

PRINCIPAL ACCOUNTS OFFICE  
GOVERNMENT OF NCT OF DELHI  
'A' BLOCK:VIKAS BHAWAN:NEW DELHI

No.F.2(13)/2015/T-I/Pr.A.O./PF/286-288

Dated: 15/02/2016

CIRCULAR

**Sub:- Implementation of CTS-2010 Standard-Discontinuation of requirement for Paper to follow (P2F) for Central Government Cheques under Cheque Truncation System.**

Sir/Madam,

The office of CGA, Govt.of India, Ministry of Finance vide O.M. No.1(1)/2012/CTS.TA/Vol.II/12-65 dated 18.01.2016 has advised all Ministeies/Departments of the Central Government and U.Ts. to take action as per the Circular No.DGBA.GAD.No.2036/42.1.035/2015-16 dated December 31,2015 of the Reserve Bank of India in coordination with their authorizd banks for successful implementation of the full fledged CTS-2010 Standard.

As per the instructions of the Reserve Bank of India, the physical cheques issued by the Pay & Accounts Offices would be retained in presenting bank branch and only electronic image of the paid cheques preserved by the presenting bank branch would be sent to PAOs through payment scrolls/DMS by way of secured electronic communications/e-Mail etc. as per the requirement.


The methodology of receiving the electronic image of the paid cheques from the payment branch in PAOs is being finalized in consultation with the SBI Authorities. A copy of the O.M. No.1(1)/2012/CTS.TA/Vol.II/12-65 dated 18.01.2016 of office of CGA along with Reserve Bank of India Circular No. No.DGBA.GAD.No.2036/42.1.035/2015-16 dated December 31,2015 is sent herewith with the advise to arrange the accounting of Paid Cheques according to these guidelines. In case of any difficulty, matter may be referred to this office for clarification/guidance.

This issues with the approval of Controller of Accounts.

Yours faithfully,



(K.V.BABU)  
DCA (Tech.)

To  
The Pay & Accounts Officer   
All PAOs,  
Govt.of NCT of Delhi  
Delhi/New Delhi

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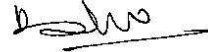
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No.F .2(13)/2015/T-I/Pr.A.O./PF/286-288

Dated: 15/02/2016

Copy for kind information to :-

1. The AGM (Government Business), State Bank of India, LHO, 7<sup>th</sup> Floor, Sansad Marg, New Delhi.
2. The Sr.System Analyst, Headquarter.



Dy.Controller of Accounts (Tech.)

8/2

No.1 (1)/2012/CTS/TA/Vol.II/2-65  
Ministry of Finance  
Department of Expenditure  
**Controller General of Accounts**  
Lok Nayak Bhawan, Khan-Market  
New Delhi-110511

Dated: - 18.01.2016

OFFICE MEMORANDUM


**Subject: Implementation of CTS 2010 Standard - Discontinuation of the requirement for Paper to Follow (P2F) for Central Government cheques under Cheque Truncation System.**

In continuation of this office OM No.1(1)/2012/CTS/TA/Vol.II/742-805 dated 08.07.2015 and with reference to discontinuation of the requirements for Paper to Follow, a notification issued by RBI vide No.DGBA.GAD.No.2036/42.01.035/2015-16 dated 31.12.2015 is enclosed. The RBI 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> February, 2016 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.

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 authorised banks in the successful implementation of full fledged CTS 2010 Standards.

This issues with approval of the Controller General of Accounts.

Encl. As above.



(Shailendra Kumar)  
Deputy Controller General of Accounts

To

1. Addl. CGA and Pr. Chief Controller of Accounts, Ministry of Home Affairs & Development of Northern Eastern Region, Room No. 127-D, North Block, New Delhi.
2. Pr.Chief Controller of Accounts, Central Board of Excise & Customs, AGCR Building, New Delhi.
3. Pr. Chief Controller of Accounts, Central Board of Direct Taxes, 9<sup>th</sup> Floor, Lok Nayak Bhawan, New Delhi - 110003.
4. Pr. Chief Controller of Accounts, Ministry of External Affairs, Jawahar Bhawan, N Delhi.
5. Pr. Chief Controller of Accounts, Ministry of Road Transport and Highways & Ministry of Shipping, IDA Building, Jamnagar House, New Delhi.
6. Pr. Chief Controller of Accounts, Ministry of Human Resource Development, Room No. 515-C, Sheatri Bhawan, New Delhi.
7. Chief Controller of Accounts, Ministry of Consumer Affairs, Food & Public Distribution, Room No. 280, Krishi Bhawan, New Delhi.
8. Chief Controller of Accounts, Ministry of Finance, Room No. 241, North Block, N Delhi-1.
9. Chief Controller of Accounts, Ministry of Agriculture, Room No. 241-D, Krishi Bhawan, New Delhi.
10. Chief Controller of Accounts, M/o Food Processing Industry, Krishi Bhawan, N Delhi -1.

