandate data.

- The customer should be prompted to fill all the mandatory fields along with Aadhaar number in the corporate webpage.

- Corporate sends the customer mandate data in a hashed value along with Aadhaar number in an encrypted format to ESP (eSign service provider).

- ESP request UIDAI for OTP generation to customer mobile number. Prior to that it is mandatory ESP to get the consent from customer electronically for retrieval of eKYC details.

- Customer to be prompted to enter the OTP in ESP portal, where ESP will then send the same to UIDAI as per eKYC specification for retrieval of customer eKYC details.

- On successful receipt of Aadhaar details, ESP creates a new key pair (Public and Private Key) for that specific Aadhaar holder in HSM server hosted by ESP.

- With the eKYC details received from UIDAI, ESP prepares a Digitally Signed Certificate (DSC) application form and send it to CA (Certified Authority) along with public key.

- CA certifies the public key shared by ESP.

- CA sends the Aadhaar eKYC class end individual Digitally Signed Certificates (DSC) to ESP.

- ESP signs the hashed value of the mandate document received from corporate using the private key. This is call eSign signature.

- ESP sends the eSign signature and Digital Signed Certificate (DSC) to ASP.

- ASP attach both eSign signature and X509 Certificate (DSC) in the XML format desired by NPCI.

eSign creation process flow
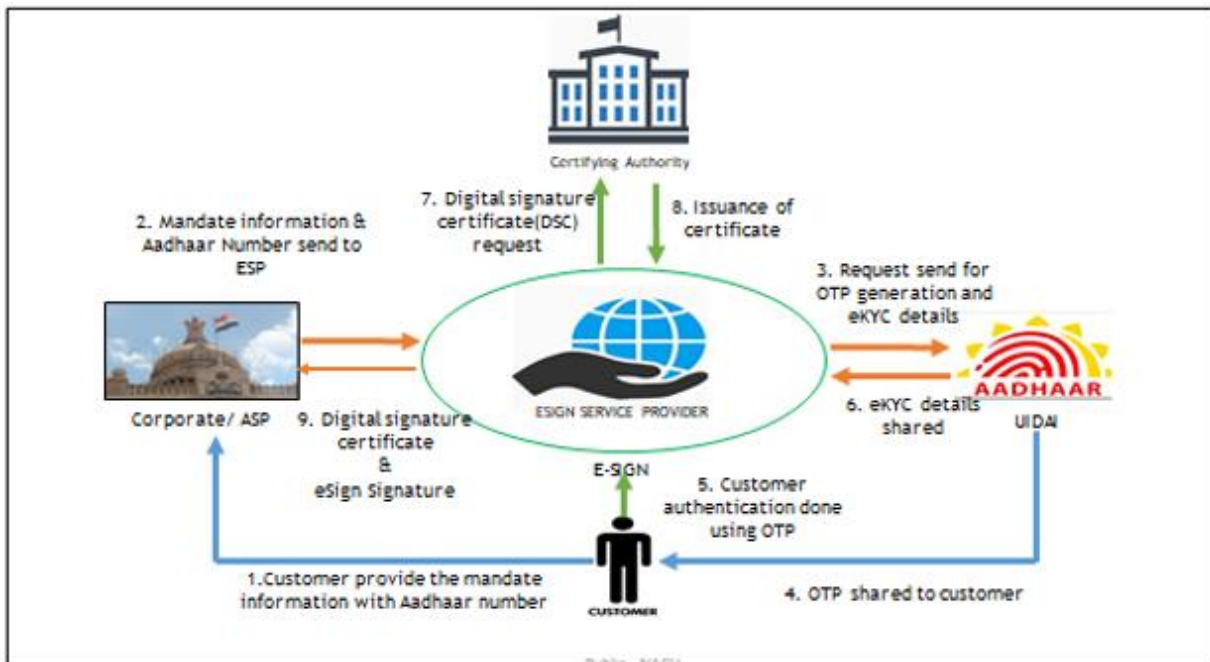
eSign E-mandate process in NACH:

1. Sponsor bank presents the eSign mandate received from the corporate in NACH system as per the desired format of NPCI.

2. NACH system will check and validate the file format and send the mandate inward file to destination bank based on the debtor bank IFSC given in the mandate file.

3. Destination bank processes the eSign inward by verify using PKI validation tool.

4. Validation tool to ensure following points are verified

    a. Digital certificate integrity

    b. eSign signature tag decryption and cross check with Signed content

    c. Verification of Aadhaar number (last 4 digit) in Digital certificate (X509) and Bank CBS.

    d. Cross check mandate data with Signed content.

5. After successful validation of eSign, destination bank perform business validations.

6. Once verification process is completed, destination bank uploads the response file in NACH system.

7. NACH system will send the response file for the mandates presented by the sponsor bank based on response received from destination bank.

E-mandate registration in NACH – Process flow
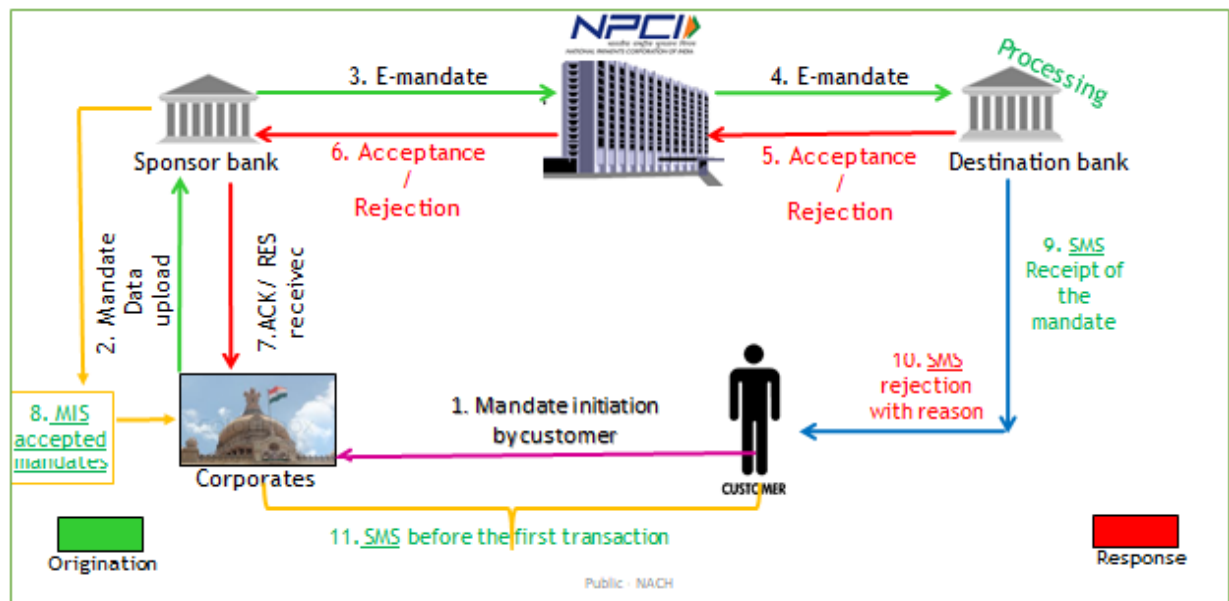
Annexure 23 - Aadhaar SOP

