

National Electronic Clearing Service Procedural Guidelines



**Reserve Bank of India
Department of Payment & Settlement Systems
Central Office, Mumbai**

April 2011

Contents

Sl.	Subject
1.	Short Title of the Scheme
2.	Date of Effect
3.	Objective
4.	Definitions <ul style="list-style-type: none"> i) User ii) Sponsor Bank iii) Clearing House (CH) iv) Destination Bank Branches v) Destination Account Holder vi) Destination Sort Code
5.	Coverage
6.	Procedural Details <ul style="list-style-type: none"> i) Institutional Arrangements ii) Registration of User Institution with the CH iii) Input Preparation iv) User's Responsibility to Ensure Accuracy of Input Data v) Safeguards against Unauthorised Change of Data in Transit vi) Input Submission vii) Validation of Input Files viii) Multiple Credits ix) Data Validation Report (DVR) x) Request for Withdrawal / Modification of Input Data xi) Clearing Settlement and Output Data for Destination Banks xii) Return of Uncredited / Undebited Items xiii) Clearing Settlement and Supply of Output Data and Reports to Banks xiv) Late Submission of Uncredited / Undebited Items xv) Settlement and Default Handling Procedure xvi) Sponsor Bank Crediting / Debiting the Returned Items to User's Account xvii) Preservation Period of Output Data xviii) Advice to Destination Account Holders xix) Narration in Pass Book / Account Statement / Pass Sheet xx) NECS (Debit) : Responsibilities of the Destination Banks xxi) Destination Account Holder's Right to Information on NECS xxii) Minimum and Maximum Number of Transactions
7.	Service Charges
8.	Dispute Resolution Mechanism
9.	Amendment to Procedural Guidelines

Appendices	
I	NECS Process Cycle
II	Guidelines for Input Preparation and Input Submission (User Institution → Sponsor Bank → Clearing House)
III	Record Layout of Inward Data for Destination Banks (Clearing House → Destination Banks)
IV	Record Layout of Return File (Destination Banks → NCC / Clearing House)
V	Record Layout of Final Output File to User Institution (NCC / Clearing House → Sponsor Bank → User Institution)
VI A	Application for Registration with the Sponsor Bank to Avail of NECS (Credit) Facility
VI B	Application for Registration with the Sponsor Bank to Avail of NECS (Debit) Facility
VII A	NECS (Credit) Mandate by the Sponsor Bank
VII B	NECS (Debit) Mandate by the Sponsor Bank
VIII A	Model Letter from a NECS (Credit) User to a Destination Account Holder
VIII B	Model Letter from a NECS (Debit) User to a Destination Account Holder
IX A	NECS (Credit) Model Mandate Form
IX B	NECS (Debit) Model Mandate Form

SCHEME OF NATIONAL ELECTRONIC CLEARING SERVICE (NECS)

1. Short Title of the Scheme

The Scheme shall be called 'National Electronic Clearing Service' and will be referred to as NECS hereinafter. NECS shall have two variants, NECS (Credit) and NECS (Debit). NECS (Credit) is operational for the present.

2. Date of Effect

The Scheme is working at Mumbai and is being managed by Reserve Bank of India. Presently, there are 50647 branches of 116 member banks participating in the scheme. Latest position on number of member banks and branches is available on the website of Reserve Bank of India (RBI) (at www.rbi.org.in).

3. Objective

The objective of the system is to facilitate centralised processing for repetitive and bulk payment instructions. Sponsor banks shall submit NECS data at a single centre viz. at Mumbai. NECS (Credit) shall facilitate multiple credits to beneficiaries' accounts at core banking enabled destination bank branches spread across the country against a single debit of the account of a User with the Sponsor Bank which maintains settlement account in the books of RBI, Mumbai. NECS (Debit), when operationalised, shall facilitate multiple debits to destination account holders against single credit to User account.

The system would leverage on the core banking solutions of member banks for centralised receipt and posting of inward NECS transactions in a straight through manner.

4. Definitions

i) User - User shall refer to the Companies / Corporations / Government departments or any other entity using NECS services for either bulk payment or bulk collection.

ii) Sponsor Bank - It would refer to the bank which shall act as the agent of the User to upload the NECS data on to the designated web-server of the designated agency / Clearing House (CH). The sponsor bank shall also submit a mandate to operate its settlement account to RBI / Clearing House designated by RBI.

iii) Clearing House (CH) - It would be a functional unit of the local Bankers' Clearing House or such other agency to be created by RBI which shall process the NECS

data received from the Sponsor Banks through its web-server and generate relevant clearing reports for settlement of accounts of banks at RBI. The institutional arrangements made by RBI shall be final.

iv) Destination Bank Branches - It would refer to the bank branches where the Destination Account Holders maintain their bank accounts.

v) Destination Account Holder - Shall refer to the beneficiaries / consumers / end users holding accounts with destination bank branches, who would opt to avail of NECS facility by way of direct debit / credit to their account through the payment instructions submitted by the User.

vi) Destination sort code - Means the nine digit MICR code (city-bank-branch) of the destination branch wherein the destination account holder maintains his / her account.

5. Coverage

a) These guidelines shall apply to participating banks / branches notified by Reserve Bank of India from time to time on its official web-site.

b) The scheme shall cover bulk payment transactions like periodic (monthly / quarterly / half-yearly / yearly) payments of interest / salary / pension / commission / dividend / refund or bulk collection of utility bills / insurance premium / school fee / loan instalments, etc., by companies / corporations / Government departments and such other entities defined as "User".

c) Through this scheme, payments can be made to / from the bank branches located anywhere in India participating in the scheme.

d) This facility can be used to transfer funds to Non Resident External (NRE) accounts. However, NRE accounts of beneficiaries, if any, shall be included in the input data only after ensuring that such funds are eligible to be credited to NRE accounts in India under the existing Foreign Exchange Management Act (FEMA) Regulations and Wire Transfer Guidelines. User Institutions and Sponsor Banks have to certify to the effect and the onus of ensuring that credits to NRE accounts comply with extant FEMA Regulations and Wire Transfer Guidelines rests with the User Institution / Sponsor Bank.

e) Participating banks under the scheme adopt Uniform All India Holiday under NECS – similar to the practice adopted in Real Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT) systems. NECS will function on all the RTGS / NEFT working days and the banks participating in NECS would also function on these working days. The list of holidays for RTGS / NEFT is available on the web-site of RBI under the link <http://www.rbi.org.in/scripts/HolidayMatrixDisplay.aspx>.

