

Cheque Truncation System

Standard Operating Procedure

Multi Session

For Processing CTS 2010 non CTS 2010 instruments .

With effect from January 1, 2015

1. Introduction

- I. This standard operating procedure is issued in terms of paragraph 2(a) of RBI circular number DPSS.CO.CHD. No. /133/04.07.05/2013-14 dated July 16, 2013 detailing the procedure for processing CTS 2010 and Non-CTS 2010 instruments in the three CTS grid locations (Chennai, Mumbai and New Delhi), DGBA.GAD.No.H - 1204/42.01.035/2014 -15d dated September 18, 2014 and DGBA.GAD.No.H - 1463/42.01.035/2014 -15 dated September 30, 2014.

The following is the gist of the circular dated July 16, 2013

- II. Different sessions will be run for CTS 2010 and Non-CTS 2010 instruments. Sessions for Non-CTS 2010 instruments will be run once a week on every Monday with effect from November 1, 2014.
- III. Segregation of instruments will be handled by the presenting bank.
- IV. If Non-CTS 2010 instruments are presented in incorrect session then the drawee bank can return all such instruments as detailed in paragraph 3(vi)/4(ii).
- V. Instructions contained in paragraph (II) above are applicable to all types of instruments including government cheques.

The following is the gist of the circular dated September 18, 2014

- I. Government cheques received through CTS would be paid based on the electronic images.
- II. In case of need, the paying bank can demand the presenting bank to produce the physical instrument under the provision of NI Act 1881 and CTS procedural guidelines. The presenting bank to submit the physical instrument without recourse to the payee on such instances.
- III. Government cheques drawn on RBI / agency banks should be presented within the jurisdiction in which the accredited paying bank branch is located

Based on the circulars cited above the following changes need to be done at CH's end and participating bank's end for implementation.

Annexure II and III may be referred for Technical Specifications.

2. Clearing House (CH)

- I. New clearing type(11) will be defined for specific days on which Non-CTS 2010 instruments in addition to the existing clearing(type no.01).
- II. Clearing for Non-CTS 2010 instruments (clearing type no.11) will be run on every Monday with value dating on the next working day.
- III. Corresponding returns sessions will be conducted on the value dates(Tuesdays)
- IV. ** In case of holiday falling on any of the above scheduled session days the presentation session will be pre-poned to the previous working day and return session will be conducted next available working day to the holiday.
- V. For session timings for each clearing type refer Annexure I
- VI. Session differentiation will be handled through clearing type in the file formats (for technical details refer Annexure II and III)
- VII. When the instruments are presented by the banks with relevant clearing type, the CHI based on the clearing type provided in the CXF file attaches the files to relevant session.
- VIII. Blockage will be applicable to all sessions.
- IX. Extension will be applicable to a specific session.
- X. Inward files, session reports settlement will be generated separately for each clearing type.
- XI. Daily reports pertaining to system log will continue to be common for all sessions.
- XII. The holiday calendar will be common to all sessions.
- XIII. There will be single P2F session (combined) for both the presentation session. P2F session will be for IQA failure instruments and instruments demanded under section 64(2) of the Negotiable Instruments Act 1881.

3. Procedure At Presenting Bank

- I. The onus of segregating CTS 2010 & Non-CTS 2010 instruments is on the presenting bank.
- II. Banks should ensure that they have the internal process to segregate CTS 2010 and Non-CTS 2010 instruments.
- III. Based on the technical details provided in the Annexure II, banks should do suitable changes in the capture system to allow the user to choose relevant clearing type for each set of instruments and handle acknowledgement, inward and return files received from CHI.
- IV. It should be ensured that the presentation files are generated separately for each of the clearing types.

- V. Government cheques to be presented as Doc Type B instruments under normal circumstances. In case of IQA failure or demanded under section 64(2) of NI Act 1881 the government cheques to be presented with Doc Type C.
- VI. While scanning the instruments care should be taken to ensure the instruments are presented with relevant clearing type. Banks should ensure that they use the relevant clearing type for Non-CTS 2010 instruments (clearing type no.11) as per the schedule provided above to ensure no inconvenience is caused to the customers/other participating banks.
- VII. Upon the commencement of special session for non-CTS-2010 instruments, drawee banks will return the Non-CTS 2010 instruments, if any, presented in the regular CTS-2010 clearing, under the reason code '37-Present in proper zone'. Such returned instruments will have to be re-presented by the collecting bank in the immediate next special clearing session for Non-CTS 2010 instruments in accordance with the instructions contained in RBI circular no. DPSS.CO.CHD.No.2030/03.06.01/2012-2013 dated May 7, 2013.
- VIII. Separate settlement reports/data will be supplied to member banks pertaining to Non-CTS 2010 instruments drawn on them.
- IX. Ensure that reconciliation process is in place to handle multiple sessions and settlements accordingly.
- X. Segregate the P2F instruments of both the sessions and present the same in the P2F session. There will be a combined P2F session per day.

