

FAQs on Cheque Clearing

1. What is cheque truncation?

Cheque truncation means stopping the flow of a physical cheque during the course of a clearing cycle, immediately on generation of an electronic image for transmission. In the extant Cheque Truncation System (CTS) of India, physical cheques are truncated by the presenting bank. Cheque truncation thus obviates the need to move the physical instruments across bank branches for clearing purposes, other than in exceptional circumstances. This effectively eliminates the associated cost of movement of the physical cheques, enables automation of clearing processes and reduces the time required for their collection.

2. What is Continuous Clearing and how is it different from earlier clearing mechanisms?

Cheque Clearing traditionally involves a presentation session and a return session. In the Cheque Truncation System (CTS) of India, during the presentation session, the presenting bank (or its branch) captures the data of the cheques along with their electronic images and sends them, in lieu of the physical cheques, to the clearing house for presentation on the drawee (paying) bank. The clearing house processes the data, arrives at the settlement, and routes the images and requisite data to the drawee banks at the end of presentation session. In the return session, the drawee bank submits the data of unpaid / dishonoured cheques to the clearing house. The clearing house processes provided data, arrives at the settlement, and routes the return data to the presenting banks at the end of the return session.

The clearing cycle is treated as complete once the presentation clearing and the associated return clearing sessions are successfully completed. Funds are made available to the presenting banks only after completion of the return clearing session.

Under Continuous Clearing, the flow of cheque images and data across banks through the clearing house is continuous and both the presentation and the return session (now called the confirmation session) operate in tandem. This enables faster clearing of cheques and even utilisation of infrastructure and resources throughout the day.

The details of the modalities of continuous clearing are indicated in the [circular CO.DPSS.RLPD.No.S536/04-07-001/2025-2026 dated August 13, 2025](#).

3. What is Item Expiry Time for a Cheque?

Item Expiry Time indicates the latest time by which confirmation for the presented instrument can be provided by the drawee bank, failing which the cheque will be considered deemed approved and included for settlement. Item Expiry Time is arrived at by CCH based on presentation time and provided to drawee banks along with cheque data.

4. What type of instruments can be presented for clearing through CTS? What is CTS-2010 Standard Cheque?

Only CTS-2010 standards compliant instruments can be presented for clearing through CTS. CTS-2010 standards contain certain benchmarks towards achieving standardisation of cheques issued by banks across the country. These include provision of mandatory minimum-security features on cheque forms like quality of paper, watermark, bank's logo in invisible ink, void pantograph, etc., and standardisation of field placements on cheques. The minimum-security features and standardisation help presenting banks while scrutinising / recognising cheques of drawee banks in an image-based processing scenario.

5. Are non-CTS cheques invalid?

Banks have been advised to issue only CTS-2010 standard compliant cheques from September 30, 2012. Earlier, there were separate clearing sessions for non-CTS cheques. However, they were discontinued with effect from December 31, 2018. As of now, non-CTS cheques cannot be presented in CTS. Bank have been advised to withdraw the non-CTS cheques from the customers. However, a non-CTS cheque continues to be valid as a negotiable instrument.

6. What is the status of CTS implementation in the country?

CTS was originally implemented with three separate geographical CTS grids in New Delhi, Chennai, and Mumbai with effect from February 1, 2008, September 24, 2011, and April 27, 2013 respectively. Over time, all locations across the country were brought under the ambit of one of the three grids. After migration of the entire cheque volume to CTS, the traditional mechanisms of cheque clearing have been discontinued across the country. Banks have been advised to ensure that all their branches are connected to CTS.

With effect from October 13, 2023, the three grids were merged to form a National Grid managed by National Grid Clearing House (NGCH), Chennai.

7. What care should be taken by customers while writing cheques?

There are three images of each cheque that are taken in CTS – front Gray Scale, front Black and White and back Black and White. Customers should use image friendly coloured ink to write cheques to facilitate clear image of written information. Further, customers should use permanent ink to prevent fraudulent alternation of contents later. However, Reserve Bank of India (RBI) has not prescribed specific ink colours to be used to write cheques.

Customers should also be aware that cheques with alteration / modification are not accepted under CTS. No changes / corrections can be carried out on the cheques (other than for date validation purposes, if required). For any change in the payee's name, courtesy amount (amount in figures) or legal amount (amount in words), fresh cheque leaves should be used by customers. This would help banks in identifying and controlling fraudulent alterations.

8. What is Positive Pay System for Cheques?

Positive Pay System (PPS) for CTS is an additional indicator provided by NPCI to all banks to facilitate the clearing process and pre-empt cheque-related frauds and shall form part of prudent practices followed by banks for payment processing. It has been introduced to augment customer safety in cheque payments and reduce instances of fraud occurring on account of tampering of cheque leaves.