6. Procedural Details

i) Institutional Arrangements

a) CH would be responsible for processing the input data submitted by the Sponsor Bank on behalf of its Users and supply of relevant clearing details to the Sponsor Banks, Destination Banks and Settlement Agency for accounting of the Clearing Settlements. CH shall monitor the performance of all the constituents in NECS Clearing to ensure that the time schedule for various activities under NECS Process Cycle as prescribed in Appendix-I is adhered to.

b) CH shall have a Steering Committee comprising not more than 10 and not less than 5 member banks to aid and advise it on operational issues. The Committee shall be constituted by the CH and its term shall be one year. The Committee shall meet at least once in a half-year.

c) Settlement Agency shall provide the settlement service by way of crediting / debiting the accounts of Destination Banks and the Sponsor Bank in its books on the basis of multilateral net settlement arrived by the CH. Normally, such settlements shall take place in the books of RBI, Mumbai. The settlement rules for clearing pertaining to minimum balance and withdrawal of favourable balance in clearing as defined in the Uniform Regulations and Rules for Bankers' Clearing Houses (URRBCH) would also be applicable to the settlements under NECS.

ii) Registration of User Institution with the Clearing House : Institutions desirous to avail of the NECS facility shall get themselves registered with the CH. The application in form NE-1C (Appendix-VI A) for participating in NECS (Credit) and NE-1D (Appendix-VI B) for participating in NECS (Debit) will be submitted by the User institution to their Sponsor

Bank. The Sponsor Bank will forward the application form to the CH with their recommendations in Part B of the relevant application for registration and allotment of User Number. The User Number allotted by CH will be communicated to the User institution through the Sponsor Bank. The existing user codes allotted at various ECS centers / Regional Offices of RBI shall be valid for NECS and there is no need for taking separate User Number for participating in NECS.

iii) Input Preparation: Input file shall be as per the prescribed record layout specified by RBI from time to time. The present structure of record lay out and Guidelines for Input Preparation and Input Submission for NECS (Credit) and NECS (Debit) are given in Appendix-II.

iv) User's Responsibility to Ensure Accuracy of Input Data : The User would ensure the accuracy of the input data with reference to the information received from Destination Account Holders. The input data shall contain only the latest and correct account number details of customers. Users would also ensure that the updates received from the destination banks / sponsor banks are incorporated in the input file and note to delete the transactions that are repeatedly returned under various reasons. Sponsor Bank may obtain an undertaking from the User in this regard before uploading the input data to NCC / CH.

v) Safeguards Against Unauthorised Change of Data in Transit : The Sponsor Bank shall not make any change in the input data received from the User without the consent of the User.

vi) Input Submission :

a) The sponsor bank shall have the facility of getting the data validated over the web-server. In case the data validation report displays any errors, the sponsor bank has the option to omit the records and resubmit the data for validation, in consultation with the user. The error-free file shall alone be uploaded by the sponsor bank for NECS run. CH would decide and intimate the cut-off time up to which the input files will be accepted from the Sponsor Bank on the Day T+0 as indicated in the NECS Process Cycle (Appendix-I).

b) After uploading the data file to the designated web-server of CH, the sponsor bank shall submit a Mandate to NCC in the form NE-2 [Appendix-VII A for NECS (Credit) and

Appendix-VII B for NECS (Debit)]. The mandate shall be signed by an authorized official of the Sponsor Bank whose signature is on the record of the CH. For this purpose, the sponsor bank would submit the list of authorized officials along with their specimen signatures on a quarterly basis or whenever there is a change in the incumbency to CH to avoid hardship to the Users.

vii) Validation of Input Files :

a) All files uploaded on the web server would be subjected to final validation to determine whether the file can be accepted or not. The validation shall be done with reference to the User name, User number, Sponsor Bank Branch Sort Code and other parameters.

b) User details (Sponsor Bank Sort Code, User number and User name) shall be uniform on all data records (Header and Individual data records) in the file. The purpose of repeating the User information on all data records is to make each data record self-contained and ensure seamless straight through processing (STP) at the destination bank. Therefore, the credit / debit record with the details different from the one recorded on the 'Credit Contra / Debit Contra or Header' record will not be accepted.

c) The destination account details shall have two parts - the destination sort code and the destination account number. NECS validation routine validates the banks' branch code indicated in the data record with the master database of NECS branch-master.

d) The account number is an essential field in the data record. Account number shall have a maximum length of 15 digits as indicated in the prescribed record layout structure. Individual records with no information on the account number field shall be rejected. It would be the responsibility of the User to ensure the accuracy of input data.

e) There will be no outer limit for Individual records. The particulars of the User defined limit should be indicated by the Sponsor Bank in its mandate as an additional parameter for validation.

f) The decision for rejection of a NECS data file would depend on the following :

- “Header or Credit / Debit Contra” record is missing or the value indicated in the Header record is exceeding the value given in the Sponsor Bank’s mandate to CH.
- Invalid Sponsor Bank sort code, or incorrect User number and User name details in the Credit Contra / Debit Contra record.
- Absent or invalid destination sort code in individual records.
- Absence of account number or account name in individual records.

viii) Multiple Credits : User Institutions shall take due care while making multiple credits to the same beneficiaries on the same day by giving additional relevant information to ensure that the beneficiaries are able to identify the source of credit.

ix) Data Validation Report (DVR) : When an input file passes through the validation in the web server, there would be an output in the form of Data Validation Report (DVR), which may be printed at the Sponsor Bank level.

x) Request for Withdrawal / Modification of Input Data : Once the DVR is confirmed online to the Sponsor Bank and the settlement process begins at CH, withdrawal / modification of file / record shall not be permitted. However, CH shall have discretion to accept / reject any file in case of some contingency.

