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RESERVE BANK OF INDIA  
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बेटी बचाओ  
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RBI/2025-26/73

CO.DPSS.RLPD.No.S536/04-07-001/2025-2026

August 13, 2025

The Chairman / Managing Director / Chief Executive Officer of  
Banks participating in Cheque Truncation System/  
National Payment Corporation of India

Dear Sir / Madam,

**Introduction of Continuous Clearing and Settlement on Realisation in Cheque Truncation System**

Please refer to the [Statement on Developmental and Regulatory Policies dated August 8, 2024](#), announcing the transition of Cheque Truncation System (CTS) from the current approach of batch processing to continuous clearing with settlement on realisation.

2. It has been decided to transition CTS to continuous clearing and settlement on realisation in two phases. Phase 1 shall be implemented on October 4, 2025 and Phase 2 on January 3, 2026. The modalities for the same are given in [Annex](#).
3. All banks are advised to make their customers adequately aware of the changes in the cheque clearing process.
4. Banks are also advised to be in readiness to participate in continuous clearing in CTS on the above dates.
5. This directive is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

Yours faithfully,

(Saurabh Nath)

Chief General Manager



## **Annex**

### **Modalities for Continuous Clearing with Settlement On-realisation in CTS**

#### **1. Single presentation session with continuous delivery:**

- a) There shall be a single presentation session from 10:00 AM to 4:00 PM.
- b) Cheques received by the branches shall be scanned and sent to the clearing house by the banks immediately and continuously during the presentation session.
- c) The clearing house will in turn release the cheque images to drawee banks on a continuous basis.

#### **2. Continuous inward processing and confirmation by banks:**

- a) The confirmation session shall start at 10:00 AM and close at 7:00 PM.
- b) For every cheque presented, the drawee bank shall generate either positive confirmation (for honoured cheques) or negative confirmation (for dishonoured cheques).
- c) Each cheque will contain the 'Item Expiry Time' which indicates the latest time by which confirmation for the presented instrument needs to be provided by the drawee bank.
- d) Processing by drawee banks is to be done continuously throughout the day and on a real time basis as soon as cheque images are received.
- e) Information of positive/negative confirmation shall be sent by the drawee banks to the clearing house immediately after processing.

#### **3. Time available for inward processing:**

- a) During phase 1 (From October 4 to January 2, 2026), drawee banks shall be required to confirm (positively / negatively) cheques presented on them latest by end of confirmation session (i.e. 7:00 PM) else those will be deemed to have been approved and included for settlement. Item expiry time for all cheques shall be set as 7:00 PM in phase 1.



- b) In Phase 2 (from January 3, 2026), the item expiry time of cheques shall be changed to T+3 clear hours. For example, the cheques received by drawee banks between 10:00 AM and 11:00 AM will have to be confirmed positively or negatively by them by 2:00 PM (3 hours from 11:00 AM). Cheques for which confirmation is not provided by the drawee bank in the prescribed 3 hours shall be treated as deemed approved and included for settlement at 2:00 PM.

#### **4. Settlement on realisation:**

- a) No accounting entries (settlement) will be posted for presentation of cheques.
- b) Starting from 11:00 AM, settlement will be arrived every hour till the end of confirmation session, based on the positive confirmations received from drawee banks and cheques considered deemed approved.
- c) No accounting entries shall be passed for cheques with negative confirmation.

#### **5. Releasing payment to customers:**

- a) On completion of settlement, clearing house shall release the information of positive and negative confirmations to the presenting bank.
  - b) The presenting bank shall process the same and release the payment to the customers immediately, but not later than 1 hour from successful settlement, subject to usual safeguards.
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