



## 1. What is NPCI?

After setting up of the **Board for Payment and Settlement Systems (BPSS)** in 2005, Reserve Bank of India (RBI) released a vision document incorporating a proposal to set up an umbrella institution for all the RETAIL PAYMENT SYSTEMS in the country. Indian Banks' Association (IBA)'s untiring efforts during the next few years helped turning this vision into a reality.

**National Payments Corporation of India (NPCI)** was incorporated in December 2008 and the Certificate of Commencement of Business was issued in April 2009.

## 2. What are the objectives of NPCI?

The core objective of NPCI was to consolidate and integrate the multiple systems with varying service levels into nation-wide uniform and standard business process for all retail payment systems. The other objective was to facilitate an affordable payment mechanism to benefit the common man across the country and help financial inclusion.

## 3. What is NACH?

NPCI has implemented the **National Automated Clearing House (NACH)**, a web-based solution for Banks, Financial Institutions, Corporates and Government to facilitate interbank, high volume, electronic transactions which are repetitive and periodic in nature.

NACH allows mutual fund investors to make bulk transactions like SIPs and lump sum investments through electronic debits to their bank account.

## 4. What are the objectives of NACH?

NACH is a centralized system and was launched with an aim to

- consolidate multiple ECS systems running across the country.
- leverage on distribution footprint and technology to provide a modern, robust platform to handle large volumes of repetitive payments.
- provide a single set of rules (operating and business), open standards and best industry practices for electronic transactions which are common across all the Participants, Service Providers and Users etc. and removes local barriers/inhibitors.
- support the financial inclusion measures initiated by Government, Government Agencies and Banks by providing support to Aadhaar based transactions and Mobile based ACH transactions.

## 5. What type of payments can NACH be used for?

The NACH system can be used for making bulk transactions towards distribution of subsidies, dividends, interest, salary, pension etc. and also for bulk transactions towards collection of payments pertaining to telephone, electricity, water, loans, investments in mutual funds, insurance premium etc.



## 6. What are the benefits of NACH?

The benefits of NACH are as follows:

- The NACH system provides a robust, secure and scalable platform to the participants with both transaction and file-based transaction processing capabilities.
- It has best in class security features, cost efficiency & payment performance (STP) coupled with multi-level data validation facility accessible to all participants across the country.
- NACH allows transactions to be cleared in real-time mode rather than batch mode.

## 7. What are the benefits of NACH to investors?

- Reduction in turnaround time for registration. The time for registering a NACH is 10 working days against 30 working days as taken for normal ECS registration.
- Due to the centralized and automated nature of the process, the probability of errors is reduced significantly.
- Since there are no paper flows to the bank branches, there will be no more 'ECS mandate not found' related errors.
- This system provides a positive confirmation from investors' bank about registration acceptance or non-acceptance, unlike ECS.
- Investors can opt for a one-time registration and avail this facility any time up to 40 years for their future investments.
- Investors can make use of this payment mode for their Lump-sum Mutual Fund investments apart from SIPs.
- Offers flexibility to the investors in making subsequent investments across all schemes without payment instruments (Cheques/DDs)
- Realization of funds from the investors account happens on **T Day** which helps investors track their payments on time
- Investors need not submit a physical cheque against each of their purchase transaction. The amount will automatically get debited from the investor's bank registered with NPCI.
- Reduce mandate registration timelines by –
  - Eliminating physical movement of mandate forms to destination bank branch and work on scanned images
  - Registration online (through Bank Portal)
  - Positive confirmation of Registration as compared to today where 100% confirmation is not received across participating banks



## **8. Which are the NACH participating banks?**

NACH system provides a national footprint and is expected to cover the entire core banking enabled bank branches spread across the geography of the country irrespective of the location of the bank branch.

[Click here for the NACH bank Branches.](#)

## **9. Is the NACH mandate registration done at a scheme level or at a Folio level?**

The NACH mandate registration would be at a Folio level. This means an investor with multiple investment in a folio can use the same mandate for all the scheme investments in the folio.

## **10. If an investor has multiple bank accounts registered, should he/she register multiple NACH mandates?**

Yes, investor should sign an Auto Debit Form - NACH mandate for each bank account.

NACH mandate is an agreement between Investor, his/her Bank and Franklin Templeton mandating FT to debit the investor bank account anytime based on investor request.

## **11. How many NACH mandates can an investor have for a folio?**

An Investor can have multiple NACH mandates at Folio level. There is no limit. However the investor bank should be registered with us and also participate in NACH.

## **12. Should investor avail the NACH mandate registration along with a financial transaction only?**

No, NACH mandate registration can be availed along with a financial transaction as well as a non-financial transaction (NCT).

## **13. If NACH mandate registration is provided along with a financial transaction, what would be our treatment?**

NACH mandate registration would take 10 days to get activated. On receiving the confirmation investors can start using this facility and subsequent transactions can be debited through NACH.