Aadhaar Payments Bridge System facilitates end-to-end processing of bulk electronic payment instructions primarily facilitating the government departments to disburse the social security benefits under different schemes by Direct Benefit Transfers (DBT) to the bank account of the beneficiaries. In APB system, the subsidy/benefit can be disbursed to the account of the beneficiary based on the mapping of Aadhaar number to the IIN of a bank in NPCI mapper. The participating banks have to perform a number of activities to complete the mapping and un-mapping of Aadhaar number in the NPCI mapper database. This document defines the standard operating procedure to be followed by the member banks for the following activities

- Join the APB system as a participant
- Seeding the Aadhaar number
- De-seeding the Aadhaar number
- Marking/unmarking OD flag
- Reconciliation between Aadhaar numbers in banks' CBS with NPCI mapper
- Processing the transactions as a sponsor bank
- Processing the transactions as a destination bank

2. **Seeding of Aadhaar numbers in NPCI mapper:**

    Seeding of Aadhaar numbers in NPCI mapper involves two steps:

Verification of Aadhaar numbers as per banks' internal policy and linking the same to the customer's account in core banking system of the bank.

Seeding the Aadhaar number in NPCI mapper.

Banks should take utmost care in linking the Aadhaar number to an account and seeding in NPCI mapper. Once the Aadhaar number is seeded, then that account shall become eligible to receive Direct Benefit Transfers (DBT) credits from the government or any other agency Incorrect linking in CBS will lead to wrong credits, the bank will be liable to make good such wrong credits to the originating department/s or agency/s.

The following steps should be followed by the bank for seeding an Aadhaar number:

a. The bank should define a clear process, listing the documents to be submitted by the customer for verification and seeding of Aadhaar numbers.

b. Bank should obtain any of the following document and written consent of the customer as per the format provided in Annexure II. Any other document as may be required by the banks depending on their internal policy may also be obtained.

c. Under no circumstance the Aadhaar seeding should be done without an informed consent of the customer.

d. If the documentary proof submitted is not in line with the internal policy of the bank, then such request for Aadhaar seeding should be rejected with advice to the customer for deficiencies to be rectified.

e. Bank should verify the Aadhaar credentials of the customer through demographic authentication as mandated by UIDAI vide their circular with the details as per their records. The bank should match the name and ensure the account belongs to the person who has submitted the Aadhaar consent form for seeding.

f. On being satisfied with the documentary proof the bank should first issue an acknowledgement for the seeding request and then proceed to link the Aadhaar number to the customer's account in their core banking system (CBS).

g. After linking is completed the bank should proceed for seeding the Aadhaar number in NPCI mapper.

h. As a first step of seeding, verification should be done whether the account is eligible to receive the credits pertaining to the direct benefit transfers. If the account is not eligible to receive the credits, then the seeding request should be returned to the customer with appropriate reason. Few examples

    1. NRE account
    2. Loan account
    3. PPF account/FD account
    4. Blocked/frozen account
    5. Inoperative/Dormant account
    6. (The list is only indicative. Any account that is not eligible to receive credits, Aadhaar numbers pertaining to such accounts should not be seeded with NPCI. Such seeding request should be rejected, with the reason for such rejection)

i. Bank should have distinct fields in their CBS for updating the Aadhaar number submitted for KYC purpose and/or for Aadhaar seeding purpose.

j. Under no circumstances the Aadhaar number submitted as a part of KYC be seeded in NPCI mapper. The seeding should only be subject to explicit consent from customer for receiving the Aadhaar based payments and also subject to submission of written consent (mandate) by the customer.

k. Based on the purpose for which Aadhaar number is submitted by the customer, the bank official should update the number in the relevant field in core banking.

l. Banks should implement the verhoeff algorithm for checking the validity of the Aadhaar numbers.

m. Bank should have automated process with a minimum of one time download of all Aadhaar numbers submitted for seeding purpose to be uploaded into NPCI mapper. It is recommended that banks should have process for multiple download and upload into NPCI mapper during the day

n. The downloaded data should be as per the format specified by NPCI for mapper upload (Annexure III). After the seeding file is uploaded, the NPCI mapper will provide a response file indicating whether all the records are updated in the mapper or some records are rejected.

o. Banks should have monitoring mechanism to verify the response files received from Aadhaar mapper and take corrective action at their end.

p. The list of reasons for rejection in Aadhaar mapper is provided in Annexure IV.

q. There should be a provision in CBS to update the status of seeding in NPCI mapper. If the Aadhaar number is rejected by the mapper during the seeding process, the reason for the reject should be updated in CBS.

r. Bank should send a communication to the customer, either through a mail or SMS, on seeding of Aadhaar number with seeding date in case of successful seeding. In case of unsuccessful seeding the communication should be sent along with the reason for rejection. It is preferable to send SMS wherever customer has registered his mobile number.

s. The front desk officer/staff should be trained well, to understand that, updating the Aadhaar number in CBS does not mean completion of mapping. Banks should have standard operating procedure to facilitate smooth seeding of Aadhaar numbers. The staff should be given training on all the mapper related matters. The officers/staff should be given a provision to check for seeding status to enable them to answer the customer queries. Banks may use the API services (Circular no. 047 dated Jan 18, 2019) provided by NPCI for checking the Aadhaar seeding status of an Aadhaar number. The officers/staff should be able to communicate to the customer, the reason for rejection as well.

t. Aadhaar seeding can be done on-line real-time through API (Refer circular number 09 dated July 10 2019) and branches should be provided with this facility.

Note:
a) If two different banks seed the same Aadhaar number to the account of the customer in their respective banks and NPCI, the bank seeding with the latest mandate date will be mapped in the NPCI mapper and all the subsidies will be routed to that bank only.

b) In case of joint account the bank should have a provision to link the Aadhaar number to the respective customer ID of each of the joint account holders.

c) In case of seeding a joint account the bank should inform the applicant, of such seeding, that the benefits received in the account will be available to all the account holders based on the operating instructions of the joint account concerned.