The credit / debit afforded to the member banks through multilateral net settlement systems on the settlement date (T+1) is final and irrevocable in terms of section 10(2) of the Payment and Settlement Systems Act, 2007. The procedure advised by RBI in the Settlement and Default Handling Directive (Para xv) will be applicable to the NECS Scheme.

xi) Clearing Settlement and Output Data for Destination Banks : On Day T+0, CH would generate the output data files meant for the Destination banks and would made available on its designated web-server. The description and the record lay out of the output file is given at Appendix-III.

The NECS Service Branches of Destination Banks would make their internal arrangements immediately to download the information from the web-server of the CH and arrange to credit / debit the Destination Account Holders’ accounts on the appointed day of settlement without fail. On the day of settlement, CH would debit / credit the Sponsor Bank’s account with the amount indicated in the mandate given by the latter (Appendix

-VII A / VII B) and credit / debit the accounts of the Destination Banks on the basis of the settlement arrived through multilateral netting.

In case of NECS (Credit), Destination Bank is liable to pay penal interest (calculated based on the prevailing RBI LAF Repo rate plus two percent from the due date of credit till the date of actual credit) for any delayed credit to the beneficiaries' accounts. Penal interest, if any, shall be credited to the Destination Account Holder's account even if no claim is lodged by the Destination Account Holder.

xii) Return of Uncredited / Undebited Items : If a Destination Bank is not in a position to credit / debit a particular transaction for reasons as enumerated in Appendix-IV, it would arrange to upload / submit a consolidated return file in the file structure format as prescribed in Appendix-IV. The responsibility for ensuring accuracy in incorporating the above information in the data lies with the Destination Banks. After incorporating the information relating to un-credited / un-debited items, the file would be returned to the CH on the same day (T+1).

xiii) Clearing Settlement and Supply of Output Data and Reports to Banks : CH shall work out a Return Clearing settlement on the same day (T+1) whereby the Destination Banks' accounts would be debited / credited based on the return data submitted pertaining to the value date and the Sponsor Banks' account would be credited / debited in the books of RBI, Mumbai. The transaction codes of the uncredited records would be modified to from "22" in respect of NECS (Credit) and "66" in respect of NECS (Debit) to "44 (for both)". The Checksum Total of the relative records would undergo corresponding changes with the software used at the NCC / Clearing House.

On the same day, the Clearing House shall provide the following :

- User Status file - An output file in electronic form containing the details of all transactions [valid, rejected and returned un-credited / un-debited. All items to be suitably flagged / marked off] to be made available to the Sponsor Bank for verifying the correctness of the clearing data and for passing on to the User for necessary action [Appendix-V].
- Destination Bank Final Report - Destination Bank-wise summary report (R-9) showing branch-wise initial credit / debit and subsequent debit / credit based on the return information submitted to NCC / CH by the destination banks.

xiv) Late Submission of Uncredited / Undebited Items : If any Destination Bank fails to submit the file to the CH on day T+1, such delayed reporting cannot be incorporated by CH in the Output file and also cannot be included in the clearing settlement for un-credited / un-debited items. Payment / Settlement for such items would have to be worked out between the Sponsor Bank and the Destination Bank concerned. The undue delay of the Destination Bank to submit the return is liable for penal action. The President of the NCC / Clearing House may take such action / decide penalty against the destination bank as he / she deems fit, in accordance with the Dispute Resolution Mechanism prescribed under para 8 below. If any Destination Bank submits / uploads such late returns to the CH on a future date, such returns would be deleted from the input data and the President of the Clearing House may take such action / decide penalty against the bank as he / she deems fit, in accordance with the Dispute Resolution Mechanism prescribed under para 8 below.

xv) Settlement and Default Handling Procedure : The settlement so as arrived by the CH under NECS through multilateral netting shall be final and irrevocable, in terms of section 23 of the "Payment and Settlement Systems Act, 2007" as soon as the same is determined in terms of the procedure notified by RBI. The settlement and default handling procedure will be in accordance with the Directive on Settlement and Default Handling Procedure issued by RBI and as duly amended from time to time.

The continued eligibility of the member / sponsor bank to participate in clearing operations shall be reviewed by the President of the Clearing House in case of permanent default by the member / sponsor bank. Default will be considered permanent if the process of recalculation (elaborated in the Settlement and Default Handling Procedure) is necessitated in respect of a member / sponsor bank on more than three occasions in a calendar month. The number of occasions shall be calculated separately for each multilateral and deferred net settlement system.

xvi) Sponsor Bank Crediting / Debiting the Returned Items to User's Account : The credit / debit received by the Sponsor Bank from CH against the returned items through Return Clearing shall be passed on to the User's account on the same day.

xvii) Preservation Period of Output Data : The Sponsor Bank and the User shall preserve the Output data / file for a minimum period of 10 years. Clearing House will also preserve the data files for a minimum period of 10 years.

xviii) Advice to Destination Account Holders : It would be the responsibility of the User to advise the Destination Account Holders of the NECS credit / debit. Immediately after the receipt of the User-Status file, the User would issue Payment Advices to the Destination Account Holders indicating the particulars of payment and the date on which payment has taken place as per their extant practice. Care need be taken by the User to ensure that Payment Advices are sent only for these items which could finally be credited / debited to Destination Account Holders' accounts. Rejected items and uncredited / undebited items shall be pursued separately by the User. The Destination Account Holders whose accounts could not be credited / debited should also be advised by the User with reasons thereof and payments arranged through alternate means.

