

NPCI/2022-23/NETC/004

15th September, 2022

To,

All Members participating in NETC Product

Dear Sir/ Madam,

Subject: Implementation of Net Debit Cap (NDC) for NETC Sub-members

As per RBI circular RBI/2019-20/126 DPSS.CO.PD No.1227/02.31.001/2019-20 PPIs have been authorised to participate as issuer in NETC ecosystem. To facilitate the same, NPCI is implementing a mechanism of Net Debit Cap (NDC) for PPIs / Banks who will be on-boarded as sub-members, which would robustly address the settlement risk undertaken by sponsor bank. NDC will be constituted for ensuring the maximum ceiling to the exposure limit that a Sub-member can have during a settlement cycle.

IIN (Issuer Identification Number) wise NDC will be set up in NPCI Portal system by the sponsor banks. NPCI portal will send across an hourly notification to the sponsor banks / PPIs about the percentage utilization of NDC limit.

Sponsor banks / PPIs to make a note of the below:

- A. **Compliance:** Adherence to the compliance aspects as per the NDC guideline attached in annexure 1.
- B. **Timeline:** The NDC will be implemented in NETC system for sub-members effective **15th December'22.**

Please make a note of the contents herein and disseminate the information contained herein to the official concerned.

Yours faithfully,

SD/-

Kunal Kalawatia

Chief of Products

Enclosed: **NDC Guideline**

Annexure 1: NDC Guideline

The NDC for NETC sub-member will be implemented wherein all tags for the sub-member will be blacklisted and notified to the Acquiring bank, Plazas after breach of maximum threshold limit. The guidelines for NDC implementation are as follows:

- The minimum NDC limit to be maintained across NETC shall be Rs. 5 Lakh.
- The Sub-member bank must proactively ensure the sufficient fund availability to avoid transaction declines in their account maintained with its sponsor bank.
- The Sponsor Bank will be using the NPCI Portal for NDC operations.
- The Sub-Member and the sponsor bank would be provided with an hourly percentage utilisation report.
- The Sub-Member and the sponsor bank would be notified to reinforce the NDC limit at 60%, 70%, 80% of the limit utilization.
- In case of failure to upgrade the same and exceeding 90% of the NDC limit, the Sub-Member Tags would be Blacklisted by NETC system till the next settlement cycle. Hence stopping their consumers from transacting using NETC FASTag. In such event, the consumers would have to pay in cash or other mode of payment.
- Any transaction occurring during the blacklisting of tags by NETC system & toll-plaza/acquirer bank, would be declined 20 mins after breach of the limit or after 100% utilisation of the NDC limit whichever is earlier.
- The percentage utilisation of NDC limit will reset for every NETC settlement cycle.
- Mandatory communications to be sent to customers from PPI regarding blacklisting and further actions that can be undertaken.

In the event sub-member fails to ensure the adequate NDC limit wherein NPCI has to blacklist the NETC FASTags following penalty shall be levied on the respective sub-member (PPIs / Banks). NPCI would be levying this penalty in case of breach 90% of limit utilization, customer would be denied service and would have to pay double the toll fees.

Instance	Penalty Amount (in INR)
1 st	5,00,000/-
2 nd	7,00,000/-
3 rd	10,00,000/-
4 th and above	The sub member would be disqualified from participating in NETC ecosystem

PPI /Banks shall also inform the NDC guidelines for NETC to their Board members and have to share the acknowledgement for the same.