3. Aadhaar seeding declaration

Banks should submit the declaration for having implemented Aadhaar consent format designed by IBA to NPCI with regard to seeding of Aadhaar number based on the customer consent. Banks will not have access to Aadhaar mapper until the declaration is submitted to NPCI as per Annexure VII

4. Customer consent Mandatory

It is mandatory for the banks to obtain the consent of the customer either through physical form or electronic mode before updating in NPCI mapper. Banks are advised to preserve the consent form received from the customer either in physical or electronic form. In the event of any customer query or complaint, bank must produce the documentary proof of consent given by the customer for Aadhaar seeding.

Banks are advised to obtain the consent form from customer as per the format given in Annexure II.

As per new mapper format bank should include previous bank name in the Consent form to link customer Aadhaar number to that bank. For fresh insert/inactive

Aadhaar number, Bank is allowed to link the Aadhaar number where consent has been given by the customer.

For E.g. if customer has account in bank A and B currently, customer's Aadhaar is linked to bank A and now it needs to be changed and linked to Bank B. Then bank B has to get consent form with the previous bank name in order to link customer Aadhaar to account number in bank B.

To get the banks IIN details, kindly visit www.npci.org.in-->What we do→NACH→Live bank list.

5. **Facility to check the Aadhaar seeding status**

Banks should make necessary arrangements to enable the staff as well as the customer to check the Aadhaar mapping status. Either one or all the methods given below can be used to facilitate this

    i) The Aadhaar mapper status should be updated in CBS and the staff should be able to view the status.

    ii) The facility may be extended to the customer through internet banking or ATM network or any other alternate channels.

    iii) The API facility provided by NPCI should be implemented to provide online status to the staff.

    iv) Banks staff having access to NACH system can view the mapping status using MIS tab.

    v) Aadhaar look up facility can be availed from NPCI to ascertain mapping status of a batch of Aadhaar numbers.

    vi) Aadhaar seeding status enquiry must be made available to the customers through AEPS (refer circular no 12 dated February 22, 2019

6. De-seeding

In the event of an account, where Aadhaar number is seeded in NPCI for receiving the benefits becoming ineligible to receive the credits, the bank should take immediate steps to de-seed such an Aadhaar numbers from NPCI mapper. The following are the events that should trigger deseeding

1. Account closed
2. Account holder expired
3. Customer insolvent/ Account holder became insane
4. Account Under Litigation
5. Account blocked or frozen

Customer consent is not required for de-seeding Aadhaar numbers in the above cases.

a) Banks should deseed the Aadhaar number once the account becomes ineligible for receiving the credit.
b) In case of an account being frozen or blocked temporarily, the Aadhaar number mapped to the account should be deseeded with a facility to reseed the account in the event of its activation. This process should be automated and there should not be any manual intervention.
c) The bank should have standard operating procedure for deseeding the Aadhaar number on the basis of customer request.
d) Once the deseeding process is executed in core banking, batch processing should be initiated at periodic time intervals to download the deseeding files in the format specified by NPCI
e) Deseeding should be an automated process and carried out at frequent intervals on each day with a minimum of one time at EOD of core banking.
f) There should be a process to monitor the response files received from the mapper to ensure deseeding is completed. If there is any rejection the bank should verify the reason for rejection and take corrective action immediately.
g) The final status of deseeding should be updated in core banking system so that the front desk officer/staff will be able to see the seeding/deseeding status and communicate to the customer.
h) Deseeding communication should be sent to the customer. If the customer has registered his mobile number, then a SMS may be sent to this effect.

i) De-seeding can be done on-line, real-time through API (Refer circular no 9 dated July 10, 2019) and branches should be provided with this facility.

Note:

a. Deseeding should be an automated process and carried out at frequent intervals on each day with a minimum of one time at EOD of core banking.

b. Banks should deseed the Aadhaar number once the account becomes ineligible for receiving the credit.

c. In case of an account being frozen or blocked temporarily, the Aadhaar number mapped to the account should be deseeded with a facility to reseed the account in the event of its activation.

7. Overdraft flag

Under Pradhan Mantri Jan-Dhan Yojana, banks can allow overdraft facility as may be decided by the government from time to time. In the event of sanctioning such facility to their customers, the banks should ensure that the OD flag is updated in the Aadhaar mapper. The below process should be strictly followed while sanctioning OD.

a. When the customer approaches the bank for OD, the staff should first check the Aadhaar mapping.

b. OD can be granted only if the Aadhaar number is mapped to that bank account and benefits are transferred to the same account held with that bank.

c. In case the Aadhaar number is already linked to a different bank and OD flag is 'Y' that indicates that another bank has already granted OD to that customer, the request need to be rejected and informed to the customer.

d. If the Aadhaar is not mapped with the bank, then the customer should be intimated about the same. If the customer prefers to have OD with the current bank, then the bank should first obtain the Aadhaar mapping consent (mandate) from the customer in the prescribed format.

e. Bank should follow the process detailed in "Aadhaar seeding process' section of this document.

f. After confirming the completion of Aadhaar mapping the bank may proceed to grant OD as per the laid down process and eligibility of the customer.

g. OD flag will act as an indicator to all the banks for verification and avoiding duplication of OD facility to the same customer.

h. The bank should not allow utilization of funds in the OD account until the OD flag updation in NPCI mapper is confirmed.

i. After the repayment of OD by the customer, the bank should ensure that the OD flag in NPCI mapper is removed.

j. A confirmation to this effect should be given by the bank to the customer. If the customer has registered his/her mobile number, then SMS should be sent to the customer.

8. **Reconciliation between Aadhaar numbers in CBS with NPCI Mapper**

a. While daily seeding and deseeding of Aadhaar numbers will ensure that the Aadhaar database in CBS of the bank is in sync with NPCI mapper, it is essential for the banks to do periodic reconciliation between these two databases to ensure everything is in order.

b. The bank should obtain mapper data from NPCI on a periodic basis. It is recommended that the reconciliation is done on monthly basis.

c. The Aadhaar numbers in NPCI mapper should be compared with the Aadhaar numbers in CBS.

d. If some Aadhaar numbers are present only in NPCI mapper and not in core banking, then bank should investigate to find out the root cause. Given that banks are expected to link first in CBS and after that seed the same in NPCI mapper and Mapper updation is expected to be an automated process, this scenario should not arise.

(Note: Practically many banks return the transactions with the reason 'Aadhaar number not mapped to account number'. This effectively means either the bank has updated the mapper with Aadhaar number without linking it to the account in their core banking or there is an issue in core banking resulting in system not being able to map the Aadhaar number back to account number based on linking at the time of transaction processing).

e. The bank should identify the issue and take immediate and permanent corrective action. This problem should not recur.

f. If some Aadhaar numbers are available in CBS, but not in NPCI mapper, it means that these Aadhaar numbers are not seeded in NPCI mapper or these Aadhaar

numbers were rejected during the mapper upload process that was not properly monitored and corrected at that point in time. The bank should verify their core banking and follow the seeding process to seed these Aadhaar numbers again and reconcile with the response files to ensure seeding is completed.

g. Further to the above reconciliation, banks should have a standard process to download all Aadhaar numbers that are seeded for the accounts that are closed, blocked or frozen, customer deceased or become insane and deseed these Aadhaar numbers once a month so that any residual Aadhaar number that were not de-seeded due to any technical glitch will be de-seeded.

