

No. FS-10/17/2020-FS-Part(1)
भारत सरकार / Government of India
संचार मंत्रालय / Ministry of Communications
डाक विभाग / **Department of Posts**
(वित्तीय सेवाएं प्रभाग / **F.S. Division**)
डाक भवन ,नई दिल्ली / Dak Bhawan, New Delhi – 110001

दिनांक / Date : 04.10.2023

To
All Heads of Circle

Subject: Irregular procedure being adopted by some post offices with respect of POSB transactions in Finacle CBS – Reg.

Madam / Sir,

It has been reported by PMLA Division that some cheque and transfer transaction entries are being wrongly made as cash transactions while performing the transactions in Finacle resulting in wrong filing of Cash Transaction Report (CTR) to FIU-IND (Financial Intelligence Unit – India). It may be noted that such irregularities are seriously viewed and criticized by FIU-IND.

2. In one such case, a very high value cash transaction in an account has been reported to FIU-IND through CTR pertaining to the month of August 2023 and the same was referred to the Circle concerned for verifying the genuineness. Circle concerned has reported that in one of the post offices, during the month of August 2023, one 5 year TD account having a very high deposit has been closed and the maturity amount (after deduction due to premature closure) has been credited in the office account related to Postmaster's Cheque (SOLID+0340). **However, the cheque has not been issued the depositor.** On the same day, another TD account has been opened with a very high cash deposit in the name of the same depositor whose account was closed and remaining amount has been credited into the depositor's savings account, which is in violation of rules/ procedures.

3. Reports of four circles received by PMLA Division, in connection with the verification of genuineness of the cash transactions reported under CTR for the month of August 2023 have been analysed and it is noticed that:

(i). erroneous deposit amounts have been adjusted through cash withdrawal entries in Finacle.

(ii). reversals of erroneous transactions have been done with abnormal delay and reversals were effected in the subsequent month after the transactions.

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4. In SB Order No. 18/2022 dated 10.10.2022, it has been stated that the post offices should not perform any credit or debit transaction using CTM menu for any incorrect deposit / withdrawal transactions adjustment. In case of any wrong deposit / withdrawal, the transaction must be reversed using HCRT menu. Adjustment of wrong credit / debit using CTM menu will lead to wrong deduction of TDS under Section 194N, wrong reporting of cash transactions to IT Department in SFT-005 and, thereby, customer grievances.

5. If any wrong procedure is followed while handling financial transactions in Finacle, it will lead to wrong reporting to FIU-IND & Income Tax Authorities through SFT and TDS deduction under Section 194N of IT Act, which will lead to in severe criticism and action by Enforcement Authorities and grievances from depositors. Reversal of erroneous transactions in the month other than the transaction month will lead to wrong accounting.

6. Therefore, Post Offices should strictly ensure that:

(i). If the maturity amount of any account or certificate is credited in the office account related to Postmaster's Cheque (SOLID+0340), physical cheque is issued to the depositor.

(ii). All the cheques including the Postmasters' cheques (Cheques issued by the Postmaster towards maturity payment etc) except POSB cheques are processed through cheque clearing process and credited in the account concerned. The amount credited through cheque should never be credited as cash.

(iii). None of the incorrect deposit amount transaction should be adjusted through cash withdrawal transaction.

(iv). Cash transactions are entered in Finacle only when the physical cash is handled in the transaction concerned.

7. Further, Post Offices should take utmost care while entering the transactions in Finacle and if any reversal is required, request should be sent immediately when it is noticed, on the same day. Divisional Offices, CBS-CPCs and CEPT should ensure that all the transaction reversal requests are processed on the same day and reversal of transaction is completed either on the same day or within maximum of three days and in the same month of transaction.

8. Therefore, in this connection, Circles are requested that all the offices may be instructed strictly to follow the prescribed procedures while handling the POSB transactions. Any such irregularity if noticed, actions may be taken against the erring officials. Inspecting / Visiting Authorities may also be suitably instructed to check the above aspects at the time of inspections / visits.

9. It is requested that the above instructions in addition to the instructions issued vide Lr. No. 1-3-2018-PCO-PMLA dated 26.09.2023 may be circulated to all the offices concerned for information and guidance.

10. This is issued with the approval of Competent Authority.

Yours faithfully



(Vijayan T C)

Assistant Director (SB-I)

Copy to:

1. PCO (PMLA) for kind information.
2. GM, CEPT, Bengaluru for kind information and necessary action.