

## A. NACH FAQ's

### **1.What is NACH?**

The National Payments Corporation of India (NPCI) offers to banks, financial institutions, Corporates and Government/s a service termed as “National Automated Clearing House (NACH)” which includes both Debit and Credit. It shall be referred to as NACH. NACH (Debit) & NACH (Credit) aims at facilitating interbank high volume, low value debit/credit transactions, which are repetitive in nature, electronically using the NPCI service.

### **2.What is Mandate Management System?**

Mandate Management System is a service of NACH Debit which facilitates the process of Mandate Creation, Mandate Amendment, and Mandate Cancellation and offers all MIS related to the Mandate.

- Mandate Creation: Creation of a new mandate in favour of the User Institution.
- Mandate Amendment: Amendment of any of the variables of an existing Mandate, which is Active. UMRN needs to be quoted for Amendment.
- Mandate Cancellation: Cancellation of an active mandate – UMRN is required to be quoted

### **3.Can the customer approach the user institution for withdrawal of mandate issued?**

Yes, all the user institutions should provide a facility that shall include physical request, online request including request through registered email of the customer. on receipt of withdrawal instructions from its customer, it is obligatory on the part of the User institution not to include the transaction pertaining to such customers.

### **4.Can the customer approach his / her bank for withdrawal of mandate issued?**

The account holder / customer is also entitled to withdraw the mandate / debit instruction from his / her banker without involvement of the User institution. The withdrawal instructions of a customer in such cases would be treated equivalent to a 'stop payment' instruction in cheque clearing system. The destination bank branches would provide such withdrawal of mandate information to the Users, on request. Thereafter, the User institution shall stop including the relative transaction in the debit files, after receipt of such countermanding by the customer.

### **5.How to Apply for NACH?**

1. **Obtain the NACH Mandate Form:** Request the NACH mandate form from your bank or financial institution where you wish to authorise automated transactions.
2. **Fill Out the Form:** Complete the mandate form with accurate information including your bank account details, payment frequency, and amount.
3. **Submit the Form:** Submit the filled-out NACH mandate form along with any required supporting documents to your bank or service provider.
4. **Verification Process:** The bank will verify the details provided in the mandate form to ensure accuracy and authenticity.
5. **Approval and Activation:** Upon successful verification, your NACH mandate will be approved, and automated transactions will commence as per the specified instructions.

## B. NACH Process User Guide

### Objectives of NACH

- **Streamline Payment Processes:** NACH aims to simplify and automate payment procedures, reducing manual intervention and enhancing efficiency.
- **Facilitate Direct Debit:** It enables businesses to collect payments directly from customers' bank accounts, ensuring timely and hassle-free transactions.
- **Enable Bulk Transactions:** NACH facilitates bulk transactions such as salary payments, vendor payments, and recurring bill payments in a cost-effective manner.
- **Enhance Financial Inclusion:** By offering a reliable and accessible payment infrastructure, NACH promotes financial inclusion by catering to individuals and businesses across diverse segments.
- **Ensure Security and Compliance:** NACH adheres to stringent security protocols and regulatory standards, ensuring the confidentiality and integrity of transactions while complying with relevant regulations.

### What is a NACH Form?

A NACH (National Automated Clearing House) form is a document used by individuals or businesses to authorise automated transactions, providing consent for

debits or credits from their bank accounts for recurring payments, such as loan EMIs or utility bills.

### **What is the Process of Availing NACH?**

To avail NACH, individuals or businesses must fill out a NACH mandate form provided by their bank, NBFC or service provider, authorising automated transactions. Once submitted, the issuer's bank verifies the mandate, and upon approval, automated payments commence as per the specified instructions.

### **Benefits of NACH**

- **Convenience:** NACH offers hassle-free automated payments, eliminating the need for manual transactions and ensuring timely payments.
- **Cost-Effectiveness:** It reduces transaction costs associated with paper-based processes, saving businesses and individuals time and money.
- **Accuracy:** Automated transactions through NACH minimise human error, ensuring precision and reliability in payment processing.
- **Improved Cash Flow Management:** With scheduled payments, NACH aids in better cash flow management for businesses and individuals by ensuring timely inflows and outflows.
- **Enhanced Security:** NACH transactions are conducted electronically, reducing the risks associated with physical cash handling and providing a secure payment environment.

