

# Frequently Asked Questions (FAQs)

## NACH Credit

NATIONAL PAYMENTS CORPORATION OF INDIA

---

**Registered Office:** C-9, 8<sup>th</sup> Floor, Reserve Bank of India Premises,  
Bandra Kurla Complex (BKC), Bandra East, Mumbai - 400 051

**1. What is NACH?**

The National Payments Corporation of India (NPCI) has implemented an electronic payment service termed as “**National Automated Clearing House (NACH)**” for banks, financial institutions, Corporates and Government Departments. NACH has both Debit and Credit variants. NACH (Debit) & NACH (Credit) aims at facilitating interbank, high volume, debit/credit transactions, which are bulk and repetitive in nature.

**2. 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.

**3. Are there any variants of NACH Credit offered by NPCI?**

Yes. NPCI offers 2 variants of NACH Credit. One variant is available in 156 character file format (similar to NECS file format) and the other variant is available in 306 file format.

**4. What are the features of NACH Credit?**

- Functions on ISO20022 Messaging Standard.
- Online Dispute Management System (DMS).
- Transaction files status tracking with ACK/NACK.
- Allows multiple file processing in a single settlement.
- Allows partial file processing resulting in reduced operational efforts.
- Availability of Recall option before the settlement of the transaction.
- Scalable system with capacity to process 10 million transactions per day.
- Scope of services encompass beyond the existing 90 ECS clearing centers.
- Secure web access for file upload/download, dissuading the concept of regional NCC/Clearing House submissions.
- Allows corporate clients to directly upload files using the Direct Corporate Access (DCA) facility with sponsor bank control.
- Corporates can get direct access of the NACH Credit using the DCA facility, making it easier to check the status of their transactions without delay.

**Registered Office:** C-9, 8<sup>th</sup> Floor, Reserve Bank of India Premises,  
Bandra Kurla Complex (BKC), Bandra East, Mumbai - 400 051

#### **5. What are the benefits of NACH Credit?**

Some of the benefits of NACH Credit but not limited to include:

- Customized MIS to banks.
- Scope of multiple intra-day sessions.
- Digitally secured transaction files with 4 eye concept.
- Reduced operational cost for the banks and its customers.
- Allows online end to end monitoring of the transaction files.
- Online Dispute Management System (DMS) allows tracking of the transaction dispute.
- Standardization of the process allowing complete audit trail of the transaction lifecycle for a period of 10 years.
- DCA facility leads to reduction in workload of the sponsor banks, since the file upload will be done by the corporates themselves.
- Effective relationship management with banks as well as corporate customers resulting in enhanced customer service and support.

#### **6. What are the system requirements for participation in NACH Credit?**

Following are the system requirements for using the NACH Credit service:

- PC with dual core processor & 2GB RAM.
- JRE (Java Runtime Environment) - JRE 6.
- Browser - Internet Explorer (IE) 8+, Firefox (latest).
- MIS reports are compatible in Internet Explorer (32 bit) Browser, IE 8 and IE 9.
- Operating System - Windows XP or any other OS which supports the required browser and e-token drivers.

#### **7. Are there any other pre-requisites for participation in NACH Credit?**

Yes. Banks and Corporates willing to participate in NACH Credit need to comply with the following requirements as well:

- Network connectivity with NPCI (NPCINet or Internet connectivity)
- Public Static IP Address for Internet connectivity
- Digital Signature Certificate (Class 2 or Class 3)
- Signing Tool

**Registered Office:** C-9, 8<sup>th</sup> Floor, Reserve Bank of India Premises,  
Bandra Kurla Complex (BKC), Bandra East, Mumbai - 400 051

**8. Whether Corporates can also participate in NACH Credit?**

Yes. NPCI facilitates the participation of Corporates on NACH Credit through the Direct Corporate Access (DCA) module with sponsor bank's control.

**9. Whether Banks need network connectivity to participate in NACH Credit?**

Yes. Banks need to get connected to NPCI for accessing the NACH application. NPCI allows the access of NACH application to the participating banks either through NPCINet or Internet.

**10. Whether Corporates need network connectivity to participate in NACH Credit?**

Yes. Corporates need to get connected to NPCI for accessing the NACH application. NPCI allows the access of NACH application to the corporates through Internet.

**11. Whether Banks need Digital Signature Certificate to participate in NACH Credit?**

Yes. Banks require Class 2 Digital Signature Certificates for the individual users. The same can be procured from any of the authorised CAs. Digital Signature Certificate is required for digitally signing the NACH Credit files. In case of Host to Host (H2H) integration, Banks need to procure Class 3 Digital Signature Certificates for the servers.

**12. Whether Corporates need Digital Signature Certificate to participate in NACH Credit?**

Yes. Corporates require Class 2 Digital Signature Certificates for the individual users. The same can be procured from any of the authorised CAs. Digital Signature Certificate is required for digitally signing the NACH Credit files.

