

## 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. In terms of RBI guidelines and with the objective of achieving efficiencies in collection of proceeds of cheques, providing funds to customers in time and also to disclose to the customers the Bank's obligations and the customers' rights, Bank has formulated a Cheque Collection Policy (CCP) taking into account its technological capabilities, systems and processes adopted for clearing arrangements and other internal arrangements including correspondent banking arrangements for clearing, if any. Adequate care will be taken to ensure that the interests of the small depositors are fully protected. The compensation payable for the delay in the collection of cheques has also been included in the 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:
  - 1.4.1. Collection of cheques and other instruments payable locally, at centers within India and abroad.
  - 1.4.2. Bank's commitment regarding time norms for collection of instruments.
  - 1.4.3. Policy on payment of interest in cases where the bank fails to meet time norms for realization of proceeds of instruments.
  - 1.4.4. Bank's policy on dealing with collection instruments lost in transit.
  - 1.4.5. 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.
- 1.5. Account payee cheques for any person other than the payee constituent shall not be collected. However, in line with regulatory directives, account payee cheques, drawn for an amount not exceeding rupees fifty thousand, may be

collected to the account of Bank's customers who are co-operative credit societies, provided the payees of such cheques are the constituents of such co-operative credit societies.

## **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. Acknowledgement will be provided to customers who tender the cheques at the counter. 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. Outstation Cheques:**

2.3.1. 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

2.3.2. 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:

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

2.3.2.2. Non CTS Centers - Maximum period of 10 days

2.3.3. 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. Payment of interest for delayed collection of local cheques, will be as per the Bank's base rate of interest on savings bank account 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 7/10/14 days as the case may be in collection of outstation cheques.

- 4.3.2. Where the delay is beyond 14 days from the maximum time-frame (7/10/14 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 from the maximum time-frame (7/10/14 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, incomplete 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. Cheque return charges will be levied for the illustrative list of reasons for returns, where the customers are not at fault as advised by Reserve Bank of India vide its Circular DPSS.CO.CHD. No.2030 / 03.06.01 / 2012-2013 dated May 7, 2013. The appropriate service charges for cheque collection services if any, will be as per the Banks policy and is displayed in the Banks' website. In case of cheque deposited by a customer is returned unpaid, intimation will be provided through SMS.

**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.