If a User makes use of the NECS mechanism for making payments to the same set of beneficiaries every quarter / month or at more frequent intervals and there is no likelihood of any credit / debit item being returned un-credited / un-debited, an advance one-time intimation can be issued on yearly basis indicating the date on which NECS settlement would take place. This would replace issuance of payment advice on every occasion. This procedure is most suitable for monthly / quarterly interest payments of companies / corporations where the modifications in the data file are minimum and likelihood of returns is almost 'nil'.

xix) Narration in Pass Book / Account Statement / Pass Sheet : The entry in the Pass Book / Account Statement / Pass Sheet made by the destination bank branches should be clear enough to indicate that the transaction in question was through NECS with such other additional information as provided by the User. The relevant information may be picked up from the field no. 9 ("User name" of 20 alpha-numeric characters) and the field no. 10 ("User Credit / Debit Reference No.") from the destination bank NECS input file (Appendix-III) file. In addition to this, banks are free to provide any additional information as they deem necessary or useful. In order to provide useful feedback to the destination account holders, the User institutions may standardise the information that may be captured in this field, so that the

details recorded by the destination branches in the pass books would reveal the correct picture of the credits / debits.

The Destination Bank would not be liable to issue separate advice to the Account Holders. If a Sponsor Bank / User wishes to send the payment advices through the Destination Bank Branches, a separate arrangement outside the NECS framework would have to be worked out.

xx) NECS (Debit) : Responsibilities of the Destination Banks

a) The NECS (Debit) works on the strength of the mandates given by the destination account holders to the User institution for effecting payment from their accounts. The mandates are required to be authenticated (primarily for signature verification of the bank's customer) by the respective destination bank branches within a period of seven days from the date of receipt of such requests. After authentication, the branch would retain a copy for its record, incorporate the mandate information in the bank's database and the customer would submit the other copy to the User institution. At the time of authenticating the mandates, the destination branches shall ensure the nomenclature of the accounts vis-à-vis those appearing in the mandates.

b) The destination branches can debit their customers' account only on the basis of the mandates given to them. The account holder / customer is also entitled to withdraw the mandate / NECS Debit instructions 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 NECS file, after receipt of such countermanding by the customer.

c) The destination account holder may also be given the facility of putting an upper limit for each individual transaction in the mandate, and / or a time limit for operations of a particular NECS mandate (life of a mandate) by the end user / destination banker.

d) The destination branch may also allot a unique identification number to the mandate, which could be referred to by the NECS User in all the transactions. The number could

include a reference to the branch identity, the type of account and a reference to the customer's account, the purpose of the debit, etc. This would also serve the destination branch as a control reference tool to monitor the NECS debits being received through the Clearing House.

xxi) Destination Account Holder's Right to Information on NECS : When the User invites option from the Destination Account Holders, the User shall inform the Destination Account Holders, in a readily understandable written statement that the proposed mode of receiving / paying is purely voluntary and the Destination Account Holder would have the right to withdraw after giving an advance notice of 2 weeks (Specimen at Appendix-VIII A / VIII B).

While exercising the option to receive / pay through NECS, Destination Account Holder shall furnish the particulars of his / her (i) Account Number; (ii) Name; (iii) Account Type (i.e. S.B. Account or Current Account); and (iv) Bank and branch names with the sort-codes. The sort-code (i.e. city-bank-branch code) information would be available by seeing the MICR code line of the cheque book issued by his / her banker. The form on which the information would be furnished by the Destination Account Holders would be clear and free of ambiguities. The particulars at Sl.Nos. (i) to (iv) mentioned above may be got certified by the beneficiary from the bank branch where he / she is maintaining the account. In lieu of the bank certificate as stated above, the beneficiary can also enclose with his / her mandate, a photocopy of the cheque / cancelled cheque or front page of his saving bank pass book for verification of his / her account particulars by the User.

A model letter form a prospective User to a customer / investor is given at Appendix-VIII A / VIII B and a model Mandate Form given at Appendix-IX A / IX B. The specimen (model) form is only illustrative and the Users may use formats of their choice provided the information contained in the Model Letter / Model Mandate form is included. In case a User has already got the bank branch account type ledger no., account number, etc., particulars duly certified by the bank branch of the beneficiary, the same could be utilised for making remittances through bank accounts under NECS, only after informing the beneficiaries.

Information furnished by a beneficiary to the User shall not be utilised by the User for purposes other than transfer of funds through NECS without the consent of the beneficiaries. This shall be indicated by the User while inviting options from the beneficiaries.

xxii) Minimum and Maximum Number of Transactions: There would not be any stipulation on the minimum number of transactions to be put through. But considering that the Scheme is designed for bulk transactions, CH may combine the settlements of more than one input submissions on a single day.

7. Service Charges

The service charges to be levied by the Sponsor Bank would be decided mutually by the User Institution and Sponsor Bank. There are no processing charges levied by the processing centres / CH up to March 31, 2011. The same would be reviewed periodically. The RBI may, if it so desires in future, decide to levy any other charge / fee on the Sponsor Bank / Destination Bank as also the quantum thereof.

Destination Banks would not claim service charge for passing on the credit to the Destination Account Holders' accounts.

8. Dispute Resolution Mechanism

The mechanism for resolution of disputes will be in accordance with the Directive on Dispute Resolution Mechanism issued by RBI and as duly amended from time to time.

9. Amendment to Procedural Guidelines

The Procedural Guidelines can be amended by RBI as and when necessary. Banks would however be intimated at least a fortnight in advance if it involves software changes at the level of participating banks. RBI may amend the procedure guidelines by issuance of a circular also to the effect whenever such change warrants.

