

RBI/2010-11/352

DPSS. CO. CHD. No. 1514 / 03.01.03 / 2010-2011

January 4, 2011

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

Madam / Dear Sir,

Enhancing the scope of Speed Clearing

A reference is invited to our circulars DPSS.CO. 1808 / 03.01.02 / 2007-08 dated May 5, 2008 and DPSS.CO.No. 517 / 03.01.02(P) / 2008-09 dated September 22, 2008 on implementation of Speed Clearing. Speed Clearing leverages on the Core Banking Solutions (CBS) implemented in banks across the country and facilitates realization of outstation cheques drawn on CBS-enabled branches at the local centre itself, thus obviating the need of such cheques to physically move to the outstation centre.

2. Roll-out of Speed Clearing is one of the many initiatives taken by Reserve Bank of India for improving efficiency in the time frame for and process of collection of outstation cheques – the time frame has reduced from 7-45 days to 2-3 days, while the monthly volume of outstation cheques collected through Speed Clearing has increased significantly to more than 2 million. In terms of coverage, Speed Clearing facility is available at all the 66 MICR centres and reaches more than 50,000 bank branches in the country. Efforts are on to increase the coverage, both in terms of centres and bank branches.

3. Speed Clearing is currently enabled for cheques issued by account holders with transaction codes 10 (savings bank), 11 (current account) and 13 (cash credit). Keeping in view the benefits to customers as also the infrastructural and processing preparedness of banks, it has been decided to extend the scope of Speed Clearing to cover **all transaction codes, other than those relating to government cheques.** Banks may exercise usual care and caution while handling such instruments.

4. The revised instructions will be effective from February 1, 2011. Please confirm that necessary arrangements will be in place to ensure compliance.

Yours faithfully

(G Padmanabhan)
Chief General Manager