

NATIONAL AUTOMATED CLEARING HOUSE (NACH)

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.

--> **Benefits of NACH debit are as follows :**

- Standardization and digitization of mandates allowing complete audit trail of the Mandate lifecycle.
- Simplification of the mandate acceptance and recording process. Will result in reduced operational cost for the banks and its clients.
- Will result in higher revenues for the banks and its clients as the scope of services expand pan India - beyond the 90 clearing centres.
- Unique identifier number allocated to each mandate (UMRN – Unique Mandate Reference Number).
- Secure web access for file upload/download, dissuading the concept of regional NCC/Clearing House submissions.
- Mandates can be processed by the member for any branch across the country. Allows corporate clients to directly upload files for approval (DCA)
- Functions on International Messaging Standard - ISO 20022. Minimal time taken to activate the Mandate – same day processing possible.
- Corporates get to have direct access to the NACH systems, making it easier for them to get access to status of transaction/mandate without delay.

- Reduction of the uploading work to the sponsor banks, since the file upload will be done by the corporates themselves.

ECS Nach Mandate is one of the finest online auto debit procedure India has adopted. However, once you give ECS NACH mandate, then you must also well in advance aware of the rules of how to cancel or stop ECS NACH mandate.

Reference may be taken from procedural guidelines issued by RBI in 2015 for ECS debit which is applicable for NACH debit as well. 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.

--> In line with the NPCI/2020-21/NACH/Circular No.013 dated September 11, 2020 on facility for cancellation of mandates to be provided to customers. In order to submit the request for Mandate Cancellation, please submit the application at the home branch.