

No.1 (1)/2012/CTS/TANVol.III/ 398-4160  
Ministry of Finance  
Department of Expenditure  
**Controller General of Accounts**  
Lok Nayak Bhawan, Khan Market  
New Delhi-110511

Dated:-30.09.2014

**OFFICE MEMORANDUM**

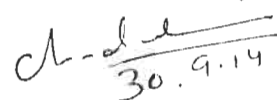
**Subject: Implementation of Cheque Truncation System (CTS): Dispensation of the requirement of forwarding of government cheques in physical form to Government – Change in the Memorandum of Instructions for reporting of Government transactions.**

The RBI vide their circular No.DGBA.GAD.No.H-1204/42.01.035/2014-15 dated 18.09.2014(copy enclosed) has, amended "Memorandum of Instructions issued to agency banks for conducting government business" to discontinue the 'Paper to Follow' (P2F) system with effect from 1<sup>st</sup> October, 2014 in line with implementation of full fledged CTS 2010 and has advised all agency banks to follow the revised procedure for the dispensation of forwarding of Government cheques in physical form to Government after payment.

2. All the Ministries/Departments of Central Government and UTs are advised to be guided by the aforesaid circular of RBI and also co-ordinate with their banks in the successful implementation of full fledged CTS 2010.

This issues with the approval of the Controller General of Accounts.

Encl: - As above.

  
30.9.14

(Chandan Mishra Dwivedi)  
Dy. Controller General of Accounts

To

1. Pr.Chief Controller of Accounts, Central Board of Excise & Customs, AGCR Building, New Delhi.
2. Pr. Chief Controller of Accounts, Central Board of Direct Taxes, 9<sup>th</sup> Floor, Lok Nayak Bhawan, New Delhi – 110003.
3. Pr. Chief Controller of Accounts, Ministry of External Affairs, Jawahar Bhawan, ND.
4. Pr. Chief Controller of Accounts, Ministry of Road Transport and Highways & Ministry of Shipping, IDA Building, Jamnagar House, New Delhi.
5. Chief Controller of Accounts, Ministry of Consumer Affairs, Food & Public Distribution, Room No. 280, Krishi Bhawan, New Delhi.
6. Chief Controller of Accounts, Ministry of Finance, Room No. 241, North Block, ND-1
7. Chief Controller of Accounts, Ministry of Agriculture, Room No. 241-D, Krishi Bhawan, New Delhi.
8. Chief Controller of Accounts, M/o Food Processing Industry, Krishi Bhawan, ND.
9. Chief Controller of Accounts, Ministry of Commerce & Textiles, Room No. 532 A, Udyog Bhawan, New Delhi.
10. Chief Controller of Accounts, Ministry of Health & Family Welfare, Room No. 145-A, Nirman Bhawan, New Delhi.

Contd...2/-

- 11.Chief Controller of Accounts, Ministry of Home Affairs & Development of Northern Eastern Region, Room No. 127-D, North Block, New Delhi.
- 12.Chief Controller of Accounts, Ministry of Human Resource Development, Room No. 515-C, Shastri Bhawan, New Delhi.
- 13.Chief Controller of Accounts, Ministry of Industry, Room No. 172, Udyog Bhawan, New Delhi.
- 14.Chief Controller of Accounts, Central Pension Accounting Office, Trikot-II, Bhikaji Cama Place, New Delhi-110066.
- 15.Chief Controller of Accounts, Ministry of Information & Broadcasting, Room No.759, Shastri Bhawan, New Delhi.
- 16.Chief Controller of Accounts, Ministry of Law, Justice and Supreme Court of India & Department of Company Affairs, Lok Nayak Bhawan, New Delhi.
- 17.Chief Controller of Accounts, Ministry of Rural Development, Room No. 241, Krishi Bhawan, New Delhi.
- 18.Chief Controller of Accounts, Ministry of Steel & Ministry of Mines, Room No. 299-C, Udyog Bhawan, New Delhi.
- 19.Chief Controller of Accounts, Ministry of Social Justice and Empowerment & Ministry of Tribal Affairs, Room No. 515-C, Shastri Bhawan, New Delhi.
- 20.Chief Controller of Accounts, Department of Supply, 16, Akbar Road Hutments, New Delhi.
- 21.Chief Controller of Accounts, Ministry of Urban Development, Urban Employment & Poverty Alleviation, Room No. 111-B, Nirman Bhawan, New Delhi.
- 22.Controller of Accounts, Ministry of Water Resources, Room No. 241-A, Shastri Bhawan, New Delhi.
- 23.Controller of Accounts, Ministry of Chemical & Fertilizer, Room No. 704-A, Janpath Bhawan, New Delhi.
- 24.Controller of Accounts, Department of Chemical & Petro-Chemicals, Room No. 704-A, Janpath Bhawan, New Delhi.
- 25.Controller of Accounts, Ministry of Petroleum and Natural Gas, Room No. 704-A, Janpath Bhawan, New Delhi.
- 26.Financial Controller, Ministry of Civil Aviation and Tourism, Room No. 169, Rajiv Gandhi Bhawan, New Delhi.
- 27.Controller of Accounts, Ministry of Coal, Room No. 241-A, Shastri Bhawan, ND.
- 28.Controller of Accounts, Ministry of Environment and Forest, Room 1011, 10<sup>th</sup> Floor, Paryavaran Bhawan, CGO Complex, New Delhi.
- 29.Controller of Accounts, Ministry of Earth Science, A-20, Mausam Bhawan, Lodi Road, New Delhi.
- 30.Controller of Accounts, Ministry of Information Technology, Room No. 1011, Paryavaran Bhawan, CGO Complex, New Delhi.
- 31.Controller of Accounts, Ministry of Labour & Employment, Room No. 526, Shram Shakti Bhawan, New Delhi.
- 32.Controller of Accounts, Ministry of Personnel, Public Grievances and Pensions, Room No. 349, Lok Nayak Bhawan, New Delhi.
- 33.Controller of Accounts, Ministry of Planning & Ministry of Statistics and Programme Implementation, Room No. 237, Yojana Bhawan, New Delhi.
- 34.Controller of Accounts, Ministry of Power, Room No. 844, Sewa Bhawan, R.K.Puram, New Delhi.

