

CHEQUE COLLECTION POLICY

1. Introduction

- 1.1. Collection of cheques, deposited by its customers, is a basic service undertaken by the banks. While most of the cheques would be drawn on local bank branches, some could also be drawn on non-local bank branches.
- 1.2. With the objective of achieving efficiencies in collection of proceeds of cheques and providing funds to customers in time and also to disclose to the customers the Bank's obligations and the customers' rights, Reserve Bank of India has advised Banks to formulate a comprehensive and transparent Cheque Collection Policy (CCP) taking into account their technological capabilities, systems and processes adopted for clearing arrangements and other internal arrangements. Banks have been advised to include compensation payable for the delay in the collection of cheques in their Cheque Collection Policy.
- 1.3. This collection policy of the Bank is a reflection of the Bank's on-going efforts to provide better service to their customers and set higher standards for performance. The policy is based on principles of transparency and fairness in the treatment of customers. The bank is committed to increased use of technology to provide quick collection services to its customers.
- 1.4. This policy document covers the following aspects:
- 1.5. Collection of cheques and other instruments payable locally, at centers within India and abroad.
- 1.6. Bank's commitment regarding time norms for collection of instruments.
- 1.7. Policy on payment of interest in cases where the bank fails to meet time norms for realization of proceeds of instruments.
- 1.8. Bank's policy on dealing with collection instruments lost in transit.
- 1.9. Bank's branches will give wide publicity to the CCP by prominently displaying salient features thereof in bold and visible letters on their notice boards. A copy of the complete CCP shall also be made available by the branch manager, if any customer requires so.

2. Arrangements and Time Frame for Collection of Local / Outstation Cheques / Instruments

2.1. Local Cheques:

- 2.1.1. All cheques and other negotiable instruments payable locally would be presented through the clearing system prevailing at the centre. Instruments deposited at branch counters and in collection boxes within the branch premises before the specified cut off time will be presented for clearing on the same day. The cut off timings varies from branch to branch depending on the local clearing arrangements.

The applicable cut off timings are displayed on the cheque drop boxes and in branch notice boards for the benefit of the customers. Cheques deposited after the cut off time will be presented in the next clearing cycle.

2.1.2. As a policy, the Bank will give credit to the customer account on the same day clearing settlement takes place. Withdrawal of amounts so credited would be permitted as per the cheque return schedule of the clearing house.

2.1.3. Branches situated at centers which are not members of any CTS Grid or where no clearing house exists, would present local cheques on drawee banks across the counter and it would be Bank's endeavor to credit the proceeds at the earliest, but not later than third working day from the date of deposit by customer.

2.2. Payable at par (PAP) Cheque books:

2.2.1. Payable at par / multi-city CTS 2010 standard cheques are issued to all customers of the bank. There will be no value cap for PAP cheque issuance and no charges will be levied for payment of PAP cheques.

2.3. Delayed clearing cycle for non CTS 2010 standard cheques:

2.3.1. Separate clearing session are conducted in the three CTS centers (Mumbai, Chennai and New Delhi) for clearing of such residual non-CTS 2010 instruments (including PDC and EMI cheques). With effect from July 1, 2018 this separate clearing session was operated once a fortnight (every alternate Wednesday) and thereafter it is operated once a month from September 1, 2018 (on second Wednesday of the month, beginning September 12th). If the identified day for clearing non-CTS-2010 instruments falls on a holiday under the Negotiable Instruments Act, 1881, presentation session on such occasions will be conducted on the previous working day. The separate clearing session will be discontinued from December 31, 2018.

2.4. Outstation Cheques:

2.4.1. Cheques drawn on other banks at outstation centres will normally be collected through bank's own branches at those centres. Where the Bank does not have a branch of its own, the instrument would be directly sent for collection to the drawee bank or collected through a correspondent bank. Cheques drawn on Bank's own branches at outstation centers will be collected using inter-branch arrangements in vogue. The Branches which are connected through a centralized processing arrangement and are offering anywhere banking services to its customers will provide same day credit to customers in respect of outstation instruments drawn on any of its branches in the CBS network if received in the branch within branch business hours

2.4.2. Time frame for collection of Outstation Cheques / Instruments:: For cheques and other instruments sent for collection to centers within the country the following time norms shall be applied:

2.4.2.1. Cheques payable at CTS centers – Maximum period of 7 days.

2.4.2.2. Non CTS Centers - Maximum period of 10 days

2.4.3. Charges will be applicable on the above as defined from time to time in the Bank's Schedule of Charges.

3. Immediate Credit for Local / Outstation cheques

3.1. No immediate credit of local cheques would be given in view of the Bank's efficient clearing procedures, which ensure that delays do not occur in realization of proceeds of the cheques. At centers where no clearing house exists cheques will be presented across the counter and the proceeds will be credited at the earliest.

4. Interest payment for delayed collection

4.1. As part of the compensation policy of the Bank, the Bank will pay interest to its customer on the amount of collection instruments in case there is delay in giving credit beyond the time period mentioned above. Such interest shall be paid without any demand from customers in all types of accounts. There shall be no distinction between instruments drawn on the Bank's own branches or on other banks for the purpose of payment of interest on delayed collection

4.2. Payment of Interest for delayed collection of Local Cheques

4.2.1. Interest at Saving Bank rate will be paid to the customer on the amount of the clearing instrument and for the period of delay beyond 3 working days in case there is delay in giving credit beyond the time period mentioned above after the cheque is presented in clearing subject to the cheque being otherwise in order.

