

FAQ on ECS - Debit Clearing

1. What is Electronic Clearing Service (Debit)?

The Reserve Bank of India has introduced the Electronic Clearing Service (Debit) scheme to provide faster method of effecting periodic and repetitive payments by 'direct debit' to customers' accounts (duly authorised) thereby minimising paper transactions and increasing customer satisfaction. Electronic Clearing Service (Debit) envisages "a large number of debits and one credit" in the case of collection of electricity bills, telephone bills, loan installments, insurance premia, Club fees, etc by the Utility Service Providers.

2. What is the existing system and what are the difficulties?

As per the existing system for collection of electricity bills and telephone bills, the customers/subscribers are required to go to the collection centres /designated banks and stand in long queues for payment of bills/dues. There would not be any cash transaction or payment through cheques in the new system.

3. How does ECS (Debit) works?

- Utility Companies, banks/institutions receiving periodic/repetitive payments towards electricity bills/telephone bills/loan installments/insurance premia initially collect mandates from their customers / subscribers for collection of amounts due from them by direct debit to their accounts with banks. The mandate provides details such as the name, account number, name of bank/branch etc. duly certified by the bank concerned.
- Based on the details furnished in the mandates, the user company prepares transaction data on electronic media and submits the encrypted data to the local Clearing House, through its Sponsor bank.
- After due validation of the data, the local clearing house processes the same and arrives at the inter-bank settlement as also generates bank-wise/branch-wise reports (hard copies)
- NCC debits the destination banks' accounts with clearing house and simultaneously affords a consolidated credit to the sponsor bank's account and furnishes the bank-wise and branch-wise reports to the service branches of destination banks.
- Service branches forward the branch-wise reports to the respective branches for debiting the accounts of customers with the indicated amounts.

4. What are the benefits under ECS (Debit)?

- Faster Collection of bills by the companies and better cash management by them
- eliminates the need to go to the collection centres/banks by the customers and no need to

stand in long 'Q's for payment

- automatic debiting to the accounts once the mandates are given by the customers, to that effect cuts down the procedural delay

5 What is the present coverage of the scheme?

At present the scheme is in operation at 15 RBI centers (where Clearing Houses are managed by Reserve Bank of India) and other centres managed by various Public Sector Banks managing the clearing houses. The list of centers managed by RBI and other banks is as under-

Sr No.	Name of the Centre	Sr. No.	Name of the Centre	Remarks
Managed by RBI*		Managed by State Bank of India		
1.	Ahmedabad	1.	Baroda	
2.	Bangalore	2.	Dehradun	
3.	Bhubneshwar	3.	Nashik	
4.	Kolkata	4.	Panaji	
5.	Chandigarh	5.	Surat	
6.	Chennai	6.	Trichy	
7.	Guwahati	7.	Trichur	
8.	Hyderabad	8.	Jodhpur	
9.	Jaipur	9.	Gwalior	
10.	Kanpur	10.	Jabalpur	
11.	Mumbai	11.	Raipur	
12.	Nagpur	12.	Calicut	
13.	New Delhi	13.	Siliguri (non-MICR)	
14.	Patna	14.	Pondicherry	
15.	Thiru'puram	15.	Hubli	
		16.	Shimla (non-MICR)	
		17.	Meerut	
		18.	Tirupur	
		19.	Burdwan (non-MICR)	
		20.	Durgapur (non-MICR)	
		21.	Sholapur	
		22.	Ranchi	

		23.	Dhanbad (non-MICR)	
		Managed by PNB		
		1.	Agra	
		2.	Allahabad	
		3.	Jalandhar	
		4.	Lucknow	
		5.	Ludhiana	
		6.	Varanasi	
		7.	Kolhapur	
		8.	Aurangabad	
		9.	Mysore	
		10.	Erode	
		11.	Udaipur	
		12.	Gorakhpur	
		Managed by State Bank of Indore		
		1.	Indore	
		Managed by Union Bank of India		
		1.	Pune	
		2.	Salem	
		3.	Jamshedpur	
		Managed by Andhra Bank		
		1.	Visakhapatnam	
		Managed by Corporation Bank		
		1.	Mangalore	
		Managed by Bank of Baroda		
		1.	Coimbatore	
		2.	Rajkot	
		Managed by State Bank of Travancore		
		1.	Kochi / Ernakulam	

		Managed by Central Bank of India	
		1.	Bhopal
		Managed by Canara Bank	
		1.	Madurai
		Managed by oriental Bank of Commerce	
		1.	Amritsar
		Managed by United Bank of India	
		2.	Haldia (non-MICR)
		Managed by State Bank of Hyderabad	
		1.	Vijaywada

6 Is there any limit on individual transaction under the scheme?

There is no value limit for individual transactions.

7 Processing charges / Service charges

RBI has since deregulated Service Charges to be levied by sponsor banks. As regards Processing Charges levied by RBI and other banks managing the clearing houses, the same has been waived till March 31, 2007.

8 Which type of institutions are using the ECS (Debit) scheme?

Utility service providers like MTNL, Telephone/Mobile companies, Telecom Departments, State Electricity Boards, Banks (for collection of credit cards dues) LIC, Housing Finance Companies, Intermediaries and Clubs etc.