

Cheque Collection & Cheque Return Policy

Commissioned by : Customer Service Department

Approved by : Board of Directors

Effective Date : 30th April 2025

Cheque Collection & Cheque Return Policy

1. This collection policy of the Bank is a reflection of the efforts to provide better service to our 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 increase use of technology to provide quick collection services to its customers. This policy document covers the following aspects:
 - ✓ Collection of cheques and other instruments payable locally, at centers within India.
 - ✓ Guidelines on providing immediate credit.
 - ✓ Purchase of local/ outstation cheques.
 - ✓ Our commitment regarding time norms for collection of instruments.
 - ✓ Guidelines on clearing of non-CTS-2010 Standard cheques
 - ✓ Payment of interest in cases where the bank fails to meet time norms for realization of proceeds of outstation instruments.
 - ✓ Dealing with collection instruments lost in transit.
 - ✓ Procedure to be followed in case of cheques dishonored.

2. Local Cheques:

All cheques and other Negotiable Instruments payable locally would be presented through CTS clearing. Cheques 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. Cheques deposited after the cut-off time and in collection boxes outside the branch premises including off-site ATMs will be presented in the next clearing cycle. As a policy, bank would 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 clearinghouse. Bank branches situated at centers where no clearing house exists, would present local cheques on drawee banks across the counter and it would be the bank's endeavor to credit the proceeds at the earliest.

- ✓ The cut-off time for sending cheques for collection would be worked out for each location/branch based on cut-off time afforded by clearing house at each location. The cut-off timings would be displayed at branches/ATM drop boxes for customers.
- ✓ For local cheques the time lines for local clearing will apply. The account holder is allowed to withdraw funds after the cut-off time as per return clearing norms in vogue at the centre.
- ✓ For local cheques drawn on own branches of bank (Transfer cheques), the account will be credited on the same day (in case of a working day) or the next working day if the cheque had been deposited across the counter in a branch or in a cheque drop box in the branch/ on-site ATMs.

3. Outstation Cheques:

Cheques drawn on other banks at outstation centres will normally be collected through bank's 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. The bank would also use the National Clearing services offered by the Reserve Bank of India at centres where such collection services exist. Cheques drawn on bank's own branches at outstation centres will be collected using the inter-branch arrangements in vogue. Branches which are connected through a centralized processing arrangement and are offering anywhere banking services to its customers will provide same day credit to its customers in respect of outstation instruments drawn on any of its branches in the CBS network.

4. Providing Immediate Credit

4.1. Bank may, at its discretion, purchase local/outstation cheque tendered for collection at the specific request of the customer or as per prior arrangement. Besides satisfactory conduct of account, the standing of the drawer of the cheque will also be a factor considered while purchasing the cheque.

4.2. Revised Time Norms for Credit to Account (Cheques)

The previous time norms for crediting cheques to accounts, based on the location of the cheque presentation, have been revised according to CTS norms incorporated as below:

Subject to realisation of the cheques,

Type of collection	Time norm for credit to account
Cheques deposited under CTS clearing (within cut-off time)	Will be credited on T+1 working day
Cheques deposited after cut-off time	Will be presented and credited on the next working day, as per clearing cycle

4.3. The timeframe specified above for collection shall be treated as the outer limit and credit shall be afforded earlier if the process of collection gets completed earlier.

4.4. The above time norms are applicable irrespective of whether cheques/instruments are drawn on the bank's own branches or branches of other banks.

5. Policy with regards to clearing of non-CTS-2010 Standard cheques

5.1. Non-CTS-2010 standard cheques (including PDC and EMI cheques) shall be sent for the next clearing session as scheduled by the CTS center, with at least a gap of 1 working day from the date of cheque deposit.

5.2. 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.

5.3. The Bank will return the non-CTS-2010 instruments, if any, presented in the regular CTS clearing. Such returned instruments will be re-presented by the Bank in the immediate next special clearing session for non-CTS-2010 instruments

6. Payment of Interest for delayed Collection of Local/ Outstation Cheques

6.1. The Bank shall pay interest to the customer on the amount of the instrument given for collection, in case there is delay in giving credit beyond the specified time period. 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.

6.2 The rate of interest to be paid shall be decided based on Board-approved Compensation Policy of the Bank.

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

7.1. In the event of 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 about 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 dishonored due to non-credit of the amount of the lost cheques/ instruments. The Bank shall provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.

7.2. The compensation to be paid, if any, shall be decided based on Board-approved Compensation Policy of the Bank.

8. Procedure to be followed in case of cheques dishonored

A return advice shall be prepared wherein the reason for return of cheque shall be indicated. The advice along with the cheque shall be sent to the customer by registered post, local delivery or other suitable means without delay.

9. Service Charges

For all collection services the Bank shall recover appropriate service charges as decided by the bank from time to time and communicated to customer.

10. Force Majeure

The Bank shall not be liable to compensate the 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 which prevents it from performing its obligations within the specified service delivery parameters.

11. Cheque return policy

1. RBI circular DBOD.BC.Leg.No.113/09.12.001/2002-03 dated June 26, 2003 and paragraph w11.4 (i) of RPCD.CO.RRB.BC. No.100/03.05.33/2013-14 dated May 12, 2014 advises Banks to introduce a condition for operation of accounts with cheque facility that in the event of dishonour of a cheque valuing rupees one crore and above drawn on a particular account of the drawer on four occasions during the financial year for want of sufficient funds in the account, no fresh cheque book would be issued. Also, the bank may consider closing current account at its discretion.
2. The above instructions have been reviewed by RBI and it has been decided to leave it to the discretion of the banks to determine their response to dishonour of cheques of the account holders. Banks should put in place an appropriate policy approved by the Board or its Committee taking into consideration the need to prevent misuse of the cheque drawing facility and avoid penalising customers for unintended dishonour of cheques.
3. This policy should be transparent, made known to every customer upfront and implemented fairly.
4. Savings and current accounts must be reviewed periodically and accounts identified that have high incidence of cheque returns-3 in a month and 9 in a quarter, irrespective of amounts and for financial reasons only. This includes NACH returns and SI bounces as well. Such accounts may be labelled as “unsatisfactory accounts”. In case of cheques of Rs. 1 crore and above, the number of bounces of four and above in a year is to be treated as unsatisfactory.
5. Operational guidelines are to be laid down by Head Banking Operations with approval of all stake holders for dealing with such accounts including closure of these accounts with adequate notice in the form of letters or e-mails or SMS to the said customers.