4. Procedure at the drawee bank

- I. Should have the facility in the capture system to identify the data pertaining to different clearing type and sessions and process them separately/independently.
- II. In terms of the instructions contained in paragraph 2(b) of RBI circular DPSS.CO.CHD.No. /133 / 04.07.05 / 2013-14 dated July 16, 2013, if the presenting bank presents an instrument in an improper zone, then the drawee bank can return all such cheques with reason code '37-Present in proper zone'
- III. Banks should use appropriate return reason code provided for all such returns. Due care should be taken to ensure returns are made in the appropriate clearing type as the return sessions for Non-CTS 2010 instruments will be run only on specific days.
- IV. It should be ensured that the return files are generated separately for each of the clearing types.
- V. Extension for returns continues to work on the basis of clearing session number. Therefore banks need to take care while approaching President of the Grid Centre (RBI) for extension by quoting the relevant session number as well as the clearing type, for which, extension is required.
- VI. Ensure that reconciliation process is in place to handle multiple sessions in different clearing types and settlements accordingly.

5. Returns handling

- I. Separate returns sessions will be opened for both the types of instruments as is followed for presentation clearing.
- II. Extension will work on session number for relevant clearing type.
- III. While requesting for extension to the President of the Grid, banks should take adequate caution to ensure that they mention the relevant presentation session numbers along with clearing type for which extension is sought
 - a. For example the following are the indicative clearing type numbers
 - i. CTS 2010 instrument - 01
 - ii. Non CTS 2010 instrument - 11 (for illustration only. Refer to paragraph iv)
- IV. No request for extensions for returns under clearing type number 11(Non-CTS 2010) will be considered as Non-CTS 2010 instruments sessions are conducted once a week and sufficient time is provided for processing the instruments.
- V. Banks should put in place reconciliation process to ensure the debits/credits received for the returns of CTS 2010 and Non-CTS 2010 instruments.

Annexure I -Session timings

Western Grid(Mumbai)		
Session Type	Monday - Friday	Saturday
Presentation		
CTS 2010 instrument	02:30 PM to 07:30 PM	01:30 PM to 04:30 PM
Non-CTS 2010 instruments	10:00 AM to 12:00 Noon	-
Returns(on the next working day/value date)		
CTS 2010 instrument	12:00 Noon to 02:00 PM	12:00 Noon to 02:00 PM
Non-CTS 2010 instruments	10:45 AM to 12:00 Noon	-
P2F session timings: 08:30 PM to 09:00 PM(across all grid locations) on weekdays		
P2F session timings: 05:30 PM to 06:00 PM(across all grid locations) on Saturdays		

Annexure II - Technical details

In order to implement the dispensation of the requirement of forwarding of government cheques in physical form to government, both NPCI and Banks need to carry out few systemic changes at Clearing House, Clearing House Interface, CHI Specification and Capture application

Changes at Clearing House

Handling transaction codes from 20 to 27

The transaction codes from 20 to 27 mapped as government instruments will be unmapped and CHT will be committed for the banks to update the master (CHM) in their capture system.

Handling 3 digit tran code & 7 digit account number

In system parameter table configuration for "VLD_GOV_CHEQ" will be updated from current value "1" to new value "0"

With this change ECPIX will stop any further validation which identifies and segregate the normal cheque and government cheque. Hence all government cheques will be accepted by ECPIX as normal cheque only and will follow the work flow for normal cheque.

Changes at Clearing House Interface (CHI)

At CHI as well, in system parameter table configuration for "VLD_GOV_CHEQ" will be updated from current value "1" to new value "0".

Changes in Clearing House Specification

NPCI will release the revised CHI specification which will include changes in the sections which will get impacted due to proposed process. Below table provides details of changes which will be included in the revised CHI specification version

S No	CHI Spec Section	Detail	Change
1	Section 3.7.1	Government Cheque validation: This validation ensures that if the cheque is a government cheque, it should be processed as "Image To Follow with Paper To Follow".	Will be deleted
2	Section 8.e (CHI)	Report of items detected as 'government cheques' - Contains the list of government cheques	Report will continue as it is
3	Appx 4.1.3.3 Item	The capture system must detect the special case for Government Cheque account numbers. They are: <ul style="list-style-type: none"> 7 digit account number and a 3 digit trancode. Example 1234567 and 987 from the MICR line are formed into the account number 1234567, and trancode 987. 6 digit account number and trancode in the range 20-27. Example 876543 and 21 from the MICR line are formed into the account number 876543, and trancode 21 	Will be deleted

4	Appx 4.3.10.3.3.1 Reject Reason	(Reject Reason Code-15/27)	Will be deleted
5	Appx 7 Appendix CC	- Clearing Type	In this section, description and Doc type for Government debit presentments against each of the clearing type will be deleted

Changes in Capture Application:

Banks have used following two implementation approaches for capture application.

