NPCI/2015-16/CTS/ Circular No.23   January 14, 2016

To

Member banks participating in all Grids

CTS Clearing: Changes in MICR Repair Flag & Other Reason

Madam / Dear Sir,

Refer to our circular dated October 7, 2014 (Ref NPCI/2014-15/CTS/036) on the MICR Rejects, we are in the process of developing the following validations

1. MICR repair flag
2. Return reason comment in case of other reasons '88'

The above said changes will require modification in the Capture system used by the member banks. The Technical specification document (TSD) is enclosed (Annexure-1). The functionalities are expected to go live by February 15th, 2016. The exact date of going live will be intimated separately.

Member banks are advised initiate necessary changes at their end.

With Warm Regards,

(Giridhar G M)
VP & Head – NACH & CTS Operations

Annexure I - MICR Reject Repair flag

MICR Repair flag will be of 6 digits. Last digit of the MICR repair flag indicates if the MICR has been corrected or not. Value '1' in last digit indicates that correction has been done in MICR while value '0' indicates that there is no correction made in MICR. 5th digit of the flag can either have value '0' or '5' or '9'. The values of 5th digit will not be linked to the last digit validation. Earlier 5th digit was used for amount field correction, now value in 5th digit will be used to indicate the account status (0-not verified the status of account by bank, 5-Old account, 9-New account).

1. Following are validations carried out in the MICR Repair Flags field.
   - Value of the first 4 digits and the sixth digit should be either '0' or '1'
   - Value of the fifth digit should be either '0' or '5' or '9'
     (Note: Member banks are advised to keep the functionality ready and not enable the same until confirmed by NPCI. In the interim banks should continue to send the value as '0' by default)
   - If the last digit is '0', then none of the first 4 digits should be '1'
   - If the last digit is '1', then at least one or more value of first 4 digits should have value '1'

   Few examples are:

   Valid values – 010001, 000101, 001001, 100001, 000191, 010091, 001091, 100091, 000090, 000000, 000151, 010051, 001051, 100051, 000050

   Invalid values – 000001, 100000, 001000, 000100, 000010, 000091, 100090, 001090, 000190, 100010, 010000, 010090, 010020

2. The validation shall be for element MICR Repair Flags in CXF.
3. The validation shall be carried out during CXF loading.
4. Files failing with MICR Repair Flags validation shall be rejected with File Format Error and Reject reason 2
5. The validation shall be carried out on only presentment files.

Annexure II – Return reason code: 88 (Others) – Reason comment field will be made mandatory

Introduction: Presenting bank CHI shall receive the return exchange file/s for each return session containing returns on the presentation lodged by them. As per system design, a return session may not necessarily have a direct one-to-one corresponding relationship to any particular presentation session. An item may be returned as long as its clearing length has not expired, and a session is available for the particular clearing type. The return file shall contain the item detail and return reason code. It shall be the responsibility of the presenting bank to generate the return memo from the information in the return file.

Approach is to make Return description to be mandatory for Return reason code 88, currently this field is an optional field.

Technical Approach:

1. New parameter shall be introduced to enable validation of "Reason comment" field in Drawee Branch module UI

2. New validation shall be added on User Interface of Drawee Branch module to validate entered values in "Reason Comment" field.

3. The new validation shall only be considered if the Return Reason code entered is 88.

4. Special Character Validation will be as per the RTGS list

5. There shall be a new item level reject reason 7/35 introduced to handle rejected items with special character validation failures.

6. The response files with rejected items shall be created in ftproot folder

7. In case of return reason "88" Below validations shall be carried out in the return reason comment field

   a. ReturnReasonComment shall not be empty
   b. The value shall not start with number
   c. The value shall not start with space or contain only space
   d. The value shall not have the word "other reason"
   e. Special characters < & > ' " shall not be accepted
   f. The value shall be minimum of six characters and maximum of 25 characters
   g. Repetitive special characters shall not be allowed

Additional Features:

1. Mandatory should be applicable for both Front end of CH/CHI and RRF files received from CHI.
2. CH UI should have maker/checker functionality.