

MOST URGENT

Speed Post



**OFFICE OF THE CONTROLLER GENERAL OF DEFENCE ACCOUNTS,
ULAN BATAR ROAD, PALAM, DELHI CANTT.-110010**

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Circular No.- 90 of 12/2012

No.A/III/13348/CH./Trun./Vol-II

Dated: 11 -12-2012

To

All PCsDA / CsDA

**Including PC of A (Fys) Kolkata, ZO, DPD, Chennai, AO, DAD,
MOD (Civil) New Delhi and Admin VI (Local)**

**Subject: - Implementation of Cheque Truncation System (CTS) in Pay &
Accounts Offices (PAOs) of Government Department.**

A copy of Controller General of Accounts, Department of Expenditure OM No. S-11012/e-payment/3/2012/1087-1111 dated 30.11.2012 forwarding minutes of the meeting which was held on 23.11.2012 under the Chairmanship of Additional CGA (CA) to discuss various issues involved in implementation of Cheque Truncation System (CTS)-2010 in PAOs of Civil and Non-Civil Ministries/Department of Govt. of India, is enclosed for perusal.

2. In order to full-fledged implementation of CTS-2010 in PAOs of Civil and Non-Civil Ministries/Department of Govt. of India, the following decisions were taken in the said meeting:-

- (i) ISP, Nashik to print cheques for use by all Government Ministries / Department as per 'CTS-2010' Standard and arrange to supply cheques for initial requirements by 31st December, 2012.
- (ii) CTS-2010 Standard to be implemented for Government cheques w.e.f. 1st April, 2013.
- (iii) A Committee comprising officials of o/o CGA, RBI, ISP, MoD, MoR, SBI, Bank of Baroda and PNB as per Annexure be formed to examine all aspects including changes in work processes for physical cheque movements at PAOs, issues related to 'A' 'B' and 'C' category of cheques & cheque serial number, changes required in Govt rules /manuals etc. for implementation of full fledged CTS-2010 for Govt. cheques.

- (iv) CGA office to issue OM to all Ministries /Departments to give indent to ISP, Nashik to print CTS -2010 complaint cheques urgently for delivery before 1st January, 2013. ISP, Nashik will ensure CTS- 2010 printing /quality compliance as per RBI guidelines on the subject. PAOs will destroy old cheques on receipt of CTS cheques.

3. All PCsDA/CsDA are therefore requested that necessary indent for cheque books with CTS-2010 Standard as per your requirements may please be placed to India Security Press, Nashik urgently to enable them to delivery same before 1st January, 2013. In this connection, HQ Office letter of even no. dated 26-11-2012 also refers.

Further, it is also requested to furnish your views by 21-12-2012 after examining all aspects including changes in work processes for physical cheque movements at PCsDA/CsDA, issues related to 'A' 'B' and 'C' category of cheques & cheque serial number, changes required in Govt rules /manuals etc. for implementation of full fledged CTS-2010 for Govt. cheques, so that matter could be discussed in the committee formed by CGA in this regard.

Please acknowledge receipt.

Maushumi Rudra
(Maushumi Rudra)
Jt.CGDA (Accounts & Budget)

07/11/12

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No.S-11012/e-payment/3/2012/1087-1111
 Government of India
 Ministry of Finance
 Department of Expenditure
Controller General of Accounts
 Lok Nayak Bhawan, Khan Market
 New Delhi-110511

