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Dated 28-11-2014

To, AU PCsDA/CsDA

Sub: - Implementation of Cheque Truncation System (CTS)

Copies of the CGA OM No 1(1)/2012/CTS/TA Vol.II/398-460 dated 30-9-2014 and 1(1)/2012/ CTS / TA/Vol.II/467-530 dated 22-10-2014 are enclosed for information, perusal and necessary action.

2. It would be seen from the aforementioned circulars of RBI that existing procedure of accounting of physical cheques will be dispensed with, with effect from 1st January, 2015 and CTS cheques images will be forwarded to the PCsDA/CsDA. The instructions issued by the RBI in this regard relevant to PCsDA/CsDA are as under:-

- (i) The periodicity of custody of Physical Cheques by the presenting bank will be 10 years. In case, some specified cheques are required for the purpose of any investigation, enquiry etc. under the law, they will be reserved by the banks beyond 10 years.
- (ii) The images of all the Government Cheques will be preserved by the drawee banks likewise for a period of 10 years.
- (iii) The drawee bank will continue to send the payment scrolls, monthly DMS etc. The respective images of paid cheques (by way of cash, clearing and transfer) will be sent to PCsDA/CsDA offices through a CD depending upon their volume on daily/weekly/monthly basis, as per their requirement.
- (iv) At any time during the preservation period of cheque, if the PCsDA/CsDA require any paid cheques in physical form, for the purpose of reconciliation, enquiry, investigation etc., the drawee bank shall arrange to furnish the cheques paid by it by way of cash and transfer immediately. In case of cheques paid by way of clearing, the same will be supplied to the PCsDA/CsDA within a reasonable period after obtaining it from the presenting bank.
- (v) As hitherto, drawee bank will continue to send the payment scrolls, monthly DMS etc. to PCsDA/CsDA. The mistakes/ discrepancies noticed therein will be rectified by the bank branches as per prescribed procedure. The FPB/dealing branches will submit the missing images of paid cheques immediately.

(vi) The copies of the scrolls duly verified by the PCsDA/CsDA will continue to be forwarded.

3. It will be scrupulously observed that clear and legible images of truncated cheques are accompanied with all Payment Scrolls. Non receipt/illegible cheques images will be pointed out to the FPB immediately in the usual manner. The Main Scrolls, DMS, and MSS will continue to be reconciled and verified as per existing procedure. There will be no change in the existing procedure of recording and accounting of scrolls on monthly basis.

4. It is requested that necessary arrangements may also be made to keep records of soft copies of the images of the CTS cheques. It is further mentioned that the soft copies of the CTS images will be received in PCsDA/CsDA offices. After implementation of revised procedure of cheques images, it would be for examination whether soft copies of the cheque images can be made use of, for linking and pairing in the OA module of cheque linking. This will reduce the physical cheque linking substantially. A feedback in this regard may also be forwarded by 28th February, 2015.

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