35. Controller of Accounts, Ministry of Non-Conventional Energy Sources, Room No.1011, Paryavaran Bhawan, CGO Complex, New Delhi.
36. Controller of Accounts, Ministry of Science & Technology, Hall K, Technology Bhawan, New Delhi.
37. Chief Controller of Accounts, Department of Atomic Energy, Anushakti Bhawan, Chhatrapati Shivaji Maharaj Marg, Mumbai.
38. Chief Controller of Accounts, Department of Space, Antaishksh Bhawan, New B.E.L. Road, Bangalore - 560231.
39. Pr. Director (IS & IT Audit), O/o the Comptroller & Auditor General of India, Pocket-9, Deen Dayal Upadhyay Marg, New Delhi-110124.
40. Controller of Aid, Accounts & Audit, 5th Floor, B-Wing, Janpath Bhavan, Janpath, New Delhi-110001.
41. Pay & Accounts Officer, Lok Sabha Secretariate, Room No. 302, Parliament House Annexe, New Delhi.
42. Pay & Accounts Officer, Rajya Sabha Secretariate, Room No. 141, Parliament House Annexe, Rajya Sabha Secretariat, New Delhi-110001.
43. Dy. Election Commissioner & Financial Adviser, Election Commisison, Nirvachan Sadan, Ashoka Road, New Delhi.
44. Director of Accounts & Budget, A&N Administration, Port Blair-744101.
45. Director of Accounts, Lakshadweep Administration, Kavaratti, Lakshadweep.
46. Director of Accounts, Daman, O/o the Director of Accounts, Diu Administration, opp. Municipal Garden Fort Area, Moti Daman, Daman-396220.
47. AG (AE) (U.T. Chandigarh), O/o the Accountant General (A & E), Punjab (U.T. Sub-Office, Chd), Sector-17, Plot No. 20, Chandigarh-160017.
48. Director of Accounts, UT Dadra and Nagar Haveli Administration, Silvassa-396230.
49. Director of Accounts, Treasuries (DAT), Main Road, Rainbow Nagar, Puducherry-605001.
50. Dy.C.D.A. O/o the P.C.D.A., Ministry of Defence, Ulan Batar Road, Palam, Delhi Cantt.-110010.
51. Jt. Director (Accounts), Railway Board, Ministry of Railways, Rail Bhawan, New Delhi -110001.
52. Dy. Director General (PAF), Department of Posts, Room No.405, 4<sup>th</sup> Floor Sansad Marg, Dak Bhawan, New Delhi.
53. Dy. Director General (Accounts), Department of Telecommunication, Room No.705, Sanchar Bhawan, 20 Ashoka Road New Delhi.

**Copy to:-**

1. PPS to CGA
2. PPS to Addl.CGA (PK)
3. PS to Jt. CGA (MM)
4. PA to Dy. CGA (RBD)
5. PA to Dy. CGA (TA)
6. PA to Dy. CGA (ITD)
7. ACA, ITD
8. OSD
9. Sr. TD (NIC)
10. Sr. AO (ITD) with the requested to upload this OM on the website of Controller General of Accounts.