4.3. Payment of Interest for Delayed Collection of Outstation Cheques:

4.3.1. Savings Bank rate for the period of delay beyond 7 days for collection of outstation cheques payable at CTS centers and 10 days in Non CTS centers.

4.3.2. Where the delay is beyond 14 days' interest will be paid at the rate applicable to for term deposit for the respective period.

4.3.3. In case of extraordinary delay, i.e. delays exceeding 90 days' interest will be paid at the rate of 2% above the corresponding Term Deposit rate.

4.3.4. In the event the proceeds of cheque under collection was to be credited to an overdraft/loan account of the customer, interest will be paid at the rate applicable to the loan account. For extraordinary delays, interest will be paid at the rate of 2% above the rate applicable to the loan account

4.3.5. It may be noted that interest payment as given above would be applicable only for instruments sent for collection within India.

4.4. Cheques / Instruments lost in transit / in clearing process or at paying bank's branch:

4.4.1. In the event a cheque or an instrument accepted for collection is lost in transit or in the clearing process or at the paying bank's branch, the Bank shall immediately on coming to know of the loss, bring the same to the notice of the account holder so that the account holder can inform the drawer to record stop payment and also take care that cheques, if any, issued by him/her are not dishonoured due to non-credit of the amount of the lost cheques/instruments. The Bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque. As a part of the Compensation Policy of the Bank, it will compensate the account holder in respect of instruments lost in transit in the following way

4.4.2. In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection (7 or 10 days as the case may be) interest will be paid for the period exceeding the stipulated collection period at the rates specified above

4.4.3. In addition, Bank will pay interest on the amount of the cheque for a further period of 15 days at Savings Bank rate to provide for likely further delay in obtaining duplicate cheque/instrument and collection thereof

4.4.4. The Bank would also compensate the customer for any reasonable charges he/she incurs in getting duplicate cheque/instrument upon production of receipt, in the event the instrument is to be obtained from a Bank/ Institution who would charge a fee for issue of duplicate instrument.

5. Cheques returned unpaid by the payee bank or Cheques deposited with wrong account number:

5.1. In the event of a cheque presented in local clearing or sent for collection being returned unpaid, the instrument along with an advice providing reasons for return would be dispatched to the account holder at his / her mailing address recorded with the Bank within 48 working hours on the address recorded in Bank's database. However, these will be kept in Bank for returning to the customer over the counter if he or she makes a request for the same. If not collected by the customer within 15 days Bank will send them back at the recorded address by post or courier. The instrument may also be handed over to the account holder or to his/her representative with the consent of the account holder. Charges applicable as per the Bank's Schedule of Charges will be levied.

5.1.1. In case a cheque was deposited in non-home branch location, the returned instrument will be despatched to the home branch for onward delivery to the account holder.

5.2. Cheques which are deposited with wrong account number mentioned on the pay-in slip Bank will return such cheques to the customers on the address mentioned within 48 working hours. However, in cases with incomplete address, in complete phone number, no phone number mentioned on the pay-in slip the Bank will be responsible to keep these instruments for a maximum period of 3 months.

6. **Cheque return charges** would be levied only in cases where the customer is at fault and is responsible for such returns. Reserve Bank of India has vide its Circular DPSS.CO.CHD.No.2030 / 03.06.01 / 2012-2013 dated May 7, 2013 advised the illustrative list of reasons for returns, where the customers are not at fault. In terms of the aforementioned direction from RBI, the list of reasons for which cheque return charges will be levied is provided in the below table:

Illustrative but not exhaustive list of objections where customers are not at fault

(Applicable for Instrument and Image-based Cheque Clearing as detailed in Annexure D to Uniform Regulations and Rules for Bankers' Clearing Houses) Code No.	Reason for Return
33	Instrument mutilated; requires bank's guarantee
35	Clearing House stamp / date required
36	Wrongly delivered / not drawn on us
37	Present in proper zone
38	Instrument contains extraneous matter
39	Image not clear; present again with paper
40	Present with document
41	Item listed twice
42	Paper not received
60	Crossed to two banks
61	Crossing stamp not cancelled
62	Clearing stamp not cancelled
63	Instrument specially crossed to another bank
67	Payee's endorsement irregular / requires collecting bank's confirmation
68	Endorsement by mark / thumb impression requires attestation by Magistrate with seal
70	Advice not received
71	Amount / Name differs on advice
72	Drawee bank's fund with sponsor bank insufficient(applicable to sub-members)
73	Payee's separate discharge to bank required
74	Not payable till 1 st proximo

75	Pay order requires counter signature
76	Required information not legible / correct
80	Bank's certificate ambiguous / incomplete / required
81	Draft lost by issuing office; confirmation required from issuing office
82	Bank / Branch blocked
83	Digital Certificate validation failure
84	Other reasons-connectivity failure
87	'Payee's a/c Credited' - Stamp required
92	Bank excluded

7. **Re-presentation of technical return cheques:** Cheques that need to be re-presented without any recourse to the payee, shall be made in the immediate next presentation clearing not later than 24 hours (excluding holidays) with due notification to the customers of such re-presentation through SMS alert, email, etc.

8. **Force Majeure :**

8.1. The Bank shall not be liable to compensate customers for delayed credit if some unforeseen event (including but not limited to civil commotion, sabotage, lockout, strike or other labour disturbances, accident, fires, natural disasters or other "Acts of God", war, damage to the Bank's facilities or of its correspondent bank(s), absence of the usual means of communication or all types of transportation, etc.) beyond the control of the Bank prevents it from performing its obligations within the specified service delivery parameters.