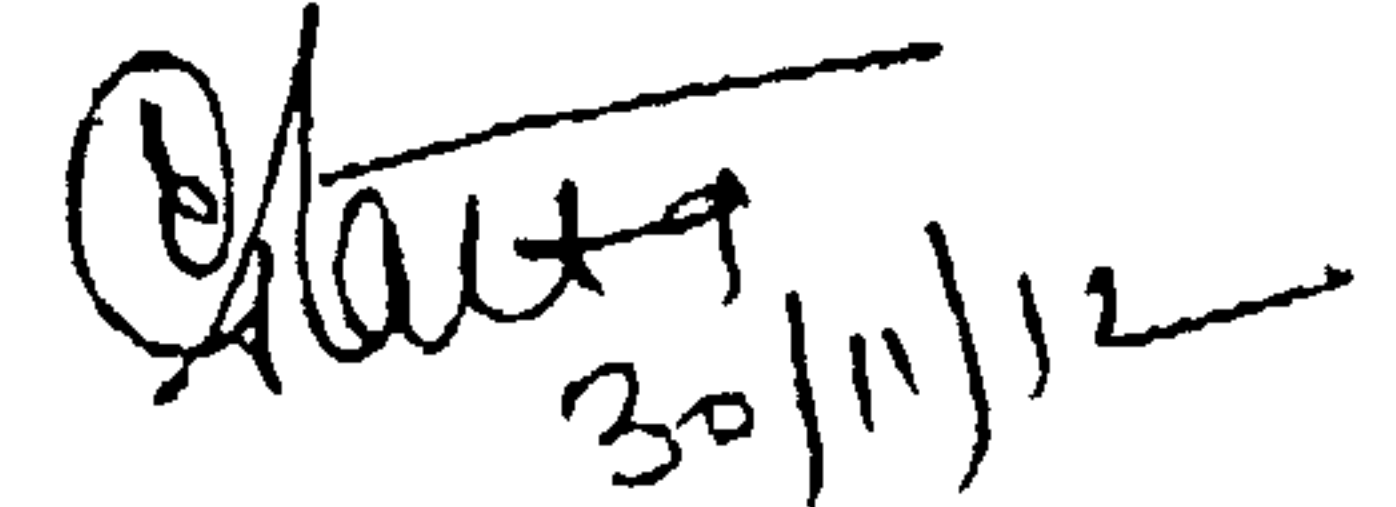
Dated: 30.11.2012

OFFICE MEMORANDUM

Subject: Implementation of Cheque Truncation System (CTS) in Pay & Accounts Offices (PAOs) of Government Department.

The minutes of the meeting held on 23.11.2012 on subject above is enclosed for necessary action.

Encl: As above.



(H.K. Srivastav)

Dy. Controller General of Accounts

011-24641731

To

1. General Manager, Reserve Bank of India, DG&BA, Byculla Office Building, Opp. Mumbai Central Railway Station, Byculla, Mumbai-400008 for nessary action. .
2. Sh. Rajnish Kumar Jevaw, Deputy Director General (PAF), Department of Posts, Dak Bhawan, Sansad Marg, New Delhi.
3. Sh. K. K. Prasad, General Manager, India Seurity Press, Nasik (Maharashtra).
4. General Manager(Agency Banking & Recon.) State Bank Of India, National Banking Group, New Admn. Bldg., 4th Floor, Sector-II, CBD Belapur, Navi Mumbai.
5. General Manager (GBU), State Bank of India, Corporate Centre, 2nd floor, Main Branch Building, 11, Sansad Marg, New Delhi-110001. -
6. General Manger, Punjab National Bank, Govt. Business Division, 2nd Floor, Rajendra Bhawan, Rajendra Place, New Delhi - 110008.
7. General Manager (Operation & Services), Bank of Baroda, H.O. Suraj Plaza-1, Maganwadi, Sayaji Ganj, Baroda - 390005.

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8. General Manager, Bank of India, H.O., General Operations Deptt., Star House, C-5, G Block, Bandra Kurla Complex Bandra (E), Mumbai - 400051.
9. General Manager, Union Bank of India, Government Business Division, Central Office, Union Bank Bhavan, 239, Vidhan Bhavan Marg, Mumbai- 400021.
10. Dy. General Manager, (Printing), SPMCIL, 16th Floor Jawahar Vyapar Bhawan, Janpath, New Delhi-11001.

Copy to:-

1. Dy. GM, RBI, DPSS, Central Office Building, Shahid Bhagat Singh Marg, Mumbai-400001.
2. J.D. (A/c), Ministry of Railways, Rail Board, Rail Bhawan, New Delhi-110001.
3. Jt. CGDA, O/o CGDA, Ulan Batar Road, Palam, Delhi Cantt.-110010.
4. Dy. GM, SBI, GAD, Corporate Centre, Madam Cama Road, 6th Floor, Nirman Point, Mumbai-21.
5. TD (NIC)
6. OSD (TKM)
7. PPS to CGA
8. PS to Addl. CGA (CA)
9. PS to Jt. CGA (MM)
10. PS to Jt. CGA (SKM)
11. PA to Dy. CGA (HKS)
12. PA to Dy, CGA (RBD)
13. Dy. CGA (AKS)
14. ACA (TA) with the request to take nessesry action.
15. Sr. AO (ITD)

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Minutes of the meeting held on 23.11.2012 on Implementation of Cheque Truncation System (CTS) -2010 in Pay & Accounts Offices (PAOs) of Govt. Departments.

A meeting under the Chairmanship of Additional CGA (CA) was held on 23.11.2012 at 'Swasti' Conference Room of this office to discuss various issues involved in implementation of Cheque Truncation System (CTS) -2010 in PAOs of Civil and Non-Civil Ministries/Department of Government of India. List of participants is annexed.

At the outset, Additional CGA welcomed the participants and stated that RBI proposes to bring bank cheques including Government cheques under the purview of CTS-2010 Standard. Apart from other standards CTS 2010 will do away with the 'Paper to Follow' category i.e. only scanned images would be transmitted by the presenting branch to drawee bank and there would be no movement of physical Cheque. However, adoption of CTS would have certain implications on change in standards for physical cheque printing and on the processes being followed at PAOs of Civil and Non-Civil Ministries/Departments. He also informed that the office of CGA has already requested Indian Security Press (ISP) to ensure that cheques printed at ISP, Nasik for use by all Government Ministries/Departments fully comply with the CTS-2010' Standard. He emphasized that printing of requisite cheques for all Government Departments and carrying out various changes required in the processes of PAOs are likely to take some time. In the circumstances, it would not be possible to implement full-fledged CTS -2010 system by 1st January, 2013 as indicated by RBI as far as Government cheques are concerned. The dead line for Government cheques may be fixed as 1st April, 2013.

