

**RBI/2009-10/503**

**DPSS. CO. CHD. No. 2806 / 04.07.05 / 2009-10**

**June 22, 2010**

The Chairman and Managing Director / Chief Executive Officer  
All Scheduled Commercial Banks including RRBs /  
Urban Co-operative Banks / State Co-operative Banks /  
District Central Co-operative Banks

Madam / Dear Sir,

**Standardisation and Enhancement of Security Features in Cheque Forms**

We invite your attention to our [circular DPSS.CO.CHD.No. 1832 / 04.07.05 / 2009-10 dated February 22, 2010](#) on the subject and specifically to Paragraph 1.8 contained in the annexure thereto on 'prohibiting alterations / corrections on cheques'.

A few references have been received from banks and members of the public seeking certain clarifications on legal validity, effective date of implementation, etc. We wish to clarify that the prescription on 'prohibiting alterations / corrections on cheques' -

- i. has been formulated on the basis of recommendations of a working group constituted for examining the need for standardisation of cheque forms and enhancement of security features therein and after consultations with banks;
- ii. has been introduced to curtail cheque frauds on account of alterations in the various fields of cheques and to give protection to customers as well as banks;
- iii. will be applicable only for cheques cleared under the image-based Cheque Truncation System (CTS). Collecting banks should ensure, ab initio, that such cheques are not accepted for presentment in CTS.
- iv. is not applicable to cheques cleared under other clearing arrangements such as MICR clearing, non-MICR clearing, over the counter collection (for cash payment) or direct collection of cheques outside the Clearing House arrangement.
- v. has been issued in exercise of statutory powers conferred on the Reserve Bank of India under the Payment and Settlement Systems Act, 2007.

This prescription will be effective from December 1, 2010. Banks are advised to ensure that adequate care is taken to educate the customers and to create awareness among them so that the entire process is carried out in a smooth manner. As regards other aspects contained in our circular under reference, separate communication will follow from Indian Banks' Association / National Payments Corporation of India.

Yours faithfully

(Arun Pasricha)  
General Manager