9. Mapper Design

As per the mapper design, if more than one bank uploads the Aadhaar number in NPCI mapper, the mapper will hold good only the last record updated. For an example, Aadhaar number is updated by bank 'A' in NPCI mapper on May 05, 2017 and bank 'B' is updating the same Aadhaar on June 15, 2017, then the latest mapping only will be considered and all the transactions will be routed to bank 'B' only.

10. Moved out data

a. When a bank receives a request from the customer for seeding, they may not be able to identify if the customer has an account with some other bank and seeding has been given to the other bank as well.

b. If a bank tries to map an Aadhaar number in NPCI mapper and if such Aadhaar number, if already mapped to another bank, subject to the new bank confirming that they have got customer mandate and also provide the previous bank IIN in mapper upload file, the system will either move the Aadhaar mapping to the new bank or reject such request for updation in absence of previous bank IIN.

c. Deseeding data along with the reason for deseeding should be made available to front desk staff/officers so that they can answer customer queries.

d. Bank should send a communication to the customer on de-seeding of the Aadhaar number with date along with the reason of de-seeding.

11. **Reseeding**

   a. If a customer whose Aadhaar number is deseeded from NPCI mapper approaches the same bank again for seeding his Aadhaar number, the bank should have provision for such reseeding.

   b. The front desk staff/official should be trained to handle reseeding.

      (Note: Normally the front desk officials verify their CBS and if the Aadhaar number is linked to the account of the customer they confirm that the Aadhaar is already seeded in NPCI mapper, this may not be a correct)

   c. Even if the Aadhaar number is appearing in the CBS, it may be possible that the bank has not removed the Aadhaar number from CBS despite deseeding the same from NPCI or the Aadhaar number having moved out to another bank.

   d. When a request for reseeding is received, the bank should make a provision in the CBS to enable the staff to trigger re-seeding process, even though the Aadhaar number is already available in the CBS.

   e. The process will ensure that the Aadhaar numbers will be downloaded as a part of the data files that are sent to NPCI mapper at periodic intervals for seeding.

   f. The process detailed in the section 'seeding' should be diligently followed for reseeding as well.

   g. There should be a field to indicate the first seeding and subsequent reseeding dates.

12. **Processing the transactions as a sponsor bank**

   a. Banks should prepare or get the files in the format and size prescribed by NPCI from time to time. File format given in Annexure VI

   b. Sponsor bank should ensure that the transactions are uploaded with proper scheme code and state code.

   c. If proper user code is not available, sponsor banks should approach NPCI to get the corporate created before the files are uploaded to NACH.

   d. The bank will be liable for using incorrect user codes (Circular no. 46 dated Jan 16, 2019) resulting wrong claims pertaining to charges and incentives lodged by NPCI to the Implementing Agencies. In the event of any wrong payment of DBT charges and incentive due to usage of incorrect user code the Sponsor bank will be liable to make good such losses. NPCI reserves the right to reverse any incorrect credit of DBT incentive and charges (irrespective of the bank making

remittance of Service Tax/GST and TDS) upon receipt of instruction from the originating department.

e. Government departments or the sponsor banks should use the vlookup facility to check the seeding status of the Aadhaar number to avoid rejections at the time of transaction file upload

f. It is the responsibility of the sponsor bank to ensure that the data received from the department is not tampered with and only correct transaction amount is uploaded into NACH system.

g. The bank should first check whether the funds are available or necessary arrangement with the department is in place for processing the files.

h. Only if funds or the arrangement is available bank should upload the files into NACH system. It is recommended that the bank implement host to host (H2H) functionality to automate the process.

i. Upload the Aadhaar based transaction file without the IIN number of the destination bank. NACH system has the capability to update the IIN number from the mapper database.

    i. Note: - in case of wrong IIN being given in the input file, the transaction will get rejected.

j. Sponsor bank should have maker/checker concept and provide resources accordingly.

k. After the file is authorized by the checker, NACH system after processing the file will provide an acknowledgement. This could be positive or negative.

l. The status of the file uploaded should be checked.

m. There should be monitoring mechanism at the bank to ensure verification of the status of all the files uploaded and downloaded.

n. The system will show the file status as "Accepted" if processed successfully otherwise it will show the file status as "Rejected or Partial".

o. The file may be rejected fully or partially. Banks should analyse the rejects and take corrective action as may be required.

p. After the presentation session is completed the sponsor bank should reconcile the amount of the presentation files with the settlement received in the account maintained with RBI.

q. In case of any discrepancy in settlement report the bank should first check whether any rejected files are left out without remediation and re-upload. If further clarification is required the bank officials should get in touch with NPCI

for necessary details. This process has to be followed for all the presentation and return sessions.

r. <u>No session should be left unreconciled with the settlement report</u>

s. After the return session is completed APB system will provide response files to the sponsor bank with status of the transactions at record level. The following are the possible types of status

    i. Successful (flag 1)

    ii. Returned (flag 0)

    iii. Extended (flag 3)

    iv. Rejected (flag 2)

t. Sponsor bank should have the capability to consume the response files and provide a final response file to the department who has originated the transactions.

u. In case of returned transactions the consolidated amount should be credited back to the account maintained by the department with the bank as per the agreed process and timeline with the department concerned.

v. There should be a process to provide a detailed return report in the format required by the department concerned.

w. In case of extended transaction, sponsor bank should provide interim status to the government department and provide the final response files after the same is received on the next working day.

x. Banks should develop capability to handle multiple extensions and to consume record level status.

y. In case of APB transactions, the destination bank at the time of submitting the response files provide the account number and name of the beneficiary for each of the transactions whether successful or returned. This should be an automated process.

z. NPCI will share the account number and the name of the beneficiary before masking providing the response file to the sponsor bank.

aa. Sponsor bank should be able to share this information with the Government departments.

bb. It is mandatory for the destination bank to provide beneficiary name and account number for both successful and returned records (for specific reasons only), if the specified data is not provided, NACH system will reject such transactions resulting in deemed acceptance. Banks should ensure that no transactions will become deemed accepted.

