

NPCI/ UPI/OC No. 206 /2024 – 2025

Sep 03, 2024

To,

All Members of Unified Payments Interface (UPI)

Subject: Implementation of Generic Good Faith Debit & Credit Adjustments in URCS

For managing exceptional transactions (viz. wrong credit recoveries done after the TAT is expired where dispute has been already represented because of non-availability of funds, similarly fraud chargebacks recovery, IPO executions etc.). Currently, member banks are sending all such exceptional requests to NPCI with debit consent for passing adjustment entries and NPCI pass adjustment entries through back-office system. we have made provision for processing of such exceptional adjustments through which member banks can directly manage the adjustments through UPI back-office system (URCS – UPI Real Time Clearing System) without NPCI intervention.

Generic Good Faith Debit & Credit adjustments option in URCS. Member banks should set up internal processes for managing the generic good faith adjustments in URCS and make necessary development in all applicable systems for carrying out daily operations smoothly.

Generic good faith adjustments should be raised only to manage exceptional transactions or recovery of funds done after the TAT expiry (as mentioned above). This option should not be used to avoid any compensations and penalties, any deviation shall be treated as non-compliance to the NPCI guidelines.

Key Points:

- i) URCS will not validate credit adjustment entries raised by the member banks in the system unlike current disputes process where URCS verify all the logical conditions and process the dispute successfully or reject (as the case may be). Hence, member banks should ensure to do due diligence and proper validation of all adjustments before raising in URCS. Only bulk file format and other mandatory data fields length & format will be validated (refer section BULK FILE FORMAT in the Annexure – 1)
- ii) URCS will validate Debit Adjustment entries (BGGD). URCS will check if the original TXN already present with RC 00, RB and DD if present then debit adjustment will not be allowed, otherwise URCS shall process adjustments (refer section BENEFICIARY BANK RAISING GENERIC GOOD FAITH DEBIT ADJUSTMENT (BGGD) in Annexure -1)
- iii) Good faith adjustment once settled will not be allowed again if all the fields are same with duplicate adjustment error code and description.
- iv) URCS has harmonisation of TAT & customer compensation for BGGC. Member banks should choose penalty flag wherever it is applicable Y or N (Yes or No). If bank is raising with flag Y, then penalty will be processed as per existing process and for N no penalty shall be applied. No penalty is applicable for BGGD & RGGC.
- v) Banks should use proper and correct three digits code while raising adjustments through front end or bulk as per the AUTH settlement only (If the AUTH transaction is settled e.g. Remitting bank – ABC and Beneficiary bank XYZ then same bank codes has to be used for raising debit/credit adjustments), three-digit code should not be altered.
- vi) Account number is mandatory for banks to enter when manual adjustment is raised through front end or bulk upload. Use account number of other bank customers/merchants where credit or debit has to be done by the respective bank who receives generic good faith adjustments (Debit/Credit). Once the adjustments are successfully settled URCS will update the account number in adjustment report (refer SHDT74 column).
- vii) Generic good faith debit/credit adjustment amount & customer compensation amount (if any – as per the beneficiary bank declaration while raising the BGGC in URCS) will be settled in

existing NTSL line item 'Net Adjusted Amount' & 'Customer Compensation for Non-Compliance Debit/Credit.

viii) The above functionality shall be made available to the banks **with effect from September 15, 2024.**

Refer Annexure -1, Detailed process for handling generic good faith debit & credit adjustments.

Warm regards,



Giridhar GM
Chief – Customer Success

Enclosed: Annexure – 2 User Manual for generic good faith adjustments.

Annexure-1

BGGD – BENEFICIARY BANK RAISING GENERIC GOOD FAITH DEBIT ADJUSTMENT: Beneficiary/Sponsor Bank can raise generic good-faith debit adjustments for IPO executions **ONLY** on remitter/issuing bank. TAT for raising a BGGD adjustment is 15 Days from the mandate creation date, if the adjustment is raised after 15 days, then URCS will decline the BGGD adjustment. Once the beneficiary bank raised BGGD Adjustment, the issuing bank should accept or reject within **3 calendar days** otherwise the adjustment window will be closed on deemed acceptance on 4th day. Funds will be settled by debiting the issuing bank and credit the acquiring bank for all accept/deemed accepted adjustments. Please note, BGGD is allowed only for U2, IPO transactions with initiation mode 11,13 and purpose code 01. If original TXN already present with RC 00, RB and DD then URCS will decline the BGGD adjustment.