**13. Whether Banks need Signing Tool to participate in NACH Credit?**

Yes. Banks require a Signing Tool enabled with PKCS#7 algorithm to participate in NACH Credit.

**14. Whether Corporates need Signing Tool to participate in NACH Credit?**

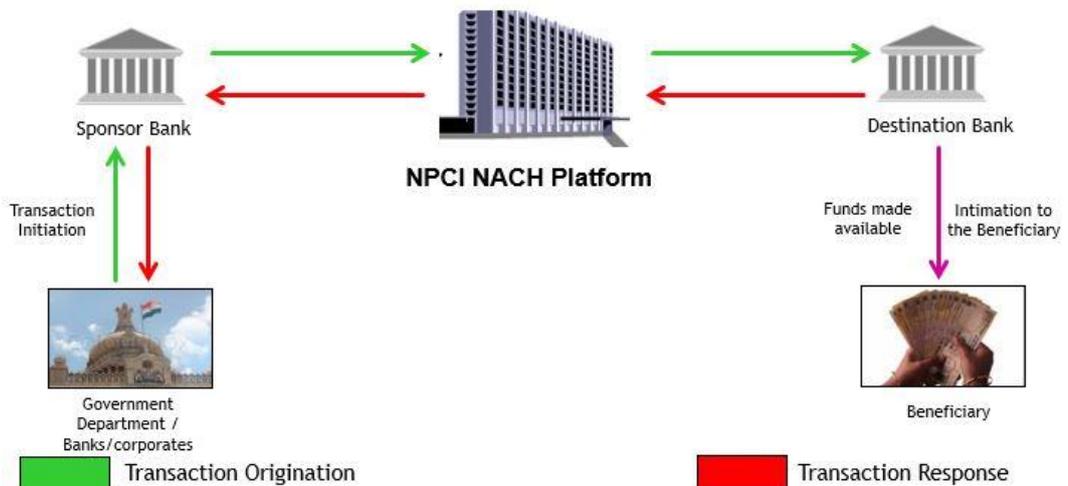
Yes. Corporates require a Signing Tool enabled with PKCS#7 algorithm to participate in NACH Credit.

**Registered Office:** C-9, 8<sup>th</sup> Floor, Reserve Bank of India Premises,  
 Bandra Kurla Complex (BKC), Bandra East, Mumbai - 400 051

**15. What is the use of Signing Tool and what is its specification?**

Signing Tool is used for the encryption and decryption of the transaction files which are uploaded/download in the NACH Credit. The Signing Tool should be configured with RAW or PKCS#7 algorithm.

**16. What is the transaction process flow in NACH Credit?**



**17. What are the NACH Credit session timings?**

The session timings for NACH Credit (156 character file format) and NACH Credit (306 character file format) are as follows:

**NACH Credit (156 Character File Format) Presentation and Return Timings**

Weekdays	Presentation: 10:00 AM - 06:00 PM	Return: 10:00 AM - 04:00 PM
Saturday	Presentation: 10:00 AM - 02:00 PM	Return: 10:00 AM - 02:00 PM

**NACH Credit (306 Character File Format) Presentation and Return Timings**

Weekdays	Presentation: 10:00 AM - 12:30 PM	Return: 03:00 PM - 05:00 PM
Saturday	Presentation: 10:00 AM - 11:30 AM	Return: 02:00 PM - 03:00 PM

**18. What are the settlement cycles for NACH Credit?**

The settlement for NACH Credit (156 character file format) takes place on T-7 basis. The input files for NACH Credit (156 character file format) are accepted till the previous day for the next day settlement, while the returns would happen on the settlement date. The settlement for NACH Credit (306 character file format) takes place on T+0 basis.

**Registered Office:** C-9, 8<sup>th</sup> Floor, Reserve Bank of India Premises,  
Bandra Kurla Complex (BKC), Bandra East, Mumbai - 400 051

**19. Does NACH Credit works on all days?**

No. NACH Credit does not work on all days. NACH Credit remains close on Sundays and RTGS holidays declared by Reserve Bank of India from time to time.

**20. How does the settlement takes place for NACH Credit transactions?**

The settlement for NACH Credit (156 character file format) takes place in the current account of the participating banks which maintained with Deposit Accounts Department (DAD), RBI, Mumbai. The settlement for NACH Credit (306 character file format) takes place in the RTGS account of the participating banks maintained with Deposit Accounts Department (DAD), RBI, Mumbai.

**21. Is it possible for a bank not having Current Account or RTGS account with RBI to participate in NACH Credit?**

Yes. NPCI permits the banks not having Current Account or RTGS account with RBI to participate in NACH Credit through the sub-membership model.

