



OFFICE OF THE CONTROLLER GENERAL OF DEFENCE ACCOUNTS,
ULAN BATAR ROAD, PALAM, DELHI CANTT. -110010
PCDA, OSD (A&B) Tel No 011-25674835, Section Tel No. 011-25665736, FAX No 011-25674786

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

Dated: 26-02-2016

To,

All PCsDA/CsDA


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

Ref: HQrs Circular Letter No.A/III/13348/CH./Trun./Vol-IV Dated: 19-10-2015 and 03-12-2015 and 10.12.2015

Revised guidelines issued vide RBI No. DGBA.GAD.No 2036/42.01.035/2015-16 dated 31.12.2015 on the above subject received under the CGA, Department of Expenditure, Ministry of Finance, Office Memorandum no 1(1)/2012/CTS/TA/Vol-II/2-65 dated 18.01.2016 are forwarded herewith for your guidance and reference please.

2. Further, the RBI has amended " Memorandum of Instruction issued to agency Banks for conducting Govt. Business" to Discontinue the Paper to Follow (P2F) system w.e.f 1st 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 Government Cheques in physical form to Government after payment.

3. It is therefore requested that revised guidelines as mentioned in the aforesaid Memorandum/ Circular of RBI may be adhered to strictly for implementation of CTS-2010 standards.


(RASHPAL)
ACGDA (A&B)

No.1 (1)/2012/CTS/TAM 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

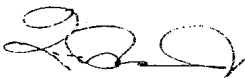
Subject: Implementation of CTS 2010 Standard - Discontinuation of the requirement for Paper to Follow (P2F) for Central Government cheques under Cheque Truncation System.

In continuation of this office OM No.1(1)/2012/CTS/TAM Vol. II/742-865 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 **1st 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, 9th 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, Shastri 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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11. Chief Controller of Accounts, Ministry of Commerce & Textiles, Room No. 532 A, Udyog Bhawan, New Delhi.
12. Chief Controller of Accounts, Ministry of Health & Family Welfare, Room No. 145-A, Nirman Bhawan, New Delhi.
13. Chief Controller of Accounts, Ministry of Industry, Room No.172, Udyog Bhawan, N. Delhi.
14. Chief Controller of Accounts, Central Pension Accounting Office, Trikoot-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, N. 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, 10th 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 Mahafaj Marg, Mumbai.

38. Chief Controller of Accounts, Department of Space, Antaish 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 Bhawan, 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 Commission, 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, 4th 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 (GPG)
3. PS to Jt. CGA (TA/ITD)
4. PS to Jt. CGA (RBD)
5. PA to Dy. CGA (TA)
6. PA to Dy. CGA (RBD)
7. PA to Dy. CGA (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.
11. Sh. Sreekumar, CGM, RBI, Department of Government & Bank Accounts, Central Office, Byculla Office Building, 4th Floor, Byculla, Mumbai - 400008 w.r.t. their letter No.DGBA.GAD.No.2036/42.01.035/2015-16 dated 31.12.2015.



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

www.rbi.org.in

DGBA.GAD.No. 2036/42.01.035/2015-16

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 लेखा विभाग, केंद्रीय कार्यालय, भायखला ऑफिस बिल्डिंग, 4 थी मंजिल, भायखला, मुंबई - 400 008, भारत
फोन : (022) 2308 4121 फैक्स : (022) 2300 0370, 2301 6072 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 6072 E-mail : cgmincdgbaco@rbi.org.in

हिंदी आसान है, इसका प्रयोग बढ़ाइए



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

R.S.



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.

A.S.



2. 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

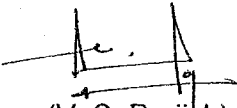
A handwritten signature in black ink, appearing to be 'G. Sreekumar', written over a faint, large watermark or signature line.

(G. Sreekumar)
Chief General Manager

Endt.DGBA.GAD.No. 2137 /42.01.035/2015-16 of date

Copy forwarded for information and necessary action to :

- ✓ 1. The Controller General of Accounts, Ministry of Finance, Department of Expenditure, 7th Floor, Lok Nayak Bhawan, New Delhi-110511.
2. The Chief General Manager, Department of Payment & Settlement Systems, Reserve Bank of India, Central Office, 14th Floor, Central Office Building, Shahid Bhagat Singh Marg, Mumbai - 400 001.
3. The Regional Director/Chief General Manager/O-i-C, Reserve Bank of India, Ahmedabad / Bangalore / Bhopal / Bhubaneswar / Belapur, Navi Mumbai / Chennai / Chandigarh / Guwahati / Hyderabad / Jaipur / Kolkata / Kanpur / Mumbai / Nagpur / New Delhi / Patna / Thiruvananthapuram/CAS, Nagpur.


(V. S. Prajish)
Assistant General Manager