NPCI/UPI/OC No. 206A/2024-25   **Mar 12, 2025**

To,

All Members of Unified Payments Interface (UPI)

Subject: Addendum to OC 206 Implementation of Generic Good Faith Debit Adjustments in URCS

Reference may be taken from UPI operating circular vide NPCI/UPI/OC No. 206 dated 3rd Sep 2024. please note, this circular OC-206A supersedes our OC-206 dated 3rd Sep for BGGD only, as we have improvised and simplified the process for claiming the offline IPO/Mandate with block functionality executions and process is as follows,

Currently, sponsor/acquiring banks are sending all IPO/Mandate with block functionality executions through email to NPCI for passing adjustment entries through back-office system. We have made provision for processing of such exceptional such execution through which sponsor/acquiring banks can directly manage through UPI back-office system (URCS – UPI Real Time Clearing System) without NPCI intervention.

BGGD – BENEFICIARY BANK RAISING GENERIC GOOD FAITH DEBIT ADJUSTMENT:
Sponsor/Acquiring Bank can raise generic good-faith debit adjustments with **mandate creation entry** i.e. TRANID, RRN and other details (refer below validation of adjustments section point no.1 for details) for IPO/Mandate with block functionality executions **ONLY** on remitter/issuing bank. TAT for raising a BGGD adjustment is maximum of 45 Days from the mandate creation date, sponsor bank should raise execution as per the actual TAT set for each individual mandate entities from the mandate end date. If the Sponsor bank raise BGGD after the set TAT, then issuing bank can reject the same with reason code RGD1. If the BGGD adjustment is raised after 45 days, then URCS will decline the same. Once the beneficiary bank raises BGGD Adjustment, the issuing bank should accept or reject within **3 calendar days** otherwise the adjustment window will be closed on deemed acceptance basis on 4*th* calendar day. Funds will be settled by debiting the issuing bank and credit the acquiring bank for all accept/deemed accepted adjustments. Please note, BGGD is allowed only for U2, IPO/Mandate with block functionality transactions with purpose code 01, 25, 76, 77 and RC 00 otherwise URCS will decline the BGGD adjustment.

VALIDATION OF ADJUSTMENTS:

i)   URCS will validate Debit Adjustment entries (BGGD) basis the sponsor bank execution input details URCS will check mandate creation verification i.e. purpose code is 01, 25, 76 or 77 and its status should be RC – 00, RRN, TXNID, Sponsor/ Acquiring and Issuing bank three-digit code if the validation is successful then URCS will process the BGGD successfully, otherwise URCS will decline the same.

ii)   Once BGGD is settled successfully, URCS will store the adjustments in repository and will not allow duplicate BGGD adjustments. URCS will check the duplicate executions through DRORGID, CRORGID, TXNID, ADJAMOUNT, ADJFLAG AND TXN SUBTYPE fields. If duplicate adjustments are identified, then URCS will decline the same.

iii)   Bulk file format and other mandatory data fields length & format will be validated as per the specification (refer section BULK FILE FORMAT in the Annexure – 1)

iv)   No penalty is applicable for Generic Good Faith Debit Adjustment, sponsor/acquiring banks should choose penalty flag always as N (No Penalty). Irrespective of whether the bank is raising with flag Y or N, no penalty will be applied by the URCS.

v)   Account number is mandatory for sponsor banks to enter when BGGD adjustment is raised through front end or bulk upload. *Sponsor bank should raise BGGD using remitting bank customer's account number* which helps issuing bank to remove the lien and debit the

customer account. Once the adjustments are successfully settled, URCS will update the account number in adjustment report, refer SHDT74 column for details

vi) UMN will be made available in the adjustment report refer SHDT76 column for details.

vii) All good faith adjustments should be either accepted/represented within 3 calendar days from the next day of generic good faith debit adjustment is raised. Otherwise, the window will be closed on deemed acceptance i.e. on 4th calendar day.