Appendix-I

National Electronic Clearing Service

NECS PROCESS CYCLE

Day T+0	1.	Submission / Uploading of Input data with a mandate from the Sponsor Bank
	2.	Verifying the Mandates. Processing at CH. Generating output data and making available the output data through Secured Web Server
	3.	NECS Service Centers ensuring accounting of the transactions centrally
Day T+1	1.	Settlement arrived at CH. Destination Banks' accounts credited / debited and Sponsor Bank's account debited / credited in the books of RBI
	2.	Destination Bank branches crediting / debiting the accounts of the beneficiaries (i.e. the Destination Account Holders) and Sponsor Bank debiting / crediting the account of the User.
	3.	NECS Service Centers of Destination Banks submit consolidated uncredited / undebited data to CH.
	4.	Clearing House to arrive at the Credit / Debit Return settlement based on uncredited items / undebited data received from all the Destination Banks and generate the relevant NECS Credit Return / Debit Return Settlement reports.
	5.	Destination Banks' accounts debited / credited and consolidated credit / debit given to Sponsor Bank towards uncredited / undebited items
	6.	Sponsor Bank crediting / debiting the account of the User with the returns.
	7.	CH to supply / upload the Processed Data (User Dump Data) and Final Report to the Sponsor Banks

**National Electronic Clearing Service
Guidelines for Input Preparation and Input Submission
(User Institution → Sponsor Bank → Clearing House)**

Input Media:

Data in the prescribed format to be uploaded to the designated web server

File Preparation:

The input file would have two types of data records : A large number of credit / debit records [transaction code 22 for NECS (Credit) and transaction code 66 for NECS (Debit)] and one balancing debit / credit record called Credit Contra / Debit Contra or Header [transaction code 11 for NECS (Credit) and transactions code 55 for NECS (Debit)]. The Contra would be the first record in the file and contain the details of the User such as User No., User name, Sponsor Bank sort code, the upper limit of the individual credit / debit entry, the total value of all the credit / debit items, etc. which would act as control information while processing the credit / debit records. Certain key information in the Credit / Debit Contra record would be repeated in all the credit / debit records as well so as to make each credit / debit record self contained with both credit and debit particulars of the transaction.

The following is the description of the various fields for preparing the data on input file in ASCII format:

Sr.No	Field Description	Length	Field Type	Remarks
(Header) Credit / Debit Contra Record.				
1	NECS transaction Code	2	NUM	Code 11 for Credit and 55 for Debit
2	User Number	7	NUM	User number allotted by CH
3	User Name	40	ALP	Alpha Numeric description
4	User Reference	14	ALP NUM	User defined reference number for the entire transaction (Alpha Numeric)
5	NECS tape input number	9	NUM	User defined input tape
6	Sponsor Bank-Branch Sort code	9	NUM	MICR city-bank-branch code
7	User's Bank Account number	15	ALP NUM	Account number of the User to be debited by Sponsor Bank (Alpha numeric)
8	Ledger Folio number	3	ALP	Alpha numeric Ledger Folio particulars

9	User defined limit for individual credit / debit items	13	NUM	User defined limit which would be taken for validating the credit / debit items
10	Total amount (Balancing Debit amount)	13	NUM	Amount in paise
11	Settlement date (DDMMYYYY)	8	NUM	Date on which settlement is sought to be effected
12	Reserved (to be kept blank by the User)	10	NUM	NECS Item sequence number to be allotted by CH
13	Reserved (to be kept blank by the User)	10	NUM	Checksum Total generated by CH
14	Fillers	3		

Total 156

(The Credit / Debit Contra, thus would have the record length of 156 ASCII characters of which last three fields of 23 characters would be left blank)

Credit / Debit Records

1	NECS transaction code	2	NUM	Code 22 for NECS Credit and 66 for NECS Debit
2	Destination Sort Code	9	NUM	MICR city-bank-branch code
3	Destination account type (S.B. account or Current account)	2	NUM	code (10/11/12/29/30/31)
4	Ledger folio number	3	ALP	Alpha numeric Ledger Folio particulars
5	Destination account number	15	ALP NUM	Alpha numeric description
6	Destination account holder's name	40	ALP	Alpha numeric description
7	Sponsor Bank-Branch Sort code	9	NUM	MICR bank code
8	User number	7	NUM	User number allotted by CH
9	User name	20	APL	Alpha numeric description
10	User Credit / Debit Reference	13	ALP NUM	User defined Reference Number such as Ledger Folio number, or Share / Debenture Cert. No. or any other unique identification number given by the User for the individual beneficiaries
11	Amount	13	NUM	Amount in paise

12	Reserved (to be kept blank by User)	10	NUM	NECS item Sequence Number to be allotted by CH
13	Reserved (to be kept blank by User)	10	NUM	Checksum total generated by CH
14	Reserved (to be kept blank by User)	1	NUM	Flag for items credited / debited (1) and returned uncredited / undebited (0)
15	Filler (to be kept blank by User)	2	NUM	Reason for not crediting / debiting the item
Total		<u>156</u>		

(Thus the Credit / Debit records would have the record length of 156 ASCII characters with the last four fields kept blank. These four fields would be filled up while processing the input file at the CH

National Electronic Clearing Service

RECORD LAYOUT OF THE INWARD DATA FOR DESTINATION BANKS
(Clearing House → Destination Banks)

Header Record and Trailer Record

Sr.No	Field Description	Length	Field Type	Remarks
1	NECS transaction Code	2	NUM	Code 11 for NECS (Credit) and 55 for NECS (Debit). Code 99 for the trailer record for both
2	Control Character	7	NUM	Zeros
3	Filler	87	ALP	Filler
4	Control Character	7	NUM	Three digit Bank MICR code followed by four Zeros
5	Total number of Items	9	NUM	999999900 in the header actual number of transactions in the trailer
6	Total Amount	13	NUM	Total amount in the file
7	Settlement Date	8	NUM	Settlement Date in ddmmyyyy format
8	Filler	27	ALP	Filler ends with a dot (.)
Total				160

Credit / Debit Records

1	NECS transaction code	2	NUM	Code 22 for NECS (Credit) and 66 for NECS (Debit)
2	Destination Sort Code	9	NUM	MICR city-bank-branch code
3	Destination account type (S.B account or Current account)	2	NUM	MICR transaction code (10/11/12/29/30/31)
4	Ledger folio number	3	ALP	Alpha numeric Ledger Folio particulars
5	Destination account number	15	ALP NUM	Alpha numeric description
6	Destination account holder's name	40	ALP	Alpha numeric description
7	Sponsor Bank-Branch Sort code	9	NUM	MICR bank code
8	User number	7	NUM	User number allotted by CH
9	User name	20	APL	Alpha numeric description

