

## Reconciliation & Settlement FAQs

Q1. What is Reconciliation & Settlement

Ans. Reconciliation & Settlement is a framework intended to enable:

- Recommending the 3 or more ways reconciliation (reconciliation of Order book, PA/PG statement, Tax compliance, and Network Participant account statement)
- Transmission of settlement information over ONDC defined API specs
- Standardisation of format of communication of information by way of adherence to ONDC API specs
- Transmission of difference in payment received vs. payment expected from an NP

Q2. Who is an RSP

Ans. RSP is a function (can be developed by NP on their own or may leverage the services from a service provider) who may help an NP to prepare a reconciliation file. RSP, a third party service provider, may also provide other services (such as 3 or more ways reconciliation, settlement using SA etc.). For the list of RSPs, you may refer <https://ondc.org/network-participants/#echo>

Q3. Is it mandatory for an NP to engage a service provider as a RSP

Ans. It's absolutely optional for an NP to engage a service provider as a RSP. An NP may prepare the reconciliation file by itself.

Q4. Who is a settlement agency

Ans. Settlement agency, a RBI regulated entity, may be a service provider to NP's RSP or NP's bank, who shall consolidate settlement statements and enable movement of money between bank accounts of NPs.

Q5. Does payment settlement have to be mandatorily routed through a settlement agency?

Ans. No, payment settlement can be initiated by the NPs bank without routing it through a settlement agency. The NPs bank may at its option route the payment through a settlement agency.

Q6. Is any format prescribed as per ONDC API specs for settlement statements between an NP and its bank?

Ans. Settlement statement format is to be as per the agreed process and format of an NP and its bank. If a bank chooses to settle through a settlement agency, then a settlement statement may be prepared in the format required by the settlement agency or may leverage the APIs defined by ONDC (/settle and /on\_settle).

Q7. What is relation between NP Account & Payments / Settlements

Ans. NP Account is a bank account with the following characteristics:

- It's a non-operative account i.e. withdrawals can't be made through any mode other than settlement statement/instructions
- Money can be held / sent as per the agreed upon digital transaction level contract
- Account validation is possible

- Underlying account can be a special purpose CA or an Escrow - this is as per the Bank's decision

In summary, withdrawals from the NP account may happen only through the settlement statement. The settlement statement is to be prepared as per requirement by NP's bank or NP may leverage /settle and /on\_settle for the integration with Settlement Agency

For the Network Participant Account (NP Account) you may refer - <https://ondc.org/network-participants/#echo>