

CHEQUE COLLECTION POLICY

POLICY ON

- A. IMMEDIATE CREDIT OF LOCAL/OUT STATION CHEQUES TO DEPOSIT ACCOUNTS OF INDIVIDUALS.
- B. TIME FRAME FOR COLLECTION OF LOCAL/OUTSTATION CHEQUES.
- C. INTEREST PAYMENT FOR DELAYED COLLECTION.

Considering the technological progress in payment and settlement systems and the qualitative changes in operational systems and processes that have taken place in banks, RBI have advised that prescription of a single set of rules may not be appropriate. Moreover, efficiencies in collection of proceeds and providing funds to customers in time are best achieved through a spirit of competition among banks. RBI have therefore advised all the banks to formulate their own comprehensive and transparent policies on these issues as they have withdrawn their guidelines in this regard taking into account their technological capability and systems and processes for clearing and collection.

RBI desires that adequate care should be taken to ensure that the interests of the small depositors are fully protected. The policy should lay down the liability of banks by way of interest payments due to delays for non-compliance with standards. Compensation by way of interest payment, when necessary should be made without any claim from the customers.

Keeping in view the above, the following policy has been adopted in the Bank for:

- a. Immediate credit of local/out station cheques to deposit accounts of individuals.
- b. Time frame for collection of local/outstation cheques.
- c. Interest payment for delayed collection.

POLICY GUIDELINES.

(A) IMMEDIATE CREDIT OF OUTSTATION CHEQUES/ LOCAL CHEQUES.

A. Outstation Cheques:

Branches will afford immediate credit of outstation cheques upto and inclusive of Rs.20000/- tendered for collection by the customers for satisfactorily conducted accounts subject to the following conditions:-

- a) The facility will be available to individual deposit account holders both savings Bank and current accounts.
- b) The facility will be available at all branches/ extension counters.
- c) Normal collection and out of pocket expenses will be recovered. However, no exchange will be charged.
- d) It will be restricted to one or more cheques for aggregate amount not exceeding Rs.20,000/- at a time, ensuring inter-alia that the liability on account of outstanding of cheques purchased does not exceed Rs.20,000/- at any time.

B. Local Cheques.

- a) Negotiation of local cheques/instruments meant for clearing would not be encouraged. However, Branch Managers may use their discretion in exceptional circumstances to permit immediate credit of local instruments upto Rs.20,000/- for deposit accounts on recovery of collection charges of Rs.100/- per instrument.
- b) No charges will be levied for local collection of cheques/ instruments which are collected through clearing

RETURN OF INSTRUMENTS

If cheques/instruments for which immediate credit has been afforded are returned unpaid, Bank shall recover interest at clean overdraft rate for the period the Bank is out of funds and recover prescribed cheque returned charges subject to the following stipulations.

- a) No interest will be charged to the customer for the period between the date of credit of the outstation cheque lodged and its return.
- b) Interest will be charged from the date of return of the cheque till the reimbursement of money to the Bank.
- c) Where the cheque is credited to a savings bank account, no interest will be payable on the amount so credited if the cheque is returned.

If proceeds are credited in an overdraft/loan account, interest would be recovered at applicable rate on the amount of returned cheques/instrument

(B.) Time frame for collection of Cheques

Delay in collection of outstation cheques has always been an area of grievance for which a time frame is prescribed as under:

The customers account should be credited in respect of local cheques latest on third working day from the date of acceptance of the cheques at the counters/deposited in drop boxes within the time indicated for local clearing on the same day and on fourth working day if deposited beyond the timings indicated on drop boxes.

	Our Branches	Other Banks Branches
a) Collection between Metropolitan Centres/Major 'A' Class Cities (Mumbai, Chennai, Kolkata, New Delhi, Ahmedabad, Bangalore & Hyderabad)	6 days	7 days

b) Collections between places at (a) above and State Capitals (Other than North Eastern States & Sikkim) and Area I Cities i.e., Pune, Nagpur, Kanpur, Surat, Vishakpatnam, Vadodara, Kochi, Indore, Ludhiana, Coimbatore, Agra, Madurai and Varanasi.	8 days	10 days

c) Collections between all other Cities.	10 days	14 days

Under no circumstances it shall be construed that Bank can take 6/8/12/14 days for collection/ return of outstation instruments merely because the period has been allowed. Once the proceeds are realized, they should be credited to the customer's account immediately.

© INTEREST PAYMENT ON DELAYED COLLECTION.

The rate of interest payable will be equivalent to savings bank rate, if the delayed collection of outstation instruments is beyond the stipulated period of 6/8/10/14 days and upto 45 days where the proceeds of the instruments are to be credited to the deposit accounts. Where proceeds are to be credited to overdraft or loan accounts of the customers, the interest payable would be State Bank Advance Rate (SBMPLR).

Considering technology up gradation and faster communications, delay beyond 45 days in collection of cheques/instruments would be treated as abnormal delay for calculating interest at prescribed rate for delayed collection.

For abnormal delay i.e. delay beyond 45 days in collection of instruments, rate of interest payable would be 2% above the savings bank rate in deposit accounts.

In case of overdraft/loan accounts it would be 2% above SBMPLR.

Such interest would be payable with a minimum of Rs.10/- even if the interest calculated works out to less than Rs.10/-.