BGGC – BENEFICIARY BANK RAISING GENERIC GOOD FAITH CREDIT ADJUSTMENT: Beneficiary Bank can raise generic good-faith credit adjustments (allowed for P2P or P2PM or P2M) for giving funds to other remitting banks (e.g. beneficiary bank recovers the chargeback amount of wrong credit funds/chargebacks amount of fraud transaction funds etc. after the 35 days TAT). Once the adjustment is raised funds will be settled immediately by debiting the beneficiary bank who has raised the adjustment and credit the same to remitting bank who has received credit adjustment. Remitting bank who has received the credit adjustments has to accept or represent BGGC within **3 calendar days** otherwise the adjustment window will be closed on deemed acceptance.

RGGC REMITTING BANK RAISING GENERIC GOOD FAITH CREDIT ADJUSTMENT: Remitting Bank can raise generic good-faith credit adjustments (for P2P or P2PM or P2M) for giving funds to other beneficiary banks (e.g. Beneficiary bank missed to re-present the chargeback within TAT and raise good faith request to remitting bank, remitting bank can raise RGGC for giving the funds to the beneficiary bank (if the funds are not credited or recovered by remitting bank). Once the RGGC adjustment is raised, funds will be settled immediately by debiting the remitting bank who has raised the RGGC adjustment and credit the same to beneficiary bank who has received credit adjustment. Beneficiary bank who has received the credit adjustments has to accept or represent within **3 calendar days** otherwise the adjustment window will be closed on deemed acceptance.

ADJUSTMENTS LIFE CYCLE: Adjustment life cycle for all the above three generic good faith adjustments are as follows,

- i) **Raise:** BGGD & BGGC can be raised by beneficiary banks and RGGC has to be raised by the Remitting bank.
- ii) **Acceptance:** Bank who has received the generic good faith adjustments has to accept in URCS.
- iii) **Re-presentment:** Bank who has received the generic good faith adjustments may reject the adjustments (if customer account cannot be credited, etc.).
- iv) **Deemed Acceptance:** Bank who has received the generic good faith adjustments has not taken any action (accept/re-presentment) on adjustments within TAT of 3 calendar days, then adjustment will be closed on deemed acceptance.

Non – Compliance: Banks should not raise any adjustments for which the life cycle of the dispute is already within TAT which has to be accepted or represented (as the case may be) in URCS. NPCI will take up the matter as non-compliance to the NPCI guidelines, in case, if any bank raises generic good faith adjustments instead of accepting or representing in URCS which are within TAT.

TAT FOR GENERIC GOOD FAITH ADJUSTMENTS: All good faith adjustments should be either accepted/represented within 3 calendar days from the next day of generic good faith adjustment is raised. Otherwise, the window will be closed on deemed acceptance.

VALIDATION OF ADJUSTMENTS: URCS will not validate BGGC & RGGC adjustments with original transaction or disputes. BGGD will be validated with original transactions as mentioned above. For BGGC & RGGC only file formats will be validated as per the specification (refer below file format for details). However, once the manual adjustment is processed successfully it will be stored in repository and duplicate generic good faith adjustments will not be allowed (duplicate generic good faith means all the transaction details are same).

RBI PENALTY CALCULATION: RBI Compensation will be processed for BGGC only as per the RBI circular DPSS.CO. PD. No.629/02.01.014/2019-20 dated 20th September 2019 towards harmonisation of Turn Around Time (TAT) and customer compensation for failed transactions using authorized Payment Systems and NPCI OC vide reference number NPCI/IMPS-UPI/ OC-93/2019-20. Refer below the details for reference,

- i) BGGD – No penalty is applicable, because it's an offline IPO execution where the fulfilment of IPO services is already given by registrar to customer. **Note: The "Penalty Flag" field will not be available in the front-end interface. However, in the bulk file format, the penalty flag will be visible for all three generic good faith adjustments. If a beneficiary bank mistakenly selects "Y", still the penalty will not be processed for BGGD.**
- ii) RGGC – No penalty is applicable, because these are good faith request raised by the beneficiary bank on remitting banks for not re-presenting the chargebacks/pre-arbitrations etc. within TAT. **Note: The "Penalty Flag" field will not be available in the front -end interface. However, in the bulk file format, the penalty flag will be visible for all three generic good faith adjustments. If a beneficiary bank mistakenly selects "Y", still the penalty will not be processed for RGGC.**
- iii) BGGC –URCS will allow beneficiary bank to choose the penalty flag Y/N (Yes or No) while raising BGGC in both front end and bulk. If the beneficiary bank chooses the penalty flag Y, then penalty will be processed and if the penalty flag is chosen N, then penalty will not be settled similar to the existing AC/AT flags
- iv) Re-Presentation of BGGC P2P, P2PM & P2M – If a remitting bank re-present the BGGC within TAT of 3 days URCS will reverse the transaction amount along with RBI penalty (if RBI penalty is already settled).