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

DGBA.GAD.No. 2038/42.01.035/2015-16

December 31, 2015

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

Dear Sir/Madam

**Discontinuation of the requirement for Paper to Follow (P2F) for  
Central Government cheques under Cheque Truncation System**

With a view to enhancing efficiency in cheque clearing, Reserve Bank has introduced Cheque Truncation System (CTS) for clearance of cheques, facilitating the presentation and payment of cheques without their physical movement. Taking this initiative forward, it has now been decided in consultation with the Office of the Controller General of Accounts (CGA), Ministry of Finance, Government of India, to dispense with the current requirement of forwarding the paid Central Government cheques in physical form (commonly known as P2F) to the Government departments. Accordingly, it has been decided to modify the "Revised Memorandum of Instructions for reporting and accounting of transactions of Union Ministries Expenditure Accounts (UMEA) by the accredited public sector banks (effective from 1st May 1989)" as under:

- (a) This circular may be treated as an addendum to the Instructions and inserted as Annexure-15 of the Memorandum of Instructions.
- (b) In Cheque Truncation System, the 'drawee bank' means the dealing branch of a bank accredited to a Ministry/ Department on which the cheques are drawn. The 'presenting bank' means a branch of any bank where the cheques are presented for payment by the clients. Both the presenting banks and drawee banks would continue to discharge their duties prescribed under various Acts/Regulations/Rules such as the Negotiable

सरकारी और बैंक चेक निष्पन्न, केंद्रीय खातेलन, जनसहाय ऑफिस दिल्ली, 4 वीं फ्लोर, भायकला, मुंबई - 400 008, भारत  
फोन : (022) 2308 4121 फेक्स : (022) 2300 0370, 2301 8072 ई-मेल : cgmincdgbaco@rbi.org.in

Department of Government & Bank Accounts, Central Office, Byculla Office Building, 4th Floor, Byculla, Mumbai-400 008, India  
Tel : (022) 2308 4121 Fax : (022) 2300 0370, 2301 8072 E-mail : cgmincdgbaco@rbi.org.in

हिंदी अक्षरों में, इसका प्रमाण नकारिए।



Instruments Act 1881, Bankers' Books Evidence Act 1891, Uniform Regulations and Rules for Bankers' Clearing Houses, Procedural Guidelines for Cheque Truncation System etc. with respect to payment of cheques. The government cheques would henceforth be paid in CTS clearing solely based on their electronic images. The paid cheques in physical form would be retained by the presenting bank.

- (c) 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 document". The presenting bank on such instances shall ensure that the instrument is presented again in the next applicable clearing session without any reference to the account holder (payee).
- (d) The presenting banks are required to preserve the physical instruments in their custody securely for a period of 10 years as required under Procedural Guidelines for 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. Drawee banks shall make necessary arrangements to preserve the images of all government cheques for a period of 10 years with themselves or through the National Archival System put in place by National Payments Corporation of India (NPCI).
- (e) 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 shall 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 paid cheques shall be created on a daily basis for onward transmission to government departments.
- (f) As prescribed in para 7 of the Memorandum of Instructions, the drawee bank (dealing branch) shall continue to send the payment scrolls, monthly

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DMS, etc., to the designated Focal Point Branch as hitherto. The Focal Point Branch, in turn, will forward the same to the concerned Pay and Accounts Officer. As the paid cheques would no longer be available with the dealing branch, the same will not be attached with the payment scroll. However, the electronic images of paid cheques (by way of cash, clearing and transfer), preserved by the presenting branch, shall be provided to the Pay and Accounts Officers (through Focal Point Branch) by way of secured electronic communication/ e-mail, etc., as per their requirement.

- (g) At any time during the preservation period of cheques, for the purpose of reconciliation, enquiry, investigation, etc., the Pay and Accounts Officer may require any paid cheque in physical form for which the Pay and Accounts Officer would approach the Focal Point Branch. Whenever so demanded by the Pay and Accounts Officer, the Focal Point Branch shall arrange to furnish the cheques paid by the dealing branch by way of cash and transfer immediately. In case of cheques paid by way of clearing, the same shall be supplied to the Pay and Accounts Officer within a reasonable period after obtaining it from the presenting bank. It is the responsibility of the presenting bank in such instances to comply with the request of the Pay and Accounts Officer/drawee bank for any physical cheque and provide the same to the respective Pay and Accounts Officer / drawee bank within a reasonable period.
- (h) At present, the CTS is operated on grid basis. Hence, the government cheques drawn on RBI / agency banks shall be presented in the grid within whose jurisdiction the accredited/authorised branch of paying bank is located.
- (i) As hitherto, the Focal Point Branch shall ensure through the dealing branch that the mistakes/ discrepancies pointed out in payment scrolls, monthly DMS etc 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.

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The revised guidelines would be effective in respect of cheques issued by the Central Government and Union Territories (UTs) from February 1, 2016.

Yours faithfully

(G. Sreekumar)  
Chief General Manager