Hence, for the current financial transaction we would request a cheque from the investors.

## **14. If NACH mandate registration is provided independently, what would be our treatment?**

When provided independently it is treated as an NCT. On receiving the confirmation investors can start using this facility and subsequent transactions can be debited through NACH.



## 15. If an investor wishes to add a new bank and register the same for NACH, what would be our treatment?

For addition of the new bank account, we would follow the existing process. Once the account is added, we would register this account for NACH. The entire process would take 10 days as these two processes would take place in parallel.

## 16. Can existing investors avail the NACH mandate registration?

Yes, existing investors can also avail the NACH mandate registration either with a financial transaction or standalone NACH registration as an NCT.

## 17. Post NACH mandate registration and confirmation how can investors use this facility?

Post registration & confirmation, investors can use this facility to buy funds either physically or electronically.

- Physical Mode: CTF, Account statement stub or written request.
- Electronic Mode: Website and mobile site using smart phones.
- However, in the physical mode they would be required to indicate "Auto Debit" mode and provide the details like bank name, branch name, account number etc.

## 18. Is NACH applicable for Inflows only?

Yes, NACH is applicable for Purchase, Additional Purchase and SIPs only.

## 19. Is NACH applicable for both Individual and Non-Individual Social Statuses?

Yes, NACH Bank Mandate is applicable for both Individual and Non-Individual Social Statuses.

## 20. Is there any change for SIP application form?

Yes, the new form called **Franklin Templeton Mutual Fund Systematic Investment Plan through Auto Debit** would be made available. The Investment details portion would remain with FT whereas the NACH portion would travel to the Destination Bank.

## 21. Is there a frequency of debit for NACH mandate registration?

**FT is providing only one option as frequency - 'As and When Presented'**. This would enable any time debit and allow the investor to perform both Lump-sum and SIP.



## **22. Is there any per transaction limit in a day?**

Yes. Investor can specify this in the debit amount field. Per transaction amount should be less than or equal to the maximum amount as mentioned in Auto Debit Form - NACH mandate.

## **23. Can the debit amount field be left blank?**

No, this is a mandatory field and cannot be left blank.

## **24. Can this debit amount be modified /changed after submission?**

Yes, this can be edited using the 'Standalone Form – Auto Debit Form - NACH Cancellation / Update'.

## **25. Is there a validity period for NACH?**

Yes, NACH has a validity period and maximum period of validity is 40 years only.

## **26. If an investor wishes to stop availing the Auto Debit NACH facility, what is the process?**

The investor can provide the request using the 'Standalone Form - Auto Debit Form - NACH Cancellation / Update'.

## **27. Under what circumstances does an NACH mandate get rejected?**

A NACH gets rejected if the investor has provided an incorrect bank account, folio number or other incorrect details. It also gets rejected if the investor's bank is not participating in NACH. Please visit our website for updated list.

## **Additional Questions**

### **28. How do NACH Works exactly for Mutual Funds SIPs?**

- NACH form contains instructions for payment to AMC, up to specific amount and for a pre decided frequency (in case of FT it's As & when presented).
- AMC/RTA take signature on NACH form from mutual fund investors.
- RTA to submit these documents to Aggregator
- Aggregator would submit these documents for verification with National Payment Corporation of India (NPCI).
- NCPI would verify and confirm to banks. Post this verification from NPCI, RTA take payments from the investors towards investment in mutual funds through SIP.



### **29. What is the turnaround time for NACH registration?**

The turnaround time for NACH registration is 15 calendar days.

### **30. Is NACH facility available to Demat investors also?**

Yes. This facility is available for demat investors also.

### **31. Is there any lower limit for transacting through the NACH facility?**

The per transaction upper limit is as mentioned in the NACH form. The limit in the NACH form is the per transaction limit through any mode.

### **32. What is the turnaround time for NACH cancellation?**

Offline NACH/OTM cancellation - The turnaround time for One Time Mandate cancellation is 15 calendar days.

### **33. What's the UMRN number in Nach form?**

UMRN or Unique Mandate Reference Number is a number generated during every NACH transaction. Each time a certain amount is debited from your account, a new UMRN number is created. UMRN is also required at the time of editing NACH form or cancellation of NACH mandate.

### **34. Can investor use the One Time Mandate option as a payment mode for his transactions through Email, WhatsApp & SMS?**

Yes. An investor can use the One Time Mandate option for future investment transactions through Email, WhatsApp & SMS (apart from the existing option given in Invest Online).

### **35. Can I make changes in the NACH details registered?**

Yes. You can modify the bank details registered for NACH by filling the entire form and ticking the option as "Modify". Also, the investor can cancel the registration NACH registration by filling the entire form and ticking the option "Cancel".