INVALID THREE DIGITS CODE/PARTICIPANT ID

Member banks should use proper three digits code viz. sponsor bank codes, sub-member bank codes, RuPay CC on UPI bank codes etc. If invalid codes are used, then adjustment will be settled to the invalid banks. Hence, **banks should use proper and correct three digits code as per the AUTH settlement.**

DUPLICATE BULK FILE CHECK: If any manual adjustments are processed with same file name (duplicate file where primary is already processed successfully/failed), then URCS will reject the entire file.

GENERIC GOOD FAITH ADJUSTMENT REPORT: All generic good faith adjustments will be made available in the existing adjustment report with separate flag i.e. BGGC, RGGC & BGGD under two headers i.e. Adjtype & Dispute Flag.

Unsettled Transactions: Member banks should not raise any generic adjustments in URCS for unsettled transactions. Such cases must be reported to NPCI.

BULK FILE FORMAT

Fields	Format & Length	Entity
Bank Adj Ref No	As per current bulk file format specs (If IPO claim is raised then sponsor bank has to update the name of IPO for issuing banks reference in this field)	Bank
Remitting Bank Code (three Digits)	3 digits Alpha	Bank
Beneficiary Bank Code (three Digits)	3 digits Alpha	Bank
TRAN ID	35 Alpha Numeric	Bank
Transaction Date	20240604 "YYYYMMDD" (e.g. 4 th June 2024)	Bank
Transaction Sub-Type	U2/U3/JC	Bank
RRN/LRN/UMN	12 Numeric	Bank
Dispute Flag	4 digits Alpha	Bank
Adjustment Amount	Numeric - 9 digits length including decimals (e.g. 495495.75)	Bank
Reason Code	4 digits Alpha Numeric	Bank
Penalty Flag Y/N	1 digit Alpha	Bank
Account number	9 digits minimum and 21 digits maximum to support both alpha & numeric	Bank

DISPUTES (RAISE) REASON CODES, DISPUTE FLAGS & Description

Entity	Dispute Flag	Reason Codes	Reason Code Description
Raised by Remitter	RGGC	RGA1	Good faith request from another bank
	RGGC	RGA2	TAT expire disputes
	RGGC	RGA3	Technical issues by bank
	RGGC	RGA4	Dispute incorrectly accepted/represented
	RGGC	RGA5	Any other reason
Raised by Beneficiary	BGGC	BGA1	Amount recovered for wrong credit charge back after expiry of TAT
	BGGC	BGA2	Amount recovered for fraud charge back after expiry of TAT
	BGGC	BGA3	Good faith request from another bank
	BGGC	BGA4	TAT expire disputes (e.g. Accept/ Reject of the Dispute lifecycle, merchants refund (Credit Adjustment / RET)
	BGGC	BGA5	Technical issues by bank
	BGGC	BGA6	Dispute incorrectly accepted/represented

	BGGD	BGA7	IPO Claim by Sponsor/Beneficiary Banks
Acceptance	BGAC	BCA1	Good faith Acceptance for Credit RGGC
	RGAC	RCA1	Good faith Acceptance for Credit BGGC
	RGAD	RDA1	Good faith Acceptance for Debit BGGD

DISPUTES (RESPONSE) REASON CODES, DISPUTE FLAGS & Description

Adjustment Type	Dispute Flag	Reason Codes	Reason Code Description
Represented by Remitter (For BGGC Adjustment)	RGRC	RGR1	Account closed
	RGRC	RGR2	Account does not exist
	RGRC	RGR3	Party instructions
	RGRC	RGR4	NRI account
	RGRC	RGR5	Account freeze
	RGRC	RGR6	Invalid Remitter details
	RGRC	RGR7	Any other reason
Represented by Remitter (For BGGD Adjustment)	RGRD	RGD1	Execution TAT expired
	RGRD	RGD2	Duplicate execution
	RGRD	RGD3	Initiation not done – Invalid execution
	RGRD	RGD4	Any other reason
Represented by Beneficiary (For RGGC Adjustment)	BGRC	BGR1	Account closed
	BGRC	BGR2	Account does not exist
	BGRC	BGR3	Party instructions
	BGRC	BGR4	NRI account
	BGRC	BGR5	Account freeze
	BGRC	BGR6	Invalid beneficiary details
	BGRC	BGR7	Any other reason
Deemed Acceptance (Deemed Flag to be updated by the URCS)	BGCD	BCA2	Good faith Deemed Acceptance for RGGC
	RGCD	RCA2	Good faith Deemed Acceptance for BGGC
	RGDD	RDA2	Good faith Deemed Acceptance for BGGD