10	User Credit / Debit Reference	13	ALP NUM	User defined Reference Number such as Ledger Folio number, or Share / Debenture Cert. No. or any other unique identification number given by the User for the individual beneficiaries
11	Amount	13	NUM	Amount in paise
12	Reserved (to be kept blank by User)	10	NUM	NECS item Sequence Number to be allotted by NCC / CH
13	Reserved (to be kept blank by User)	10	NUM	Checksum total generated by CH
14	Reserved (to be kept blank by User)	7	NUM	Filler

Total 160

National Electronic Clearing Service

RECORD LAYOUT OF THE RETURN FILE (Destination Banks → Clearing House)

This is the file generated by the destination banks for returning the uncredited / undebited items to the Clearing House. The file has only one type of data records of length 50 characters. The following table gives the details of the fields and their length of the contra record and the repetitive records.

Sr. No	Description	Type	Length
1	Settlement date	Numeric	9(8)(DDMMYYYY)
2	NECS Sequence No.	Numeric	9(10)
3	User No.	Numeric	9(7)
4	Amount in paise	Numeric	9(13)v99
5	Return Reason code	Numeric	9(1)
6	City code	Numeric	9(3)
7	Bank code	Numeric	9(3)
8	Branch code	Numeric	9(3)
9	Spaces	Alphanumeric	9(2)

NECS (Credit) Return Reason codes

Code No.	Reasons for return
1	Account since closed / transferred
2	No such account
3	Account description does not tally
4	Miscellaneous (to be specified)

NECS (Debit) Return Reason codes

Code No.	Reasons for return
1	Account since closed / transferred
2	No such account
3	Account description does not tally
4	Balance insufficient
5	Not arranged for / exceeds arrangements
6	Payment stopped by drawer
7	Payment stopped under court orders
8	NECS mandate not received
9	Miscellaneous (to be specified)

National Electronic Clearing Service

**RECORD LAYOUT OF THE FINAL OUTPUT FILE TO USER INSTITUTION
(NCC / Clearing House → Sponsor Bank → User Institution)**

This is the file generated by the Clearing House and sent to the user institution through the Sponsor bank. The file has two types of data records, viz. one header record called the contra record and the repetitive records. The following table gives the details of the fields and their length of the contra record and the repetitive records :

Header Record

Sr. No	Field Description	Length	Field Type	Remarks
1	NECS transaction Code	2	NUM	Code 11 for Credit and 55 for Debit
2	User Number	7	NUM	User number allotted by CH
3	User Name	40	ALP	Alpha Numeric description
4	User Reference	14	ALP NUM	User defined reference number for the entire transaction (Alpha Numeric)
5	NECS tape input number	9	NUM	User defined input tape
6	Sponsor Bank-Branch Sort code	9	NUM	MICR city-bank-branch code
7	User's bank Account number	15	ALP NUM	Account number of the User to be debited by Sponsor Bank (Alpha numeric)
8	Ledger Folio number	3	ALP	Alpha numeric Ledger Folio particulars
9	User defined limit for individual credit / debit items	13	NUM	User defined limit which would be taken for validating the credit / debit items
10	Total amount (Balancing Debit amount)	13	NUM	Amount in paise
11	Settlement date (DDMMYYYY)	8	NUM	Date on which settlement is sought to be effected
12	Item Sequence No	10	NUM	NECS Item sequence number generated by CH
13	Checksum	10	NUM	Checksum Total generated by CH
14	Filler	1	ALP	Used for internal purpose
15	Filler	1	ALP	Used for internap purpose
16	Reason Code	1	NUM	Return reason

Total 156

Credit / Debit Records

1	NECS transaction code	2	NUM	Code 22 for NECS Credit and 66 for NECS Debit
2	Destination Sort Code	9	NUM	MICR city-bank-branch code
3	Destination account type (S.B. account or Current account)	2	NUM	code (10/11/12/29/30/31)
4	Ledger Folio number	3	ALP	Alpha numeric Ledger Folio particulars
5	Destination account number	15	ALP NUM	Alpha numeric description
6	Destination account holder's name	40	ALP	Alpha numeric description
7	Sponsor Bank-Branch Sort code	9	NUM	MICR bank code
8	User number	7	NUM	User number allotted by CH
9	User name	20	APL	Alpha numeric description
10	User Credit / Debit Reference	13	ALP NUM	User defined Reference Number such as Ledger Folio number, or Share / Debenture Cert. No. or any other unique identification number given by the User for the individual beneficiaries
11	Amount	13	NUM	Amount in paise
12	Item Sequence No	10	NUM	NECS item Sequence Number generated by CH
13	Checksum	10	NUM	Checksum total generated by CH
14	Success Flag	1	NUM	1 for passed item and 2 for returned item
15	Return Reason	2	NUM	Reason for not crediting / debiting the item

Total 156

FORM NO. NE-1C**Appendix-VI A****National Electronic Clearing Service****Application for Registration with the Sponsor Bank to Avail of NECS (Credit) Facility****Part A- to be filled in by the User****USER DETAILS**

- 1 Name of the Organisation
- 2 Address
- 3 Contact person and telephone number
- 4 Types of transactions sought to be put through NECS during the first year of availing NECS services :

Sl.	Type of transaction	Periodicity	Expected Volume	Expected Value
	Interest payment	Monthly		
	Interest payment	Quarterly		
	Interest payment	Half-yearly		
	Dividend payment	Yearly		
	Salary payment	Monthly		
	Commission Payment			
	Refund / Others (specify)			

- 5 We will ensure that the NRE accounts of beneficiaries, if any, will be included in the Input Data only after ensuring that such funds are eligible to be credited to Non Resident (External) (NRE) accounts in India under the existing Foreign Exchange Management Act (FEMA) Regulations and Wire Transfer Guidelines.
- 6 Complaints from beneficiaries, if any, relating to non-credit / delayed credit / non-reporting of uncredited items will be pursued by us with the respective banks / branches in co-ordination with the Sponsor Bank.

