

PROCESS OF GENERATION AND RECONCILIATION OF SYSTEM GENERATION

CHALLANS – AN OVERVIEW

1. The challan process - creation of e-challan, payments etc is different from the conventional mode. In the new system the bank has a very important role in receiving the contributions and compiling the important data regarding the contributions and sending them to the corporation. The entire process has been explained in the following paragraphs.

CREATION OF CHALLANS

2. An employer who wants to make the payment of contribution has to log on to the ESIC portal and then enter the details of the IPs their wage details, number of days each one of them has worked etc. Thereafter, the employer gets an option to generate a challan and take print out of the same. The challans are printed in duplicate. The following details are stored in the memory of the ESIC portal during the process of challan creation which are of vital importance:

1. A unique fourteen digit challan number(which is automatically generated by the system). The fourteenth digit is a *check digit*.
2. The employers code no & name (only in the case when the employers paying the contribution are generating challans).
3. The amount to be paid towards contribution or otherwise
4. Date of creation of challan, etc.

3. The fourteenth digit in the challan number, is a check digit. The sole purpose of the check digit is to check the correctness of the other numbers when entered and stored by the bank at the time of collection of the contribution amount by them. The logic involved in generating and checking the accuracy of the challan number is given below. These are all automatically taken care of by the system.

Challan No	0121030003194
2 Digits	01 21 03 00 03 19 4
Reduce By 99	98 78 96 99 96 80 95
Add Digits	9+8 7+8 9+6 9+9 9+6 8+0 9+5
Result	17 15 15 18 15 8 14
Add values	17+15+15+18+15+8+14
Result	102
Next Highest Tens	110
Check Digit (110-102)	8
Complete Challan No	01210300031948

4. The above check digit logic is applied while creation of the challan in the ESIC portal and is also incorporated in the core banking system of the SBI. When the bank clerk enters the challan number and other details through Screen No 7127/7128 the bank's software application checks for

the accuracy of the challan numbers entered using the above logic. In case, there is an error while entering the challan number their system will not accept the challan no number entered. This makes the possibility of entering an erroneous challan number extremely remote.

PAYMENTS AGAINST THE E-CHALLANS AT THE BANK

5. After generating the challan in duplicate the employers, or others as the case may be, present the same at the bank counter for payment. The bank clerk opens screen no 7127/7128 which has been specifically developed by the SBI for the ESI collections and incorporated to their Core Banking System. These also ensure that the check digit logic explained above is performed in the background when the challan number is entered by the clerk. In the first screen i.e. Screen no 7127, the bank clerk has to select one of the five pool accounts, which have been opened in the SBI, Main Branch, New Delhi, wherein no other transaction is carried out except for collection of challans as herein explained. Balances available in these accounts are swept over to the ESIC Account No I (Central) on daily basis. (Thus the collections received on a particular day is available at the disposal of the Corporation on the next day, as against the conventional system wherein the contributions collected are transferred to ESIC A/c I (Central) only once a week). Account numbers of these pool accounts are available in the drop-down menu in Screen No 7127 of the Core Banking System and the bank clerk is only required select one of them. Next, screen No 7128 opens, wherein the bank clerk is required to enter the following details:

- a) Amount
- b) Mode of payment
- c) Challan number

6. The Core Banking System of the SBI stores the above information besides the date/time of payment in the memory. These information are transmitted to the ESIC in the form of MIS data. The bank clerk after receipt of the money and entry of the said details, returns the duly receipted duplicate copy of the challan to the employer/payee. The second copy of the challan is retained in the bank branch for their records.

7. In the case of clearing cheques (cheques issued on other banks) transaction are entered in a parking account in the first instance. Once the cheque is cleared, the requisite entries are made in Screen No, 7127/7128.

