ಕರ್ನಾಟಕ ರಾಜ್ಯ ಸಹಕಾರ ಪಟ್ಟಣ ಬ್ಯಾಂಕುಗಳ ಮಹಾಮಂಡಳ ನಿ.
Karnataka State Co-operative Urban Banks Federation Ltd.

2012 International Year of Cooperatives

Ref: 729/KSCCUBF/CTS/DPS/2012-13

January 24, 2013

The Regional Director
Reserve Bank of India
Nrupatunga Road
Bangalore-560 001

Madam,

Standardisation and Enhancement of Security Features in Cheque Forms-Migrating to CTS 2010 standards

Reserve Bank of India, Central Office vide Circular DPSS.CO.CHD.No.955/04.07.05/2012-13 dated December 14,2012 have advised all banks to withdraw all non-CTS 2010 Standard cheques and replace them with CTS-2010 Standard cheques before March 31,2013. The National Clearing House Cell, Bangalore vide letter NCC. BBCH. Circular No.484/18.02.001/2012-13 dated December 28, 2012 has informed all MICR and Non-MICR Clearing Houses in Karnataka that all local clearing houses will be closed after March 31, 2013 to facilitate migration to CTS Chennai Grid.

2. For migration to CTS it is essential to become direct/ indirect or sub-member of Bankers Clearing House Chennai (BCHC). Since large number of Urban Co-operative Banks (UCB) in Karnataka is having networth of less than Rs.25.00 crore, they are not eligible to open a settlement account with Reserve Bank of India. Hence, small UCBs have to become sub-members of BCHC and obtain new MICR code. It was observed that public sector banks in Karnataka are either not aware of the CTS or not accepting UCBs as sub-members. Since private sector banks have limited presence in semi-urban areas and the balance with them is not counted for CRR/SLR, the UCBs prefer public sector banks to sponsor them. Out of 266 UCBs in Karnataka, only about 50 UCBs based in Bangalore have become indirect/sub-members of BCHC. The remaining UCBs are finding it difficult to find a public sector bank to sponsor them.

3. Under the circumstances, it is extremely difficult to achieve the deadline for replacing non-CTS 2010 standard cheques with CTS 2010 standard cheques. The closure of local clearing houses without the completion of migration to CTS Chennai Grid by all banks will cause considerable hardship to members of public and trade and commerce. We, therefore, request your goodselves to impress upon the management of public sector banks in Karnataka to advice their branches to sponsor the UCBs as sub-members of BCHC.

Thanking You

Yours faithfully,

Sd/

Chief Executive Officer

No. 132, K. H. Road, Bangalore - 560 027 Phones : 080 - 2223 3662 / 2227 9574
Fax : 91 - 80 - 2222 0774 e-mail : kscubfed@gmail.com www.kubfed.com

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Endtt. /KSCCUBF/CTS/DPS/2012-13 of date

Copy forwarded for information to :

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2. The General Manager, Reserve Bank of India, Urban Banks Department, Nrupatunga Road, Bangalore, 560001.
3. The Chief General Manager, Reserve Bank of India, Department of Payment & Settlement Systems, Central Office, 4th Floor, Central Office Building, Shahid Bhagat Singh Road, Fort, Mumbai – 400001.

Chief Executive Officer

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