X) Sponsor/Acquiring banks should ensure to do due diligence and proper validation of debit adjustments before raising in URCS.

XI) Generic good faith debit adjustment amount will be settled in existing NTSL line item **'Net Adjusted Amount'**.

The above functionality shall be made available to the banks **_with effect from Mar 15, 2025._**

Refer Annexure -1, for rules and detailed process for handling generic good faith debit adjustments.

Kindly disseminate the information contained herein to the officials concerned.

Warm Regards,

SD/-

Giridhar GM
Chief – Customer Success

ADJUSTMENTS LIFE CYCLE: Adjustment life cycle for the above generic good faith debit adjustments are as follows,

   i)   <u>Raise</u>: BGGD can be raised by the IPO sponsor banks with mandate creation details
   ii) <u>Acceptance</u>: Issuing Bank who has received the generic good faith adjustments has to accept in URCS.
   iii) <u>Re-presentment</u>: Issuing Bank who has received the generic good faith adjustments may reject the adjustments (e.g. Duplicate execution, Initiation not done – Invalid execution etc.).
   iv) <u>Deemed Acceptance</u>: If issuing Bank has not accepted or re-presentment the BGGD within TAT of 3 calendar days, then adjustment window will be closed on deemed acceptance basis i.e. on 4th day.

RBI PENALTY CALCULATION:

No penalty is applicable for BGGD, because it's an offline IPO/Mandate with block functionality execution where the fulfilment of goods/services is already given by merchant to the customer. **Note: The "Penalty Flag" field will not be available in the front-end interface. However, in the bulk file format, the penalty flag column will be visible for BGGD. Issuing bank has to choose the penalty flag always as "N" (for no penalty) as good to have, but if issuing bank inadvertently selects penalty flag as "Y" even then URCS will not settle the penalty amount irrespective of flag "Y" or "N".**

DUPLICATE BULK FILE CHECK: If any manual adjustments are processed with same bulk file name (duplicate file where primary bulk file is already processed successfully/failed), then URCS will reject the entire file. Member banks should ensure to raise unique bulk file naming convention.

GENERIC GOOD FAITH ADJUSTMENT REPORT: BGGD adjustments will be made available in the existing adjustment report with separate flag i.e. BGGD under two headers i.e. Adjtype & Dispute Flag. UMN number will be made available in adjustment report refer column SHDT76 and account number in column SHDT74 for details.

BULK FILE FORMAT

Fields	Format & Length	Entity
Bank Adj Ref No	As per current bulk file format specs	Bank
Remitting Bank Code (three Digits)	3 digits Alpha	Bank
Beneficiary Bank Code (three Digits)	3 digits Alpha	Bank
TRAN ID	35 Alpha Numeric	Bank
Transaction Date	20240604 "YYYYMMDD" (e.g. 4th June 2024)	Bank
Transaction Sub-Type	U2	Bank
RRN	12 Numeric	Bank
Dispute Flag	4 digits Alpha	Bank
Adjustment Amount	Numeric - 9 digits length including decimals (e.g. 495495.75)	Bank
Reason Code	4 digits Alpha Numeric	Bank
Penalty Flag Y/N	1 digit Alpha	Bank
Account number	9 digits minimum and 21 digits maximum to support both alpha & numeric	Bank

DISPUTES REASON CODES, DISPUTE FLAGS & Description

Entity	Dispute Flag	Reason Codes	Reason Code Description
Raised by Beneficiary	BGGD	BGA7	IPO Claim by Sponsor/Beneficiary Banks
Acceptance	RGAD	RDA1	Good faith Acceptance for Debit BGGD
Represented by Remitter	RGRD	RGD1	Execution TAT expired
	RGRD	RGD2	Duplicate execution
	RGRD	RGD3	Initiation not done – Invalid execution
	RGRD	RGD4	Any other reason
Deemed Acceptance	RGDD	RDA2	Good faith Deemed Acceptance for BGGD