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA  
www.rbi.org.in

DGBA.GAD.No. 1206 / 42.01.035 /2014-15

September 18, 2014

The Controller General of Accounts  
Government of India  
Ministry of Finance  
Department of Expenditure  
Lok Nayak Bhawan, 7<sup>th</sup> floor  
Khan Market  
New Delhi 110 511

Dear Sir

**Implementation of Cheque Truncation System (CTS) : Dispensation of the requirement of forwarding of government cheques in physical form to Government - Change in the Memorandum of Instructions for reporting of government transactions**

As per the approval accorded by your Office vide letter dated July 14, 2014, we have vide our circular DGBA.GAD.No.H-1204/42.01.035/2014-15 dated September 18, 2014, advised all agency banks regarding the revised procedure to be followed in regard to the dispensation of requirement of forwarding of government cheques in physical form to Government after payment. The "Memorandum of Instructions issued to agency banks for conducting government business" has been suitably amended.

2. You are requested to kindly advise all your accounting authorities to accept the images of paid cheques in place of cheques in physical form as per the requirements under the revised scheme.

Yours faithfully

(K. Ganesha)  
Deputy General Manager  
Encl: 1

सर्वप्रथम भारतीय रिज़र्व बैंक, केंद्रीय कार्यालय, भारतीय रिज़र्व बैंक, केंद्रीय कार्यालय, भवन-400/008, नया दिल्ली-110 008।  
फोन: (022) 2308 4121 फैक्स: (022) 2300 0370, 2301 6072 ईमेल: dgba@rbi.org.in

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भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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RBI/2014-15/237

DGBA.GAD.No.H - 1204/42.01.035/2014 - 15

September 18, 2014

The Chairman & Managing Director /  
The Chief Executive Officer  
All Agency Banks

Dear Sir / Madam,

**Implementation of Cheque Truncation System (CTS): Dispensation of the requirement of forwarding of government cheques in physical form to Government - Change in the Memorandum of Instructions for reporting of government transactions**

As part of enhancing the efficiency in cheque clearing, Reserve Bank has introduced CTS for clearance of cheques facilitating the presentation and payment of cheques without their physical movement. While this process has stabilized, the current requirement of forwarding the government cheques in physical form, after payment to the government departments, requires a change. The matter relating to dispensation of this requirement was taken up with the government and we are pleased to inform that the Controller General of Accounts, Ministry of Finance, New Delhi has given approval to our proposal of doing away with the requirement of returning paid government cheques back to Government Departments concerned. Accordingly, the following modifications in the "Memorandum of Instructions issued to Agency Banks for conducting government business" will be effected:-

- 1 Both the presenting banks and drawee banks would continue to discharge their duties prescribed under various Acts/Regulations/Rules such as the Negotiable Instruments Act 1881, Bankers' Books Evidence Act 1891, Clearing House Regulations, Rules framed under CTS, etc. The government cheques would be paid in CTS clearing based on their electronic images.
2. In case any drawee bank desires to verify the government cheque in physical form before passing it for payment, the image would be returned unpaid under the reason "present with documents". The presenting bank shall ensure that the instrument is presented again in the next applicable clearing session without any reference to the Account holder
3. The presenting banks are required to preserve the physical cheques in their custody securely for a period of 10 years as required under CTS. In case some specific cheques are required for the purpose of any investigation, enquiry, etc., under the law, they may

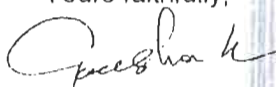


be preserved beyond 10 years. The images of all the government cheques paid should be preserved by the drawee banks likewise for a period of 10 years.

4. The government cheques paid by a drawee bank across its counter by way of Cash withdrawal or Transfer also need to be truncated and preserved for 10 years. Adequate safeguards should be built to ensure that these images are captured separately by the drawee banks and not mixed up with the images of the instruments received for payment in clearing. A common electronic file containing the images of all the cheques paid should be created, on a daily basis.
5. The drawee bank should continue to send the payment scrolls, monthly DMS, etc., to government department as hitherto. The respective images of paid cheques (by way of cash, clearing and transfer) should be sent to the Government by way of electronic media or through a CD depending upon their volume on daily/weekly/monthly basis, as per their requirement.
6. At any time during the preservation period of cheques, for the purpose of reconciliation, enquiry, investigation, etc., the Government may require any paid cheque in physical form for which it would approach the drawee bank. Whenever so demanded by the Government, 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 should be supplied to Government within a reasonable period after obtaining it from the presenting bank. It is the responsibility of the presenting bank to comply with the requirement of the Government for any physical cheque and furnish the same to the respective drawee bank.
7. At present, the CTS is operated on grid basis. Hence, the government cheques drawn on RBI / agency banks may be presented against the drawees within the grid only
8. As hitherto, the drawee bank should continue to send the payment scrolls, monthly DMS, etc., to Government Department. They should ensure that the mistakes/ discrepancies pointed out are rectified as per procedure, missing images of paid cheques are submitted immediately, the copies of the scrolls duly verified by the PAO are kept on its record, etc

The revised guidelines would be effective from October 1, 2014.

Yours faithfully,



(K. Ganesha)

Deputy General Manager