### **Benefits to the NBFC**

- **Improved Efficiency:** NACH streamlines payment processes for NBFCs, reducing manual efforts and operational costs associated with transaction processing.
- **Enhanced Customer Experience:** Automated payments through NACH offer convenience to customers, leading to higher satisfaction and loyalty.
- **Reduced Default Risk:** Timely and automated loan repayments through NACH help mitigate default risks, ensuring better portfolio management for NBFCs.
- **Regulatory Compliance:** NACH facilitates adherence to regulatory requirements, ensuring NBFCs remain compliant with applicable guidelines and standards.
- **Scalability:** NACH accommodates growing transaction volumes, enabling NBFCs to scale their operations efficiently as their customer base expands.

## Benefits to the Customers

- **Convenience:** NACH offers customers hassle-free automated payments, eliminating the need for manual transactions and ensuring timely bill payments.
- **Timely Payments:** Automated transactions through NACH ensure that bills, loan EMLs, and other payments are processed on schedule, reducing the risk of late fees or penalties.
- **Cost Savings:** Customers save time and money by avoiding the costs associated with physical visits to banks or manual payment processing.
- **Enhanced Financial Planning:** With predictable payment schedules, customers can better manage their finances and budget effectively.
- **Secure Transactions:** NACH transactions are conducted electronically, reducing the risks associated with cash handling and providing a secure payment environment for customers.

## Features of NACH Mandate

- **Authorization:** NACH mandates authorised banks or service providers to initiate automated transactions from the customer's bank account.
- **Flexibility:** Mandates can be set up for various payment frequencies, including one-time, recurring, or periodic payments.
- **Modification:** Customers can easily modify or update their mandates to change payment amounts, frequencies, or other parameters as needed.
- **Cancellation:** Customers have the option to cancel NACH mandates at any time, providing flexibility and control over their automated payments.
- **Security:** NACH mandates adhere to strict security protocols, ensuring the confidentiality and integrity of customer banking information.

## Importance of NACH

NACH (National Automated Clearing House) is vital for streamlining electronic transactions, offering convenience, efficiency, and security. It facilitates automated payments, enhancing financial inclusion and fostering a robust banking ecosystem.

## How to Apply for NACH?

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8. **Submit the Form:** Submit the filled-out NACH mandate form along with any required supporting documents to your bank or service provider.
9. **Verification Process:** The bank will verify the details provided in the mandate form to ensure accuracy and authenticity.
10. **Approval and Activation:** Upon successful verification, your NACH mandate will be approved, and automated transactions will commence as per the specified instructions.

### **What is Meant by NACH Mandate Cancellation?**

NACH mandate cancellation refers to the process of revoking authorization for automated transactions from a bank account. It allows individuals or businesses to stop future payments initiated through the NACH system by withdrawing their consent.

### **Sponsor Bank**

Sponsor Bank is the Bank, which initiates NACH Transaction files for collection/distribution of funds on behalf of its Corporates registered for NACH services. In case of loan EMI, the Bank acts as User Institution as well as Sponsor Bank.

### **Destination Bank**

The Bank responsible for the processing of Inward NACH transaction file to effect debit / credit, to their customer accounts is known as Destination Bank.

### **Amendment to Mandate**

Customers can modify the details registered for each Utility Code & UMRN in NACH by filling the Mandate form and opting to 'Modify'. Customers can also opt to cancel NACH Mandates registered.

### **Withdrawal / Cancellation of Mandate**

(i) Through Corporate/User Institutions:

All the Corporate /user institutions provide a facility of cancellation online on their website and through physical requests.

(ii) Through Destination Bank:

The account holder / customer is also entitled to withdraw the mandate / debit instruction from his / her banker without involvement of the User institution / the sponsor bank. The destination bank branches would accept request for withdrawal from customers and provide such withdrawal of mandate information based on

confirmation from customer to the sponsor bank though NPCI. Sponsor banks will intimate the User Institutions of the cancellation of the mandate.

Please click on the below link and fill the requisite details to place a request for NACH cancellation or placing a stop payment request.