RBI representative explained the advantages of CTS -2010 stating that it is a breakthrough technological advancement in cheque clearing and security features. All banks are mandated to implement wef 1st Jan 2013. He further mentioned that for Govt departments implementation of CTS 2010 Standard and discontinuance of 'Paper' to 'Follow' category may be done separately. He requested that CTS-2010 Standard be implemented w.e.f. 1st January, 2013 as these have many security features and is to be implemented for all cheques. He mentioned that Govt should follow physical cheque format for deadline of 1st Jan 2013 and other standards like scanned image etc can follow later.

Director (Accounts), DoP stated that it would be difficult to deliver CTS-2010 compliant cheque books to their 900 DDOs by 1st January, 2013, even if these are supplied by December, 2012 by ISP, Nasik.

G.M. ISP informed that indent for supply of CTS 2010 compliant cheques have been received from all offices and initial requirements are being fulfilled. They would be able to deliver these cheques whatever indents have been received till now to various departments by 31st December, 2012.

The likely changes in the existing work flow for payment of Government cheques issued by DDOs/PAOs under the CTS scenario were discussed. Addl CGA stated that since only scanned images would be transmitted to Drawee

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Branch, Accredited Bank would not be in a position to submit 'paid instruments' to PAOs in respect of all payments. In the scenario, the key problem is how the scanned images would be made accessible to PAOs for reconciliation and audit purposes. Besides, it may not be possible to do away with the requirement of physical cheques without proper examination. He also pointed out that it needs to be examined how the scanned images of the cheques would come back to PAOs and what would be the system of storage of images. Also, before implementing full-fledged CTS, it is desirable to examine various changes required in the work processes and amendments to be done in CAM to facilitate implementation of full-fledged CTS in Govt. Departments. He, however, sought the views of RBI and Banks on various issues listed in the background paper circulated to the participants alongwith the meeting notice.

TD, NIC said that RBI / Banks can have a central storage system to which PAOs can have access to download images as & when required. GM SBI advised that archiving of images has to be done by the banks. However, the Banks would need to find a solution to provide access to PAOs. At this stage, it was decided that till a solution evolves in this respect, physical cheques should come back to PAOs as per prevailing practice.

Director (Accounts), DoP stated that if additional data as mentioned in the background paper is captured, reconciliation may be done without cheques but it would need changes in Manuals/Rules. She also pointed out that prefix to serial no. of cheques is not captured by the Bank and it creates problems in payment as serial nos. are repetitive. A solution in this regard needs to be worked out.

After deliberations, the following decisions were taken :-

- i) ISP Nashik to print cheques for use by all Government Ministries/Department as per 'CTS-2010' Standard and arrange to supply cheques for initial requirements by 31st December, 2012.
- ii) CTS-2010 Standard to be implemented for Government cheques w.e.f. 1st April, 2013.
- iii) A Committee comprising officials of o/o CGA, DoP, RBI, ISP, MoD, MoR, SBI, Bank of Baroda and PNB as per Annexure be formed to examine all aspects including changes in work processes for physical cheque movements at PAOs, issues related to 'A', 'B' and 'C' category of cheques & cheque serial number, changes required in Govt rules/manuals etc. for implementation of full-fledged CTS -2010 for Govt Cheques. The first meeting of the Committee may be held on 7th December, 2012 and the Committee may submit report within a month.
- iv) CGA office to issue OM to all Ministries/Departments to give indent to ISP, Nashik to print CTS - 2010-compliant cheques urgently for delivery before 1st January, 2013. ISP, Nashik will ensure CTS -2010 printing / quality compliance as per RBI guidelines on the subject. PAOs will destroy old cheques on receipt of CTS cheques.

Meeting ended with vote of thanks to the Chair.

Annexurethe Truncation System:-

List of Officials nominated in the Committee formed for examination of various issues involved in implementation of CTS.

1. Additional CGA, Office of CGA - Chairman
2. Jt. CGA (RBD & TA), Office of CGA.
3. Dy. CGA (HKS), Office of CGA.
4. Dy. CGA (AKS), Office of CGA.
5. OSD, Office of CGA
6. TD, NIC, Office of CGA
7. G.M. RBI, Central Office, DG&BA, Byculla Office Building, Opp. Mumbai Central Station, Byculla, Mumbai-400008.
8. Dy. GM, RBI, DPSS, Central Office Building, Shahid Bhagat Singh Marg, Mumbai-400001.
9. Dy. Director General (PAF), Department of Posts, 318, Dak Bhawan, Sansad Marg, New Delhi-110001.
10. J.D. (A/c), Ministry of Railways, Rail Board, Rail Bhawan, New Delhi-110001.
11. Jt. CGDA, O/o CGDA, Ulan Batar Road, Palam, Delhi Cantt.-110010.
12. G.M. SBI, GBU, Corporate Centre, 2nd floor, Main Branch Building, 11, Sansad Marg, New Delhi-110001.
13. Dy. GM, SBI, GAD, Corporate Centre, Madam Cama Road, 6th Floor, Nirman Point, Mumbai-21.
14. G.M. Bank of Baroda, Operations & Services, H.O. Baroda.
15. DY. GM, PNB, Government Business Division, H.O. Rajendra Place, New Delhi.