13. Processing the transactions as a destination bank

a. Destination banks should seed the Aadhaar number only if the bank has been certified by NPCI for participation in APB process.

b. The destination bank should put in place, automated process for processing the inward files received through the APB system. The system should be sufficiently scaled up to handle peak volume with a head room for another 40% increase in volume.

c. The processing capacity to be reviewed on a periodic basis and measures should be taken to increase the capacity well in advance.

d. On receipt of the inward file, as a first step the bank should verify the amount of inward files against the settlement report received.

e. If there is any discrepancy in the settlement amount, the same should be immediately brought to the notice of NPCI helpdesk. The inward processing should be taken up only after the discrepancy is resolved.

f. If the settlement amount tallies with the inward amount, then the bank should proceed to process the inward files. There should be control points that will allow file processing only after settlement reconciliation is confirmed. Under no circumstances banks should release the credits to the customers without receiving the settlement amount.

g. The bank should make provision in the system to provide the name and the account number against each successful or specific returns in Aadhaar based transaction. This data should be sent as a part of response file (Refer circular no 12 dated August 13, 2019)

h. The destination bank should ensure that all the transactions are processed well in time and response files are submitted before the cut-off time specified by NPCI. This activity should be completed well in advance with a buffer to cater to any eventuality during the processing.

i. Banks should have monitoring mechanism to ensure all the files are uploaded and processed in NACH. The acknowledgement files should be consumed by the destination bank to ensure that all the response files are uploaded.

j. In case any response file is rejected, the bank should check the reject reasons and ensure corrective action and re-upload the files within the session time.

k. After the return session is closed the bank should tally the amount of returned transactions with the settlement amount in the settlement report.

l. In case of any discrepancy in settlement report, the bank should first check whether any rejected files are left out without remediation and re-upload. If further clarification is required, the bank officials should get in touch with NPCI for necessary details. This process has to be followed for all the presentation and return sessions. No session should be left unreconciled with the settlement after receipt of settlement report

14. Return analysis and corrective action

Aadhaar based payments are routed to a bank only on the basis of Aadhaar numbers mapped by the bank in NPCI mapper. As seeding, de-seeding and re-seeding can be controlled by the banks through automated process there should not be any returns in Aadhaar based payments. Banks should have strong work flow controls to ensure 'NIL' returns. Additionally banks should take the following measures

a) Member banks should put a review mechanism in place to analyse the returns on regular basis.

b) Return reason wise analysis should be carried out, the root cause for such returns should be analysed and steps should be taken to fix the issue permanently.

c) The following is the list of returns with codes and description:

d) List from circular

APB Credit			Sub-products (Transaction Code)					
Sl.no	Return Code	Reason Description	77	78	79	80	81	82
1	01	Account closed	Yes	Yes	Yes	Yes	Yes	Yes
2	10	Unclaimed/DEAF accounts	Yes	Yes	Yes	Yes	Yes	Yes
3	51	KYC Documents Pending	Yes	Yes	Yes	Yes	Yes	Yes
4	52	Documents Pending for Account Holder turning Major	Yes	Yes	Yes	Yes	Yes	Yes
5	53	Account inoperative	Yes	Yes	Yes	Yes	Yes	Yes
6	54	Dormant account	Yes	Yes	Yes	Yes	Yes	Yes
7	55	A/c in Zero Balance/No Transactions have Happened, First Transaction in Cash or Self Cheque	NA	NA	NA	Yes	NA	NA
8	56	Small account, First Transaction to be from Base Branch	NA	NA	NA	Yes	NA	NA
9	57	Amount Exceeds limit set on Account by Bank for Credit per Transaction	Yes	Yes	Yes	Yes	Yes	Yes
10	58	Account reached maximum Credit limit set on account by Bank	Yes	Yes	Yes	Yes	Yes	Yes
11	59	Network Failure	NA	NA	NA	Yes	NA	NA
12	60	Account Holder Expired	Yes	Yes	Yes	Yes	Yes	Yes
13	62	Account Under Litigation	Yes	Yes	Yes	Yes	Yes	Yes
14	64	Aadhaar Number not Mapped to Account Number	Yes	Yes	Yes	Yes	Yes	Yes
15	68	A/c Blocked or Frozen	Yes	Yes	Yes	Yes	Yes	Yes
16	69	Customer Insolvent / Insane	Yes	Yes	Yes	Yes	Yes	Yes
17	71	Invalid account Type (NRE/PPF/CC/Loan/FD)	Yes	Yes	Yes	Yes	Yes	Yes

e) The following are the returns which are avoidable.

S .No	Return Reason	Actionable
1	Account Closed	Bank should have an automated process to deseed such Aadhaar number from NPCI Mapper after account is closed. The existing Aadhaar should be de-seeded from mapper after due reconciliation
2	Aadhaar Number not mapped to Account number	Banks are seeding NPCI Mapper without linking the Aadhaar in CBS or have wrong return reason mapping in CBS. Banks should reconcile the Aadhaar dump as per CBS and Aadhaar mapper dump and seed/deseed the Aadhaar Number
3	Invalid Account (NRE/PPF/CC/Loan/FD)	Aadhaar number should not be seeded with this type of account and should be de-seeded after due reconciliation
4	Account Holder Expired	Bank should have an automated process to deseed such Aadhaar numbers from Mapper. The existing Aadhaar should be de-

S .No	Return Reason	Actionable
		seeded from mapper after due reconciliation.

Returns with certain reasons:

Banks are advised to review their internal policy while returning transactions with following reasons in view of the RBI guidelines/clarifications stated hereunder

Code	Descriptions	RBI circular	Guidelines
52	Documents pending for Account Holder turning major	RBI/2014 - 15/226.RPCD.RRB.RCB.BC.No.32/03.05.33 /2014-15 dated September 10,2014	Banks are advised to ensure that accounts of all student beneficiaries under the various central, state government scholarship schemes are free from restrictions of minimum balance and total credit limit have separate product code in CBS to accounts open by the beneficiaries under the various central & /State government schemes Including scholarship schemes for students so that the stipulation of inoperative/dormant account due to non-operation does not apply.
53	Account Inoperative	RBI/2013 - 14/262.DBOD.No.Leg .BC.53/09.07.005/20 13-14 dated Sep 17,2013	Appropriate steps to be taken including allotment of a different ' product code' in their CBS to all such account so that stipulation of inoperative accounts/dormant account due to non-operation for over a period of 2 years DBT,EBT,Scholarships,Zero balance account etc. under central and state Government benefit scheme. In order to reduce risk of fraud etc., in such accounts while allowing operations in these accounts, due diligence should be exercised by ensuring the genuineness of transaction verification of signature, identity etc. New return code 10 introduced to handle Unclaimed/DEAF account
54	Dormant account		

| 57 | Amount Exceeds limit set on Account by Bank for Credit per Transaction | RBI/2014 -15/226.RPCD.RRB.RCB.BC.No.32/03.05.33/2014-15 dated September 10,2014 | 1. As per Amendment to Prevention of Money Laundering (maintenance of records) Rules, 2005 relating to small accounts, Notification no. G.S.R 1038 dated 21.8.2017 issued by the Department of Revenue, Ministry of Finance, the limit on balances shall not be considered while making deposit through government grants, welfare benefits and payment against procurements Letter No.F.NO1/21/2014-FI(C-69551) dated 1.6.2018 issued by this department in this regard.

