

NPCI:ETC:OC No.01:2016-17

To,
All Member Banks,

Dear Sir/Madam,

Phase wise roll out of Electronic Toll Collection (ETC) Project

Background

National Highway Authority of India (NHAI) / Indian Highway Management Company Ltd. (IHMCL) has issued a letter of Intent (LOI) to NPCI for creating ETC solution which would be interoperable and scalable.

RBI Approval

Subsequently NPCI has also submitted the concept note to RBI for its approval. The proposed architecture is based on four party model (Issuer/Acquirer/NPCI/Toll Plaza operator) and NPCI would act as a central clearing house and lay down the standards & specifications for the program. NPCI has also released the draft Procedural Guidelines & Technical Specification documents in this regard. The program roll out is subject to final RBI approval.

Proposed Commercial Model

Transaction charges to be paid by IHMCL/NHAI to NPCI and in turn distributed between Issuer Bank, Acquirer Bank & NPCI as per below details:

	Issuer	Acquirer	NPCI
Payout	1.5%	1.25%	0.25%

Note:

All transactions (on-us & off-us) have to be routed through NETC Network by the member banks. The NPCI charges shall be applicable for all transactions.

For Phase I, member bank would receive the entire 2.75% (as Issuing & Acquiring is done by the same bank).

Roll-out Plan

NPCI invites confirmation from its member banks for participation in ETC project. The following is an indicative timeframe for the overall process.

Phase I Launch:

Launch Date	By 15/04/2016
Expected Solution	The member bank should provide the solution for Issuance of Tags & Acquiring toll plaza (both together). The solution need not be interoperable but adhere to some functionality prescribed under NETC Network Procedural Guideline, 2016.
Remarks	<p>The member bank shall be responsible for making all changes as per NETC Network PG/ Specifications and get the solution certified before the Phase II launch which is anticipated before the launch date.</p> <p>The maximum sale price of FasTag cannot be more than Rs. 200/- (Rupees two hundred) to the customer</p>

Phase II Launch:

Launch Date	Tentative By 30/06/2016
Expected Solution	The member bank can take the role of Issuance of Tags, Acquiring toll plaza or both. The solution needs to be interoperable and adhere to all the functionality prescribed under NETC Network Procedural Guideline, 2016.
Remarks	<p>The tenure of contract would be 5 years.</p> <p>Single Acquirer cannot acquire more than 25% of the toll plaza available under the program. This capping is subject to review by NHAI/IHMCL basis tag penetration in Phase I and views/feedback of stakeholders.</p> <p>The Phase II launch date is tentative and subject to change, with two weeks' notice to the members.</p> <p>The roll out of new solution for the plazas live in Phase I to be done in 3 months post go live of Phase II</p>

2. For Phase II launch interested Bank need to submit the letter as per the member on-boarding process mentioned in PG document at the earliest. NPCI system would be ready for testing & certification by second week of May 2016. The member bank needs to complete the certification process for its solution (Issuing & Acquiring). Banks also need to engage the empanelled the certified tag vendors by NPCI for the procurement of RFID tags.

3. The incentives of 3% would be applicable for 5 years from date of launch i.e. April 2016

We request member banks to confirm their participation for the ETC program (Phase I & II) latest by 05/04/2016.

Yours Faithfully,



Dilip Asbe
Chief Operating Officer