Date:

Authorised Signatory of the User

Part B- To be used by the Sponsor Bank

- 1 The user has been explained the role and responsibilities of various parties under NECS. They have, *inter-alia*, been advised that the responsibilities of ensuring the accuracy of input data, input preparation and preliminary validation of data as well as issuance of payment advices to the beneficiaries rest with the User. They have also been explained that CH would be processing data and working out the clearing settlement based on this data and in no way be responsible for ensuring the accuracy of input data or breach of responsibility expected of the Destination Banks. Complaints, if any, received from the customers / investors / beneficiaries would have to be handled by the User.
- 2 We will ensure that the NRE accounts of beneficiaries, if any, will be included in the Input Data only after ensuring that such funds are eligible to be credited to Non Resident (External) (NRE) accounts in India under the existing Foreign Exchange Management Act (FEMA) Regulations and Wire Transfer Guidelines.
- 3 All complaints relating to non-credit / delayed credit / non-reporting of uncredited items to RBI or Sponsor Bank would be attended to expeditiously and all possible help will also be given to the User in this regard.
- 4 The User has been advised that the User shall preserve the output files to be provided by the NCC / CH for a minimum period of 10 years and the data shall not be tampered with during the period of preservation.
- 5 We recommend that the above named organisation be allowed to participate in the NECS credit clearing scheme as a User.
- 6 The registration number may be allotted to the User.

Dated

Authorised Signatory of the Sponsor Bank

Part C- For use at NCC / CH

User No. Allotted:

Remarks:

Authorised Signatory of the NCC / CH

FORM NO. NE-1D**Appendix-VI B****National Electronic Clearing Service****Application for Registration with the Sponsor Bank to Avail of NECS (Debit) Facility****Part A- To be filled in by the User****USER DETAILS**

- 1 Name of the Organisation
- 2 Address
- 3 Contact person and telephone number
- 4 Types of transactions sought to be put through NECS during the first year of availing NECS services :

Sl.	Type of transaction	Periodicity	Expected Volume	Expected Value
	Telephone Payment	Monthly		
	Electricity Payment	Monthly / Bi-monthly		
	Loan Instalment	Monthly / Qtrly / Half-yearly		
	Insurance Premium	Monthly / Qtrly / Half yearly / Yearly		
	Others (specify)			

- 5 We will ensure that the NRE accounts of beneficiaries, if any, will be included in the Input Data only after ensuring that such debits are in accordance with the existing Foreign Exchange Management Act (FEMA) Regulations and Wire Transfer Guidelines.
- 6 Complaints from beneficiaries, if any, relating to non-debit / delayed debit / non-reporting of un-debited items will be pursued by us with the respective banks/branches in co-ordination with the Sponsor Bank.

Authorised Signatory of the User with Stamp

Date

Part B- To be used by the Sponsor Bank

- 1 The User has been explained the role and responsibilities of various parties under NECS. They have, *inter-alia*, been advised that the responsibilities of ensuring the accuracy of input data, input preparation and preliminary validation of data as well as issuance of payment advices to the beneficiaries rest with the User. They have also been explained that CH would be processing data and working out the clearing settlement based on this data and in no way be responsible for ensuring the accuracy of input data or breach of responsibility expected of the Destination Banks. Complaints, if any, received from the customers / investors / beneficiaries would have to be handled by the User.
- 2 We will ensure that the NRE accounts of beneficiaries, if any, will be included in the Input Data only after ensuring that such debits are in accordance with the existing Foreign Exchange Management Act (FEMA) Regulations and Wire Transfer Guidelines.
- 3 All complaints relating to non-debit / delayed debit / non-reporting of un-debited items to RBI or Sponsor Bank would be attended to expeditiously and all possible help will also be given to the User in this regard.
- 4 The User has been advised that the User shall preserve the output file to be provided to / by the NCC / CH for a minimum period of 10 years and the data shall not be tampered with during the period of preservation.
- 5 We recommend that the above named organisation be allowed to participate in the NECS debit clearing scheme as a User.
- 6 The registration number may be allotted to the User.

Dated

Authorised Signatory of the Sponsor Bank

Part C- For use at NCC / Clearing House

User No. Allotted:

Remarks:

Authorised Signatory of the Clearing House

FORM NO. NE-2C

Appendix-VII A

National Electronic Clearing Service

NECS (Credit) Mandate by the Sponsor Bank

Our bank has to act as the Sponsor Bank for M/s... ..
....(User No.)

(name of the User Institution)

and authorises Reserve Bank of India / Clearing Agency, to debit our account maintained at Deposit Accounts Department of RBI / Settlement Bank for the total value of Credit Contra of Rs..... (Rupees.....) as given in the Credit Contra record of the input files which are being forwarded herewith. The User had already carried out a preliminary validation check. The upper limit for individual credit item is Rs..... (Rupees). We are fully aware of our role and responsibility in the NECS operations as stipulated in the Procedural Guidelines and also ensure that adequate balance would be available in our account with RBI / Settlement Bank for settlement. The settlement date (...../...../.....) indicated by the User in the Input File may be amended by NCC / CH as per their convenience and our confirmation thereon.

(Authorised signatory of the Sponsor Bank)

Place

Name:.....

Date

Designation:

Telephone No.

FORM NO. NE-2D

Appendix-VII B

National Electronic Clearing Service

NECS (Debit) Mandate by the Sponsor Bank

From:

To:

Address)

Our bank has to act as the Sponsor Bank for M/s... ..(User No.) (name of the User institution) and authorises Reserve Bank of India / Clearing Agency, to credit our account maintained with you for the total value of Debit Contra of Rs..... (Rupees.....) as given in the Debit Contra record of the input files which are being forwarded herewith.