1. Manual selection of document type at the time of scanning: Banks that are manually selecting doc type at capture level before sending files to CHI. In such cases there is no system change involved, however they have to do process level change wherein at the time of scanning government cheques the user should select 'doc type B' and then send files to CHI.
2. Automated capture of government cheques as doc type c: Banks using tran code and account number logic for automated capturing for government cheques as document type "C". All these banks need to do changes in their capture system to treat government instruments similar to the other normal instruments.
3. **Only the IQA validation failed cases should be categorised as document type "C"**

The drawee banks should implement necessary changes in their capture solution to identify the Government cheques and have mechanism to share the images of the paid instruments to the respective Government department.

Annexure III

- **CXF File Name Format:**
CXF_nnnnnnnnnn_ddmmyyyy_hhmmss_xx_bbbbbbbbbb.XML

Syntax :

Where:

nnnnnnnnnn -Capturing bank/branch Routing Number

ddmmyyyy -Creation Date (same as in File Header)

hhmmss -Creation Time (same as in File Header)

xx -Clearing Type

bbbbbbbbbb -File ID

.XML Is a mandatory file type suffix

Example: CXF_682452002_19082013_163006_01_0000000001.XML

- **Content Of CXF will be having bellow Structure of Tags,**

```

<FileHeader ... >
  <Item ... >
    <Addenda ... />
    <MICRDS ... />
    <ImageViewDetail ... >
      <ImageViewData ... />
      <ImageDS ... />
      <ImageViewAnalysis ... />
    </ImageViewDetail>
    :
  </item>
  <FileSummary ... />
</FileHeader>

```

Example:

```

<?xml version="1.0" encoding="utf-8" ?>
- <FileHeader xmlns="urn:schemas-ncr-com:ECPIX:CXF:FileStructure:010003" VersionNumber="010003"
  TestFileIndicator="P" CreationDate="19082013"
  CreationTime="163006" FileID="0000000001">

  - <Item ItemSeqNo="16829101001002" PayorBankRoutNo="682019005" Amount="71200"
    SerialNo="189692" TransCode="11" PresentingBankRoutNo="682452000"
      PresentmentDate="19082013" CycleNo="01" NumOfImageViews="3"
    ClearingType="01" DocType="B" MICRRepairFlags="000000" SpecialHandling="0" UserField="HO MASK
      A/C FOR CLGXXX" IQIgnoreInd="0" CurrencyInd="INR">

      <Addenda BOFDRoutNo="682452001" BOFDBusDate="19082013"
        DepositorAcct="046262040005" IFSC="UBIN0DCBEDC" />

    <MICRDS Source ..... />

```

```

<ImageViewDetail ... >
<ImageViewData ... />
<ImageDS ... />
<ImageViewAnalysis ... />
</ImageViewDetail>
</item>

<FileSummary TotalItemCount="1" TotalAmount="71200" />
</FileHeader>

```

- **RRF File Name Format:**
RRF_ nnnnnnnnnn _ddmmyyyy_hhmmss_xxxxxxxxxx.XML

Syntax :

Where:

RRF	Return Request File
nnnnnnnnnn	CHI / Payor Bank / Payor Branch Routing Number
ddmmyyyy	File Creation Date
hhmmss	File Creation Time
xxxxxxxxxx	FileID
.XML	is a mandatory file type suffix

- **Content Of RRF will be having bellow Structure of Tags**

C1	<p>The Return Request file structure shall be:</p> <pre> <FileHeader ... > <Item ... > <Addenda ... /> <MICRDS ... /> </item> <FileSummary ... /> </FileHeader> </pre>
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```

<?xml version="1.0" encoding="UTF-8"?>
<FileHeader xmlns="urn:schemas-ncr-com:ECPIX:RRF:FileStructure:010001"
  VersionNumber="010001" TestFileIndicator="P" CreationDate="01042006"
  CreationTime="180922" FileID="234" >
  <Item ItemSeqNo="00000101123456" PayorBankRoutNo="110229001" Amount="10000"
    AccountNo="123456" SerialNo="123456" TransCode="10"
    PresentingBankRoutNo="110002000" PresentmentDate="01042006" CycleNo="1"
    ClearingType="02" ReturnReason="01" ReturnReasonComment="A/c not under
    operation">
    <Addenda BOFDRoutNo="110002001" BOFDBusDate="01042006" DepositorAcct="987654321"
      IFSC="xxxxxxxxxxx"/>
    <MICRDS Source="Drawee" DigitalSignatureMethod="RSA_with_SHA1" SecurityKeySize="9999"
      MICRFingerPrint="PresentmentDate;PresentingBankRoutNo;CycleNo;ItemSeqNo;Amount;

```



```
SerialNo;Transcode" DigitalSignatureLength="161"  
SignatureData="shdgskhfidsfidfidsshgsgdklsksdfihydshvkjhvd kjdshkj dshkfdhkdshffdhdydh  
dsfhkduyhushgjugluklyuklliuy" SecurityOriginatorName="DraweeCert1"  
SecurityAuthenticatorName="DraweeCert1" SecurityKeyName="127f" />  
</Item>  
<FileSummary TotalItemCount="1" TotalAmount="10000"/>  
</FileHeader>
```