**22. Does NPCI permits the participation of sub-member banks on NACH Credit and how?**

Yes. NPCI permits the participation of sub-member banks in NACH Credit through their sponsor banks using the sub-membership model.

**23. How does a sub-member bank participate in NACH Credit?**

For the purpose of participation, all the transaction files pertaining to sub-member bank will be uploaded/received directly by the sub-member bank itself through the NACH application. However, the settlement of the transactions will take place in the settlement account of its sponsor bank.

**24. Does sub-member banks directly upload/receive the NACH Credit transaction files or through their sponsor banks?**

Sub-member banks directly upload/receive the NACH Credit transaction files through the NACH application. However, the settlement of the transactions will take place in the settlement account of its sponsor bank.

**Registered Office:** C-9, 8<sup>th</sup> Floor, Reserve Bank of India Premises,  
Bandra Kurla Complex (BKC), Bandra East, Mumbai - 400 051

**25. How does a sub-member bank uploads/receives the NACH Credit transaction files?**

For participation in NACH Credit, the sub-member bank needs to get connected to NPCI for accessing the NACH application. NPCI allows the access of NACH application to the participating banks either through NPCINet or Internet. Once the connectivity is established, sub-member bank can directly upload/receive the NACH Credit transaction files.

**26. What is the role of Sponsor Bank in NACH Credit for its sub-member banks?**

The role of Sponsor Bank in NACH Credit for its sub-member banks is limited to the settlement of the NACH Credit transactions. The settlement of NACH Credit transactions pertaining to the sub-member bank takes place in the settlement account of its sponsor bank. However, the sub-member banks directly upload/receive the NACH Credit transaction files through the NACH application.

**27. How does a Sponsor Bank will come to know about the amount to be credited in the current account of its sub-member bank?**

NPCI provides settlement reports both to the Sponsor Bank as well as sub-member bank to ascertain their settlement positions.

**28. What are the ways in which a bank can get connected with NPCI for participation in NACH Credit?**

Banks can get connected with NPCI either through NPCINet or Internet for participation in NACH Credit.

**29. Is Internet connectivity safe for participation in NACH Credit?**

Yes. Internet connectivity is completely safe for participation in NACH Credit. For the purpose of participation in NACH Credit through Internet, participating banks needs to share a public static IP address with NPCI. This public static IP address is enabled in the NPCI firewall.

**30. What are the joining formalities for Direct Banks to participate in NACH Credit?**

Direct member banks willing to participate in NACH Credit needs to execute the following set of documents with NPCI.

- Letter of Authority

**Registered Office:** C-9, 8<sup>th</sup> Floor, Reserve Bank of India Premises,  
Bandra Kurla Complex (BKC), Bandra East, Mumbai - 400 051

- Direct Bank Participation Application Form
- User Registration Application Form
- MICR Code Confirmation Letter
- NARF (NACH Access Registration Form)
- Escalation Matrix
- Bank Master
- DMS Form

**31. What are the joining formalities for Sub-member Banks to participate in NACH Credit?**

Sub-member banks willing to participate in NACH Credit needs to execute the following set of documents with NPCI.

- Letter from Sponsor Bank
- Indirect Bank Participation Application Form
- User Registration Application Form
- NARF (NACH Access Registration Form)
- MICR Code Confirmation Letter
- Escalation Matrix
- Bank Master
- DMS Form

**32. What are the requirements for banks to access NACH Credit through Internet?**

Banks need to share Public Static IP address with NPCI for accessing the NACH Credit through Internet. The Public Static IP address is enabled in the firewall of NPCI in order to allow the banks to access NACH System through Internet.

**33. What are the steps for banks to join NACH credit?**

Banks willing to participate in NACH Credit needs to comply with the following:

- Prescribed System Requirements
- Execute Onboarding Documents
- Establish Network Connectivity
- Procure Digital Signature Certificates, Signing Tool and Public Static IP Address
- Undergo UAT for File Format Testing
- Initiate On-us Transaction for Testing

**Registered Office:** C-9, 8<sup>th</sup> Floor, Reserve Bank of India Premises,  
Bandra Kurla Complex (BKC), Bandra East, Mumbai - 400 051

**34. What is DCA (Direct Corporate Access)?**

Direct Corporate Access (DCA) functionality facilitates the access of NACH Credit to the Corporates thus leading to ease of operations both for the Corporates as well as their Sponsor Banks. DCA functionality comes with the sponsor bank's control thereby allowing the tracking of transactions, reports and MIS by all the concerned entities without having a dependency on the sponsor bank.

**35. What is Dispute Management System (DMS)?**

Dispute Management System (DMS) functionality provides a common platform to all the participating banks to raise and resolve transaction related issues in a time bound manner with provisions of pre-arbitration, arbitration and good faith. DMS also provides the option of tracking the disputes, settlement of disputed transactions, reports and escalation of disputes.

NACH Credit