Under Positive Pay, the issuer of the cheque submits electronically, through channels like SMS, mobile app, internet banking, ATM, etc., certain minimum details of that cheque (like date, name of the beneficiary / payee, amount, etc.) to his bank, details of which are cross checked with the presented cheque by CTS. Any discrepancy is flagged by CTS to the drawee bank and presenting bank, who would take redressal measures.

Banks have been advised to enable PPS facility for all account holders issuing cheques for amount of ₹50,000 and above. While availing of this facility is at the discretion of the account holder, banks may consider making it mandatory in case of cheques for amounts of ₹5,00,000 and above.

9. What are the precautions required to be taken by the banks in CTS?

Banks should exercise care while affixing stamps on the cheque forms, so that it does not interfere with the material portions such as date, payee's name, amount, and signature. The use of rubber stamps, etc., should not overshadow the clear appearance of these basic

features in image. It is necessary to ensure that all essential elements of a cheque are captured in an image during the scanning process and banks / customers have to exercise appropriate care in this regard. Banks are also required to verify the security features, additional to CTS-2010 standard, that have been voluntarily implemented.

10. If a customer desires to see the physical cheque issued by him for any reason, what are the options available?

Under CTS, the physical cheques are retained at the presenting bank and do not move to the paying banks. In case a customer desires, banks can provide images of cheques duly certified / authenticated. In case, however, a customer desires to see / get the physical cheque, it would need to be sourced from the presenting bank, for which a request must be made to his / her bank. An element of cost / charge may also be involved for the purpose. To meet legal requirements, the presenting banks, which truncate the cheques, need to preserve the physical instruments for a period of 10 years.

11. What is the timeline for realisation of cheques under continuous clearing?

The banks shall present the cheques received from the customer in CTS clearing as soon as possible.

A cheque presented can be confirmed by a drawee bank any time before its Item Expiry Time during the confirmation session. Once a cheque is positively confirmed to the clearing house, the clearing house shall include it in the next settlement. After successful posting of settlement, the clearing house shall release the return files to the presenting bank based on which presenting banks will release the payment to the customers, within one hour of the successful settlement, subject to usual safeguard.

Item Expiry Time of cheque/s may be extended for one or more hours / days in extraordinary circumstances with approval of the Reserve Bank of India.

12. What happens if cheques / instruments are lost in transit / in clearing process?

If cheques are lost in transit or in the clearing process, the bank should immediately bring the same to the notice of the presenting customer (beneficiary)'s notice so that the customer can inform the drawer to record stop payment and can also take care that other cheques issued anticipating the credit arising out of the lost cheque are not dishonoured due to non-credit of the amount of the lost cheques / instruments.

13. How much can a bank charge for cheque collection?

For collection of cheques up to and including ₹1,00,000/-, there is no service charge for savings account customers. For cheques with value above that and for other account types, service charges may be decided by the concerned banks and communicated to their customers as part of their Cheque Collection Policy.

14. Apart from cheques what are the other means of transfer of funds?

Reserve Bank of India (RBI) has authorised various types of payment systems to enable transfer of funds. For an overview of the various payment systems available in India, you may refer to the following link on the RBI website:

https://rbi.org.in/scripts/FS_Overview.aspx?fn=9.

15. Am I entitled to receive an acknowledgement for cheque deposited in a bank for collection?

Banks are required to provide both the cheque drop box facility and the acknowledgement facility at their collection counters. No bank branch can refuse to give an acknowledgement to the customer if the latter asks for the same while tendering cheque for collection at the bank branch's counter.

16. What do I do if I still have a grievance?

If any customer has a complaint against a bank due to non-payment or inordinate delay in the payment or collection of cheques, complaint can be lodged with the bank concerned. If the bank fails to respond within 30 days, you may make a complaint under the "[Reserve Bank-Integrated Ombudsman Scheme \(RB-IOS 2021\)](#)". Complaints can be filed online on <https://cms.rbi.org.in>, or through [e-mail](#) or sent in physical mode to the 'Centralised Receipt and Processing Centre' set up at 4th Floor, Reserve Bank of India, Central Vista, Sector 17, Chandigarh – 160 017 in the format given at the following path:

https://rbidocs.rbi.org.in/rdocs/content/pdfs/RBIOS2021_121121_A.pdf.

A toll-free number – 14448 (9:30 am to 5:15 pm) – is also available for customers to seek assistance in filing complaints and information on grievance redressal, with multi-lingual support.

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