2. All KYC updated PMJDY accounts are to be converted to regular BSBD accounts, instead of treating them as "small accounts" .In this regard earlier communication of this department vide |
|---|---|---|---|
| 58 | Account reached maximum Credit limit set on account by Bank | | |

Some of the frequently faced issues in mapper file upload and transaction file upload, their root causes and the solutions are given in Annexure V

15. Grievance Management System (GMS)

GMS system is a part of the DMS module of NACH. GMS is used to raise any non-financial queries between banks and OMCs. As such the system has been extended only to DBTL transactions. But, the system is capable of handling the same for other transactions as well. All the banks which are live in DMS, will be live on GMS as well.

GMS helps the banks and OMCs to handle the non-financial queries/grievances of their customers, which are raised to them. GMS is an in-built system in NACH application, which can be used by the member banks of ACH, OMCs and any other designated entity (ex: UIDAI). Grievances can be raised by bank to any other bank, bank to OMC, OMC to bank, and bank to UIDAI etc.

Annexure I – Format for updating Aadhaar number with bank

Sr. No. [   ]

Form-1
Bank Linking Form
(To be submitted to Bank)
Bank Account- Aadhaar Linkage Application Form (For LPG Consumers only)

To,
The Branch Manager,
Name of Bank _____
Name of Branch _____

Sir,

I have Bank Account in your bank and I request/authorize you to please seed my Aadhaar Number to my Account Number in your bank as per details provided by me below:

1. Bank Account Number (Write Account Number which you want to link with your Aadhaar Number. Start with the left most box and fill only required number of boxes, leave rest blank):

2. Name (in English):

Name exactly as it is in the Bank Account (IN BLOCK LETTERS)	First Name	Middle Name	Last Name

3. Address (in English):

City/Village																	
State						District											
									Pincode								

4. Aadhaar Number (Write your 12-digit Aadhaar Number as per Aadhaar letter/card)*:

5. Gender (✓ in appropriate place): Male [   ]   Female [   ]

6. Mobile Number (Enter your 10-digit Mobile Number) - Optional:

+	9	1										

*Please securely attach a clear/legible copy of Aadhaar letter/card with this request form and make sure that the number entered in this form is as per the Aadhaar letter.

Place:_____ Date:_____ Signature of the Consumer _____

- - - - - ✂ Cut Here -

Received Aadhaar seeding request from

Mr./Ms_____on_____

A. The request is complete and the seeding confirmation will be sent to you within 7 days.

B. Aadhaar seeding request is incomplete. Please submit with complete details and legible copy of Aadhaar.

_____
Signature of Bank Officer with Seal and date

Annexure II – Format for normal seeding of Aadhaar number with bank

APPLICATION FOR LINKING/ SEEDING AADHAR NUMBER
AND RECEIVING DBT BENEFITS INTO BANK ACCOUNT-(NPCI MAPPING)*

The Branch Manager,   Date:
..............................Branch
..........................Bank
Dear Sir,
Account No. _____ in A/c Name _____
Linking / Seeding of Aadhaar in NPCI-Mapping for Receiving Direct Benefits

I am maintaining a Bank account No. _____ with your Branch.

2. I submit my Aadhar number and voluntarily give my consent to:
   - ○ Use my Aadhar Details to authenticate me from UIDAI.
   - ○ Use my Mobile Number mentioned below for sending SMS Alerts to me.
   - ○ Link the Aadhaar Number to all my existing/new/future accounts and customer profile (CIF) with your Bank.

(Signature/Thumb Impression of customer)

OPTION FOR RECEIVING DBT BENEFITS (TICK ONE)

- ○ I wish to seed my account No. _____ with NPCI mapper to enable me to receive Direct Benefit Transfer (DBT) including LPG Subsidy from Govt. of India (GOI) in my above account. I understand that if more than one Benefit transfer is due to me, I will receive all the benefit transfers in the same account.(for customer who have not so far seeded account with NPCI Mapper)
- ○ I already have an account with _____ (name of Bank) having IIN Number** _____ and seeded with NPCI Mapper for receiving DBT from GOI. I request you to change my NPCI mapping(DBT Benefit Account) to my account with your Bank.
- ○ I already have an account with another bank: _____ (name of Bank) having IIN Number** _____, and seeded with NPCI Mapper for receiving DBT from GOI. I do not want to change my NPCI mapping(DBT Benefit Account) from the existing Bank.
- ○ I do not wish to seed my accounts from your Bank with NPCI Mapper (I will not be getting DBT).

3. I have been explained about the nature of information that may be shared upon authentication. I have been given to understand that my *information submitted to the bank herewith shall not be used for any purpose other than mentioned above, or as per requirements of law.*

4. I hereby declare that all the above information voluntarily furnished by me is true, correct and complete.

Yours faithfully

                                                                            [if consent sent through BC/BDO/VO]

(Signature/Thumb Impression of customer)   ○ I hereby authorise the Banking Correspondent
                                                                            ....
                                                                            ○ I hereby authorise the Sarpanch/ V.O./B.D.O./
Name :   ....
                                                                            to submit the above consent letter to the bank.
Mobile No.:

Email:

Encl: Copy of Aadhaar

                                                                            (Signature/Thumb Impression of Customer)

*NPCI Mapping : Mapping is a process of associating a Bank with Aadhaar number which is facilitated by NPCI for Direct Benefit Transfer to the respective Bank who have linked the Aadhaar Number to a specific Bank account for receiving Direct Benefits to which customer have given the consent.
** IIN number will be provided by Bank receiving the consent Application