THE PROCESS OF RECONCILIATION

8. When the MIS data is received from the SBI-Hq the same is uploaded into the ESIC portal for matching of the data with the data pertaining to the challans generated, which is already available in our server memory. The ESIC systems checks for and matches the challan number sent by the bank with the challan number stored in our computer system. If the number matches, the amount paid is matched.

9. If both the challan number as well as the amount matches, the details of payment against the challan in question is stored and the employers' records in the Revenue Module automatically updated as contribution paid.

10. In case either the challan number or the amount mismatches, the details is kept aside as mismatched challan detail. The mismatched challan details are returned to the SBI-Hq for checking of the data and sending the same back after corrections as may be required. In such cases the SBI-hq has to check the details by obtaining the same from the second copy of the challans kept in their collecting branches.

11. The challan details stored in the ESIC portal which have matched with the challan details (MIS data) sent by the bank, are referred to as *Reconciled challan* details and is so available in the ERP module. The challan details stored in the ESIC portal which have not matched with the MIS data sent by the bank is known as the *Un-reconciled challan* details (or the Non-reconciled challans as shown in the ERP module). The points that have to be highlighted here are that :

- i) The *Reconciled Challan* details in the ERP module are those where the payment have been paid by the employer and the fact has been established by means matching/reconciling of the data sent by the bank.
- ii) The Un-reconciled or Non-reconciled challan available in the ERP module consist of:
 - a) Data of challans generated by the employers but **NO payments have been made.**
 - b) Data of the challans generated by the employers wherein the payments HAVE been made. However, due to error in the MIS data forwarded by the bank it could not be matched with detail available in the ERP module.

WHY ERRORS IN MIS DATA?

12. The question that would come to one's mind is that why should there be errors in the MIS data sent by the bank causing problems in the reconciliation process, in spite of the check digit and other features available and incorporated in the core banking system.

13. It is true that the Screen No 7127/7128 developed by the SBI has the requisite features to check the challan numbers entered. However, until recently the bank clerks could make entries of the ESIC collections even without opening the said Screen No 7127/7128, which has the check digit features. The bank clerk could hitherto do *batch postings* (as referred to by the bankers) as done in other routine transactions. Thus check digit and other filtering process are by-passed and errors creep in.

14. Another problem, which has now been reduced considerably is that, the bank clerks used to do the collection against the conventional (manual) challans and credit the same to the pool accounts, whereas the contributions collected through conventional challans should have been credited to the RO/SRO A/c No I.

15. Further, there could be bugs or errors in the bank application or the ERP application, which might have gone un-noticed in spite of rigorous checks. Such errors crop up only under certain conditions which come to the fore only when such conditions arise.

16. The bank has now modified their CBS applications to ensure that the clerks are not able to do the *batch postings* and they enter the ESIC collections only through CBS 7127/7128. Further, a challan number cannot be posted twice to avoid duplication and the system ensures the challan number is never left blank.

CHANGES NOW BEING WORKED OUT

17. The changes in the system now being evolved is that the bank authorities would place the MIS in the ESIC portal, most likely on daily basis. The ESIC ERP application would, at regular intervals, check for fresh MIS data and process same. Unreconciled data, if any available, would be transferred to the SBI for rectification. Thus the system would be automated to a very great extent and manual interventions reduced to the extent possible.

ONLINE PAYMENTS

18. We have also been working on facilities which would enable the employers to make the payment of contribution online through internet banking, if the employers or others have an account with SBI and are willing to avail internet banking facility. The system would, as understood, be the least error prone. The employers as in the other case, would log into the ESIC portal and key in the required information, after which, if opted, he would be taken to the internet banking site where he would authorise payment. Once the transaction is successfully completed, all the requisite data would be simultaneously stored in the ESIC portal. This ensures that there is no scope for any error. The online facility is in advance stage of implementation.

19. Further, a system is being evolved whereby, the employers will be able to view the details of the payments made by him. In case any detail is missing, he would definitely raise an alarm and submit the proof of payment enabling us to rectify errors.

A graphical representation of the challan process is also annexed herewith.