The User had already carried out a preliminary validation check. The upper limit for individual Debit item is Rs..... (Rupees).

We are fully aware of our role and responsibility in the NECS debit clearing operation as stipulated in the Guidelines and also ensure that adequate balance would be available in our account for adjustment, if any, for wrong/disputed debit. The settlement date (...../...../.....) indicated by the User in the Input File may be amended by NCC / CH as per their convenience under information to us.

(Authorised signatory of the **Sponsor Bank**)

Place

Name.....

Date

Designation:

Telephone No.

FORM NO.NE-3C1

Appendix-VIII A

National Electronic Clearing Service

Model letter from a NECS (Credit) User to a Destination Account Holder

Dear Customer / Investor,

Date :

A new method of payment had been introduced by Reserve Bank of India which provides you an option to collect your monthly / quarterly / half-yearly / yearly interest / dividend / salary / pension directly through your bank accounts. Your bank account would be credited through the new payment mechanism right on the due date. No payment instrument would be issued as at present. Payment instruction would be issued by us electronically through our banker to the Clearing Authority and the Clearing Authority would supply credit reports to the bank with which you maintain the specified account. The branch will credit your account and indicate the credit entry as 'NECS' in your pass book / statement of account and also provide you more details of the transaction. We would be issuing an advice to you directly after the transaction is effected.

2. Individual transactions without any monetary ceiling would be covered under the Scheme. If you maintain more than one bank account, payment can be received at any of these accounts. You do not have to open any new bank account for the purpose.

3. This would be only an additional mode of payment and would be optional. You would have the right to withdraw from this mode of payment by giving an advance notice of 2 weeks. Your complaint, if any, (the scope of which is very limited) would be immediately dealt with and we assure you to give a reply within 15 days.

4. If you are agreeable to participate in the new payment mechanism, you are requested to fill in the Mandate Form attached herewith. The information to be supplied should be accurate and complete in all respects and duly certified by your bank.

5. The information provided by you will be kept confidential and would be utilized only for the purpose of effecting the payments meant for you

Authorised signatory For ABC & Co

FORM NO.NE-3D1

Appendix-VIII B

National Electronic Clearing Service

Model letter from a NECS (Debit) User to a Destination Account Holder

Dear Customer / Investor

Date:

A new method of payment had been introduced by Reserve Bank of India which provides you an option to pay your monthly / quarterly / half-yearly / yearly interest / dividend / salary / pension utility bills like telephone, electricity, loan instalments, insurance premium, etc., directly through your bank accounts. Your bank account would be debited through the new payment mechanism right on the due date. You would be advised in the usual manner to pay the bill. Payment instruction would be issued by us electronically through our banker to the Clearing Authority and the Clearing Authority would supply debit reports to the bank with which you maintain the specified account. The branch will debit your account and indicate the debit entry as 'NECS' in your pass book / statement of account.

2. If you maintain more than one bank account, payment can be received from any of these accounts. You do not have to open any new bank account for the purpose.

3. This would be only an additional mode of payment and would be optional. You would have the right to withdraw from this mode of payment by giving an advance notice of 2 weeks. Your complaint, if any, (the scope of which is very limited) would be immediately dealt with and we assure you to give a reply within 15 days.

4. If you are agreeable to participate in the new payment mechanism, you are requested to fill in the Mandate Form attached herewith. The information to be supplied should accurate and complete in all respects and duly certified by your bank.

5 The information provided by you will be kept confidential and would be utilized only for the purpose of effecting the payments meant for you.

Authorised signatory of ABC & Co

FORM NO. NE-3C2

Appendix-IX A

National Electronic Clearing Service

NECS (Credit) Model Mandate Form

Investor / Customer's option to receive payments through NECS (Credit)

Name of the Scheme and the periodicity of payment

No.

1. Investor / Customer's name:

2. Particulars of Bank account

Name of the Bank :

Name of the Branch :

Address :

Telephone No. :

3. Nine Digit code number of the bank branch

--	--	--	--	--	--	--	--	--	--

4. Type of the account (S.B., Current or Cash Credit)
with code (10/11/13/29/30/31)

5. Account number (new account number)

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

(In lieu of the bank certificate to be obtained as under, please attach photocopy of a cheque or front page of your savings bank passbook issued by your bank for verification of the above particulars)

6. Date of effect :

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold the User Institution responsible. I have read the option invitation letter and agree to discharge the responsibility expected of me as a participant under the scheme.

Date:

Signature of the Investor / Customer

Certified that the particulars furnished above are correct as per our records.

Bank's Stamp

Signature of the authorised official of the Bank

FORM NO. NE-3D2**Appendix-IX B****National Electronic Clearing Service****NECS (Debit) Model Mandate Form**

The Manager

(Bank Name)-----

(Branch Name)-----

(Address) -----

Telephone No.-----.

Copy to the User Company

Name -----

Address -----

I hereby authorize you to debit my account for making payment to ----- (User Co. Name) through NECS (Debit) as per details given under :

A. 9-DIGIT CODE OF THE BANK & BRANCH :

--	--	--	--	--	--	--	--	--	--

B. ACCOUNT TYPE : (S.B. Account / Current Account or Cash Credit)

C. ACCOUNT NUMBER (CBS enabled new account numbers only)

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

D.

Name of the Scheme	Date of effect	Periodicity (M / Bi M / Qly / etc.)	Amount of instalment / Amt of bill with upper limit	Number of instalments / Valid up to (in case of utility bills)

E. Date of effect :

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold the User institution responsible. I have read the option invitation letter and agree to discharge the responsibility expected of me as a participant under the scheme.

Date

Signature of the Customer

Certified that the particulars furnished above are correct as per our records. (Banks stamp)

Date

Signature of the Authorized official from the Bank

(Note : Mandate to be obtained in 3 copies, Original for Bank, One for User Co. and other for customer)