Annexure III – Mapper file format

Mapper File Format					
Header					
S. No	**Field Name**	**Max Length**	**Field Type**	**Status**	**Field Description**	**Remarks**
Header					
1	Header Identifier	2	NUM	M	Header identifier for the mapper file	31 – Constant value
2	Uploading Bank IIN	9	NUM	M	6 digit IIN of the bank uploading the file and left padded with zeroes	000555555
3	User Name	30	ALP / NUM	M	Name of the person who has prepared the file and right padded with spaces	Example - Srinivas Rao
4	Date of Input	8	DATE	M	Date of preparation of the file in DDMMYYYY format	26122011
5	Input file number	5	NUM	M	File number generated by originating bank for control purpose to captured file. The field would be left padded with zeroes.	00003
6	Total number of records	5	NUM	M	Total number of records to be captured by originating bank, left padded with zeroes.	00002
8	Filler	301	ALPH / NUM	O	Filler	Spaces
	Total	**360**				
Detail Record					
S. No	**Field Name**	**Max Length**	**Field Type**	**Status**	**Field Description**	**Remarks**
1	Detail record identifier	2	NUM	M	The detail record identifier	34 – Constant value
2	Record Reference Number	15	ALP / NUM	M	Unique Number to identify the record to be given by bank	
3	Aadhaar Number	15	NUM	M	Aadhaar number of the beneficiary, left padded with zeroes	000723456789012

4	Mapped IIN	9	NUM	M	6 digit IIN of the bank which holds the account for the beneficiary, left padded with zeroes	000560112
5	Mandate Flag	1	ALP	M	The Mandate flag can only be 'Y' or 'N'.	Y
6	Date of customer mandate	8	DATE	M/O	This field would be updated by the participant bank user based on date mentioned in the mandate provided by customer if the Mandate Flag is 'Y'	DDMMYYYY
7	Mapping Status	1	ALP / NUM	O	Determines status of existing UID & IIN mapping in mapper system i.e. active or inactive. Value will be one space in case of new mapping creation or updation to existing mapping. Value will be "I" if existing UID & IIN mapping is to be deactivated. If Mapping Status is not provided then it is considered as space.	
8	OD Flag	1	ALP	M	The OD flag can only be 'Y' or 'N'.	
9	OD Date	8	DATE	M/O	OD Date is mandatory when the OD Flag is "Y"	DDMMYYYY
10	Previous IIN	9	ALP / NUM	O	Reserved field	Prefixed with "000"
11	Reserved field	291	ALP/NUM	O	Reserved field	To be filled with spaces. Usage will be communicated later.
	Total	**360**				

Annexure IV – Mapper reject codes

Mapper Status Code	Description
0	Mandate date in the record must be greater than that of the existing UID
1	Duplicate UID record
2	Future mandate date is not accepted
3	Fresh insert must be Active only
5	Aadhaar Number is not mapped to your IIN or Scheme
7	Inserted For the First Time
8	Updated UID record
9	Invalid Aadhaar_No, Verhoeff Checksum validation Failed
10	Invalid Aadhaar_No, Aadhaar number is not equal to 12 digits
11	Invalid Aadhaar_No, Aadhaar number must not start with 1
12	Mandate Flag must be Y
13	Mapped to Some Other Bank and OD already exists
14	OD can be set Y only when mandate flag is Y
15	Aadhaar number cannot be inactivated when OD flag Y
16	Future OD date is not accepted
17	OD date in the record must be greater than that of the existing OD date
18	OD date in the record must be greater than or equal to Mandate date
19	Mandate should not be prior to 2012 January
21	Aadhaar number updated as banks merged
22	Mandate flag and Mandate date is mandatory for fresh insert
23	Mandate flag and Mandate date is mandatory

Annexure V – Root cause of issues and solutions

S. No	Mapper/ TXN	Type of Error	Solution
1	Mapper	Customer mandate less than existing UID date	Customer has already seeded the Aadhaar with some other bank with the mandate date later than what has been given by the bank. Give a later date for the Aadhaar number to be seeded
2	Mapper	Invalid Aadhaar number	Aadhaar number given does not match the verhoeff algorithm.
3	Mapper	Status of Aadhaar number not known	Use the vlookup option to know the status in case of bulk. For one or two Aadhaar numbers, banks can use the MIS option or API Use the vlookup option to know the status in case of bulk. For one or two Aadhaar numbers, banks can use the MIS option or API
4	Txn	Invalid IIN	Destination bank IIN number need not be given in the transaction file. If wrong IIN is given, transaction will get rejected.
5	Txn	Amount exceeds individual transaction amount	Amount given for per transaction in the header is less than the actual transaction value. Change the higher cap amount in the header
6	Txn	Duplicate reference number	Reference number should be unique for an user for a day. This is applicable across files
7	Txn	Invalid Aadhaar number	Aadhaar number is not available in the NPCI mapper database
8	Txn	Participant not mapped	The destination bank to which the transaction is to be routed, is not live for the product

Annexure VI - APB File format

Input

Sr. No	Field Description	Existing length	Field Type	Mandatory /Optional	Remarks
(Header) Credit Contra Record
1	APBS transaction code	2	NUM	M	APBS transaction code 33 for APBS credit.
2	User Number	7	ALP / NUM	M	Existing User Number
3	User Name	40	ALP / NUM	M	Name of Government Department / Agency / User
4	User Reference	14	ALP / NUM	M	User defined reference number for entire transaction
5	APBS Tape Input Number	9	NUM	0	User defined input tape
6	Sponsor Bank IIN	9	NUM	M	6 digit Sponsor Bank IIN
7	User's Bank Account Number	15	ALP / NUM	0	Account number of user with sponsor bank
8	Ledger Folio Number	3	ALP / NUM	0	Ledger folio particulars
9	User Defined limit for individual items	13	NUM	0	User defined limit which would be taken to validate individual items amount
10	Total Items	9	NUM	M	Total items in the file
11	Total Amount (Balancing Amount)	13	NUM	M	Amount in paise
12	Settlement Date (DDMMYYYY)	8	NUM	M	Date on which settlement is to be effected
13	Reserved (kept blank by user)	10	NUM	0	APBS item sequence number to be allotted by NPCI
14	Reserved (kept blank by user)	10	NUM	0	Checksum total generated by NPCI
15	Filler	3	ALP / NUM	0	Spaces
	Total	**165**			

		Credit Records			
Sr. No	Field Description	Existing length	Field Type	Mandatory /Optional	Remarks
1	APBS Transaction Code	2	NUM	M	Transaction code 77 for APBS credit.
2	Destination Bank IIN	9	NUM	0	6 digit Destination Bank IIN, Left padded with zeroes. This field could be left blank by the sponsor bank as the APBS mapper has capability to populate this field.
3	Destination Account Type	2	NUM	0	MICR transaction code
4	Ledger Folio Number	3	ALP / NUM	0	Alphanumeric ledger folio particulars
6	Beneficiary Aadhaar Number	15	NUM	M	Beneficiary's 12 digit Aadhaar Number
7	Beneficiary Account Holder's Name	40	ALP / NUM	0	Beneficiary's account name (to be updated by destination bank)
8	Sponsor Bank IIN	9	NUM	M	6 digit Sponsor Bank IIN
10	User Number	7	ALP / NUM	M	Name of Government Department / Agency
11	User Name /Narration	20	ALP / NUM	0	Will be used as Narration data
12	User Credit Reference	13	ALP / NUM	M	User defined reference number such as ledger folio number, share/debenture certificate number or any other unique identification number given by user to individual beneficiaries
14	Amount	13	NUM	M	Amount in Paise
15	Reserved (APBS Item Seq No.)	10	NUM	0	APBS item sequence number to be allotted by NPCI
16	Reserved (Checksum)	10	NUM	0	Checksum total generated by NPCI
17	Reserved (Flag for success / return)	1	NUM	0	Flag for items credited (1) and returned uncredited (0) allotted by NPCI
19	Reserved (Return codes)	2	NUM	0	Spaces in case null, otherwise return code left padded with space (to be updated by destination bank)
20	Filler	9	NUM	0	To be kept blank