[https://docs.google.com/forms/d/e/1FAIpQLSfnea\\_OgkVB10JTnex4YkH4cgJGy3\\_WVHMUo1H7LkN4R5r0fQ/viewform?usp=sf\\_link](https://docs.google.com/forms/d/e/1FAIpQLSfnea_OgkVB10JTnex4YkH4cgJGy3_WVHMUo1H7LkN4R5r0fQ/viewform?usp=sf_link)

### Annexure-1: NACH Format

<b>NACH/ECS/AUTO DEBIT MANDATE INSTRUCTION FORM</b>		UMRN	<input type="text"/>	Date	<input type="text"/>
Utility Code		N A C H 0 0 0 0 0 0 0 0 0 0 6 0 0 6		<input checked="" type="checkbox"/> Create <input type="checkbox"/> Modify <input type="checkbox"/> Cancel	
Sponsor Bank Code	<input type="text"/>	I/We hereby authorize		DHANI LOANS AND SERVICES LIMITED	
to debit (tick <input checked="" type="checkbox"/> )	SB/CA/CC/SB-NRE/SB-NRO/Other	Bank a/c number	<input type="text"/>		
with Bank	<input type="text"/>		IFSC/MICR	<input type="text"/>	
an amount of Rupees	<input type="text"/>		₹	<input type="text"/>	
DEBIT TYPE	<input type="checkbox"/> Fixed Amount <input checked="" type="checkbox"/> Maximum Amount	FREQUENCY	<input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Half Yearly <input type="checkbox"/> Yearly <input checked="" type="checkbox"/> As & when presented		
Reference 1	<input type="text"/>		Reference 2	<input type="text"/>	
<p>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 &amp; made by me/us. I am authorizing 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 authorised to cancel/amend this mandate by appropriately communicating the cancellation / amendment request to the User entity / Corporate or the bank where I have authorized the debit.</p>					
From	<input type="text"/>		Maximum period of validity of this mandate is 40 years only		
To	<input type="text"/>		Maximum period of validity of this mandate is 40 years only		
Phone No.:	<input type="text"/>	1.	<input type="text"/>	2.	<input type="text"/>
				3.	<input type="text"/>

### Instructions to fill NACH form:

S.N	Field Name	Description	Mandatory
1	UMRN Unique Mandate Reference Number	This is a number allocated by NPCI on successful registration of a mandate. The customer can leave it blank.	No for new mandate. To be filled in case an existing mandate is cancelled / modified.
2	Date	Date on which the mandate is filled by the customer. This is similar to cheque date, and requires to be filled by the customer	Yes

3	Sponsor Bank Code	Sponsor Bank IFSC / MICR code	Yes
4	Utility Code	Corporate user code issued by NPCI	Yes
5	Box after "I/ We authorize"	Name of the corporate collecting the Payment. For example, in case of payment towards Airtel Telephone bills, the box should contain "Airtel"	Yes
6	To Debit	Specifies the type of account to be debited at the destination bank (Eg : Savings, Current etc..)	Yes
7	Bank A/c Number	Specifies the account to be debited at the destination bank	Yes
8	With Bank	Name of the customer's Bank where the above account is maintained	Yes
9	IFSC / MICR	IFSC or MICR code of the Bank where the customer maintains the account to be debited	Yes
10	Amount (in words)	The actual / maximum amount that is to be debited (in words)	Yes
11	Amount (in figures)	The actual / maximum amount that is to be debited (in figures)	Yes
12	Reference 1	Additional Information	No
13	Reference 2	Additional Information	No
14	Frequency	Defines on what periodicity the transaction has to be initiated by the sponsor Bank upon successful registration of the mandate. For eg, for EMI payment, the frequency will be monthly. For Electricity bill payment, the frequency will be "As and when presented"	Yes
	Debit Type (Fixed Amount/	Specifies whether the amount mentioned above is a fixed amount or the maximum amount up to which a single debit can be made in one transaction. For eg, "Fixed amount" will be for EMI	Yes

	Maximum Amount)	payments. "Maximum Amount" will be in case of Telephone Bill payment / Electricity Bill payment etc, where monthly billing is not a fixed amount.	
15	Period	Defines the validity of the mandate as specified by the customer. The validity can be up to a certain date as specified by the customer or until cancellation of the mandate by the customer.	Yes
16	Phone No	Phone number of the customer	No
17	E-Mail ID	E-Mail ID of the customer	No
18	Signature and name of the account holders	Signature and name of the account holders as per the operating instruction of the account	Yes