Frequently Asked Questions (FAQs) on NACH

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 transactions, is referred as NACH. It aims at facilitating interbank high volume, low value debit/credit transactions, which are repetitive in nature, electronically using the NPCI service.

2. **NPCI (National Payments Corporation of India):**

   National Payments Corporation of India (NPCI) is an umbrella organization for operating retail payments and settlement systems in India that facilitates services like UPI Payment, Bharat Bill Pay, RuPay Card, FASTag, NACH etc.

   NPCI Acts as an intermediary between the Sponsor and Destination Banks. It creates Utility Codes for the Corporates and communicates the same to the Sponsor Bank.

3. **Corporates:**

   Corporates want to avail NACH services need to register with NPCI & obtain Unique Identification Code (Utility Code) for NACH services through Sponsor Bank.

4. **Customer:**

   Submits NACH Mandate forms to the corporate/user institutions for debiting their accounts for repayment of Loan Instalment, SIPs, Insurance Premiums, Credit card bills, Utility Bills like electricity charges, telecom, water etc.

5. **What is a Sponsor Bank?**

   Sponsor Bank is the Bank, who lodges/initiates NACH Mandate/Transaction files for collection/ distribution of funds on behalf of their Corporates registered for NACH services.

6. **What is a Destination Bank?**

   A 'Destination Bank' is one that is responsible for the processing of Inward NACH Mandate/transaction files.

7. **What is UMRN?**

   UMRN is a Unique Mandate Reference Number allocated to each new mandate created in NACH Debit. It is auto generated by the NACH system during mandate creation. UMRN is mandatory for every transaction and even during mandate amendment and cancellation.

8. What is Mandate Management System?

Mandate Management System is a service of NACH Debit which facilitates the process of Mandate Creation, Amendment, Cancellation and offers all MIS related to the Mandate executed by its customers/clients in the respective bank domains.

The characteristics of NACH in brief as follows:
- Mandate Creation: Creation of a new mandate by customer in favor of the User Institution.
- Mandate Amendment: Amendment of any of the variables/fields of an active Mandate. UMRN needs to be quoted for Amendment.
- Mandate Cancellation: Cancellation of an active mandate – UMRN is required to be quoted.
- Mandate Suspension: Suspension of an active mandate for a temporary period which is later allowed for revocation – UMRN is required to be quoted.
- Mandate Revocation: Revocation of a mandate which was previously in suspension stage– UMRN is required to be quoted.

9. What are the different modes for registration of Mandates?

Mandates can be registered in three ways:
- Physical
- E-sign
- API based E-mandates

10. What is physical mandate registration?

Customer/Client has to fill all the mandatory fields in the prescribed format and has to submit it in their respective branches for further initiation in its own domain. After successful response from destination bank, mandate registration becomes successful.

11. What is E-sign Mandate?

E-Sign electronic signature service is an innovative initiative for allowing easy, efficient, and secure signing of electronic documents by authenticating signer using Aadhaar eKYC services.

12. What is API?

An application-programming interface (API) is a set of programming instructions and standards for accessing a Web-based software application or Web tool that allows two applications to talk each other.

13. What is API based E-mandate registration?

Customer can register mandates with six Authentication modes as follows:
   a. For Mandates above ₹15,000/-

1. Internet Banking
2. Debit Card
3. Aadhar

b. For Simplified E-Mandates below ₹15,000/-
1. PAN Card
2. Customer ID
3. Aadhar (Not routing through UIDAI)

14. **What is the procedure for cancellation of a Destination mandate (i.e. mandate exist on SB/OD account)?**

At Branch: Customer can approach the branch where he/she maintains his/her Saving/Current and Over Draft(OD) account where mandate is registered.

Through Online: Customer can also cancel the mandate from Internet Banking / Mobile Banking Application through Services Tab.

➢ **Steps as follows:**

1. Authentication of the customer should be done either using log in ID and password or OTP.
2. No of registered mandates (Physical mandate & E-mandate) will be displayed for a customer ID.
3. It will be allowed to select any of the mandate to be cancelled and request for cancellation will be accepted only after the authentication.
4. A pop up message will be displayed informing about cancellation of a valid mandate and seek reconfirmation. If cancellation reconfirmed, it will move ahead.
5. SMS will be sent to registered mobile number informing that the he/she has initiated the process of cancelling a registered mandate in his/her account.
6. Bank will send the cancellation request file to destination bank through NPCI for further processing.
7. Bank will update the cancellation request after getting final response from NPCI.
8. SMS confirming mandate cancellation will be sent to the registered mobile number.
9. Transactions will not be presented further by the bank.

15. **What are the different modes for cancellation of Sponsor Mandates (i.e. mandate exist on loan account or corporate)?**

➢ **For corporates:**
Customer should approach the corporate for cancellation of a mandate. Based on the request, corporate will intimate the sponsor bank for initiating the request.

➢ **For loan accounts:**
Customer should approach the loan sanction branch/office for cancellation of a mandate. As mandate cancellation will effect recovery process, branch/office will analyze on case to case bases by complying with sanctioning terms and conditions. Bank can cancel the mandate in its own domain.

16. What is suspend/revoke of a mandate?

Suspend a mandate is temporary in nature and it can be activated again through revoke option. No transactions shall be presented during the suspension period.

17. Who can amend / cancel the mandate?

Amendment/Cancellation can be done only by the sponsor bank and It will be effective after the acceptance of the receiver bank.

18. What is NACH Debit?

NACH Debit is the product of NPCI to provide a better & efficient Mandate based debit services to the banks. Following are the key features of the NACH Debit:
  - Automated processing and exchange of mandate information electronically with well-defined timelines for acknowledgement/confirmation.
  - Each mandate needs to be accepted/authorized by the debtor bank before the User can initiate a transaction
  - Each mandate is uniquely identified by Unique Mandate Reference Number (UMRN) which makes tracking of multiple mandate details easier for customers.

19. What is NACH Credit?

NACH Credit is an electronic payment service used by an institution for affording credits to a large number of beneficiaries in their bank accounts for the payment of dividend, interest, salary, pension etc. by raising a single debit to the bank account of the user institution.

CCPS Section
Resources Wing, Head Office Annexe, Krishi Bhawan, Nrupatunga Road, Bengaluru-560001.
080-22230219, nach@canarabank.com