21	MORD Ref. No.		30	NUM	0/M for MORD	FTO No.
	Total		**195**			

Inward

Sr. No	Field Description	Existing length	Field Type	Mandatory/ Optional	Remarks
		Header Record				
1	ABPS transaction Code	2	NUM	M	Code 33
2	Control Character	7	ALP NUM	O	Zeros
3	Filler	87	ALP NUM	O	Spaces
4	Control Character	7	ALP NUM	M	Six digit Destination Bank IIN left padded with a zero.
5	Total number of Items	9	NUM	M	Total number of records in File.
6	Total Amount	13	NUM	M	Total amount of the file, in paise.
7	Settlement Date	8	NUM	M	Settlement Date in ddmmyyyy format
8	Filler	44	ALP NUM	O	43 spaces and a dot at the end.
	Total	177			

Credit Records					
Sr. No	Field Description	Existing length	Field Type	Mandatory/Optional	Remarks
1	APBS Transaction Code	2	NUM	M	Code 77
2	Destination Bank IIN	9	ALP NUM	M	Six digit Destination Bank IIN left padded with a zero.
3	Destination Account Type	2	NUM	O	MICR transaction code
4	Ledger Folio Number	3	ALP NUM	O	Alpha numeric Ledger Folio particulars

5	Beneficiary Aadhaar Number	15	ALP NUM	M	Beneficiary's 12 digit Aadhaar number.
6	Beneficiary account holder's name	40	ALP NUM	O	In case the transaction is successful this could be populated
7	Sponsor Bank IIN	9	ALP NUM	M	Six digit Sponsor Bank IIN left padded with a zero.
8	User number	7	ALP NUM	M	Existing User Number
9	User Name /Narration	20	ALP NUM	M	If Narration data is present in ISO XML, same will be populated, else this field will contain corporate user name
10	User Credit reference	13	ALP NUM	M	User defined Reference Number such as Ledger Folio number, or Share / Debenture Cert. No. or any other unique identification number given by the User for the individual beneficiaries
11	Amount	13	NUM	M	Amount in paise
12	Reserved (Kept blank by user)	10	NUM	M	ACH item Sequence Number to be allotted by NPCI
13	Reserved (Kept blank by user)	10	NUM	M	Checksum total generated by NPCI.
14	Reserved (Kept blank by user)	2	NUM	O	Flag for items credited / debited (1) and returned uncredited / undebited (0)
15	Destination bank account number	20	ALP NUM	O	This will be blank. Field will be populated by destination bank for successful transactions only.
16	Return reason code	2	NUM	O	Spaces in case null, otherwise return code left padded with space.
	Total	177			

Return

Header Record

Sr. No	Field Description	Existing length	Field Type	Mandatory/Optional	Remarks
1	ABPS transaction Code	2	NUM	M	Code 33
2	Control Character	7	ALP NUM	O	Should be Zeroes
3	Filler	87	ALP NUM	O	Spaces
4	Control Character	7	ALP NUM	M	Six digit Destination Bank IIN left padded with a zero.
5	Total number of Items	9	NUM	M	Total number of records in File, left padded with zeroes.
6	Total Amount	13	NUM	M	Total amount in the file, in paise.
7	Settlement Date	8	NUM	M	Settlement Date in ddmmyyyy format
8	Filler	44	ALP NUM	O	43 spaces ending with a dot (.)
	Total	177			

Credit Records

Sr. No	Field Description	Existing length	Field Type	Mandatory/ Optional	Remarks
2	Destination Sort Code	9	ALP NUM	M	Six digit Destination Bank IIN left padded with zeroes.
3	Destination account type	2	NUM	O	Account type
4	Ledger folio number	3	ALP NUM	O	Alpha numeric Ledger Folio particulars
5	Beneficiary Aadhaar Number	15	ALP NUM	M	Beneficiary's 12 digit Aadhaar Number
6	Beneficiary Name	40	ALP NUM	O	Name of Beneficiary could be populated in case of success.
7	Sponsor Bank-Branch Sort code/IFSC/IIN/MICR	9	NUM	M	Six digit Sponsor Bank IIN left padded with zeroes.
8	User number	7	ALP NUM	M	Existing User Number
9	User name/ Narration	20	ALP NUM	O	Name og Govt Deptt / Agency; Will be used as Narration data

10	User Credit Reference (transaction Ref no)	13	ALP NUM	M	User defined Reference Number such as Ledger Folio number, or Share / Debenture Cert. No. or any other unique identification number given by the User for the individual beneficiaries
11	Amount	13	NUM	M	Amount in paise
12	Reserved	10	NUM	M	APBS Sequence Number to be allotted by NPCI
13	Reserved	10	NUM	M	Checksum total generated by NPCI
14	Reserved	2	NUM	O	Flag for items credited / debited (1) and returned uncredited / undebited (0)
15	Destination Bank Account Number	20	ALP NUM	O	In case the transaction is successful this could be populated
16	Return Reason Code	2	NUM	M	Reason for not crediting in case of return- Bank to Update
	Total	177			

Annexure-VII AADHAAR SEEDING DECLARATION

<u>DECLARATION</u>

This is reference to HPCI circular no.268 *dated* January 16, 2018 with regards to seeding of Aadhaar number w1th explicit consent from the beneficiary/ account holder.

1. With reference to the above we hereby confirm that bank has put in place necessary process to obtain explicit consent of the customers both in physical as well as electronic from in the standard format prescribed by Indian Banks' Association (Circular number PS & BT/Govt./4317 dated January 12, 20a8).

2. Aadhaar seeding in NPCI is carried out only after obtaining the declaration form from the customer5 as specified in the circular referred above.

To be provided on letter head, signed by the officials in the rank of DGM/GM

Annexure VIII – Disaster recovery – bank declaration

NACH – DR Report	
Bank name	
Period of the DR	
Issues encountered (if any)	
Remarks	

**Name & Signature of the bank official & seal
(AGM & above)**