

October 19, 2004

All members of  
Real Time Gross Settlement System  
And  
All member banks of Brihan-Mumbai  
Bankers Clearing House

Dear Sir,

**Closure of Inter-Bank Cheque Clearing System in Mumbai**

As you are aware, the Real Time Gross Settlement (RTGS) System was made operational in Mumbai with effect from March 26, 2004. In view of its very smooth operation during the last six months and immense popularity among the members (92 as on date), more than 95% of the aggregate value of inter-bank transactions in Mumbai is now being settled on the RTGS platform. This has made the present physical Inter Bank Cheque Clearing System in Mumbai virtually redundant.

2. With a view to imparting greater efficiency to the overall payments and settlement system and doing away with a separate infrastructural and operational arrangement associated with a parallel cheque clearing system, it has been decided, through a due consultative process with bankers, to close the present Inter Bank Cheque Clearing System in Mumbai with effect from November 1, 2004. However, the following three options will still be available to banks which do not wish to become a Type 'A' member of RTGS or which are not eligible to become RTGS members in view of their non-scheduled status.

- i) Eligible banks can become an RTGS type 'C' member and route their inter-bank transactions through a type 'A' member;
- ii) Banks can send their inter-bank transactions as a customer of a type 'A' RTGS member; and
- iii) Banks may also use the High Value Cheque Clearing System for settling their inter-bank transactions.

3. All concerned are requested to please note the above change to be effective from November 1, 2004.

Yours faithfully,

(A.K. Bera)  
General Manager (Banking)