

**Sarva Haryana Gramin Bank**  
www.shgb.co.in Email : [headofficeinspection@gmail.com](mailto:headofficeinspection@gmail.com)

TO ALL OFFICES

Date: 23.02.2015

**SUB: Cheque Collection Policy of the Bank.**

The Cheque Collection Policy of our Bank duly approved by the Board of Directors during the 11<sup>th</sup> Meeting held on 28.01.2015, is attached as Annexure.

Branch Managers are advised to get the policy noted from all staff members and ensure strict compliance of guidelines.

General Manager

**SARVA HARYANA GRAMIN BANK I & A DIVISION**  
**CIRCULAR NO. 07/2015 DATED 23.02.2015 REFERS**

**POLICY ON COLLECTION OF CHEQUES/INSTRUMENTS**

### **1. Introduction**

Our cheque collection policy is a reflection of on-going 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. We are committed to increased use of technology to provide quick collection services to our customers. This policy document covers the following aspects:

- Collection of cheques and other instruments payable locally, at centers within India and abroad.
- Time norms for collection of instruments.
- Payment of interest in cases where there is delay beyond time norms in realization of proceeds of outstation instruments/local cheques.
- Dealing with collection instruments lost in transit.

### **2. Arrangements for Collection:**

#### **2.1. Local Cheques**

All cheques and other Negotiable Instruments payable locally would be presented through the clearing system prevailing at the centre. Cheques deposited at branch counters and in collection boxes within the branch premises before the specified cut-off time, displayed at the branches, 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.

Bank would give credit to the customer account on the day clearing settlement takes place. Withdrawal of amounts so credited would be permitted as per the cheque return schedule of the clearinghouse. Wherever applicable, facility of high-value clearing (same day credit) will be extended to customers.

Bank branches situated at centres where no clearing house exists, would present local cheques on drawee banks across the counter and it would be the bank's endeavour to credit the proceeds at the earliest.

#### **2.2. 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.

**Bank will provide same day credit to its customers in respect of outstation instruments drawn on any of its own branches in the CBS network.**

##### **2.2.1 Speed Clearing**

Bank is participating in a "Speed Clearing" introduced by Reserve Bank of India. The "Speed Clearing" is currently available in all MICR centres across the country. Under "Speed Clearing" system, cheques payable at any core banking solution (CBS) branches of any banks of any centres are collected through local clearing and not through outstation collection.

#### **2.3 Collection of third party cheque**

Bank will not collect account payee cheques for any person other than the payee constituent. However, bank will collect account payee cheques, drawn for an amount not exceeding Rs.50,000/- to the account of the customers who are co-operative credit societies and the payees of such cheques are the constituents of such co-operative credit societies. While collecting the cheques as aforesaid, bank will obtain a clear representation in writing from the co-operative credit societies concerned that, upon realization, the proceeds of the cheques will be credited only to the account of the member of the co-operative credit society who is the payee named in the cheque. This shall, however, be subject to the fulfillment of the requirements of the provisions of Negotiable Instruments Act, 1881, including Section 131 thereof.

#### **2.4 Cheques payable /drawn on Foreign Countries**

**For collection of Cheques payable at foreign centre/ s and Cheques drawn on foreign banks, the services of sponsor bank will be utilized.**

#### **2.5 Immediate Credit of Local /Outstation Cheques / Instruments up to Rs.15000/-:**

**2.5.1** Bank will consider providing immediate credit for third party cheques up to the aggregate value of Rs. 15000/- (Outstanding at any given point of time) tendered for collection by individual account holders including staff members but excluding minors and non-residents subject to satisfactory conduct of such accounts for a period not less than six months. Immediate credit will be provided to all eligible account holders against such collection instruments.

The facility of immediate credit will be offered on Savings Bank / Current / Cash Credit Accounts of the customers. For extending this facility there will not be any separate stipulation of minimum balance in the account.

Under this policy, prepaid instruments like Demand Drafts, Interest / Dividend warrants shall be treated on par with cheques.

For the purpose of this Policy, a satisfactorily conducted account shall be the one

- Opened at least six months earlier and complying with KYC norms.
- Conduct of which has been satisfactory and bank has not noticed any irregular dealings.
- Where, during the preceding three months, no cheques / instruments for which immediate credit was afforded returned unpaid for financial reasons.
- Where the bank has not experienced any difficulty in recovery of any amount advanced in the past including cheques returned after giving immediate credit.

Bank shall levy normal collection charges and out of pocket expenses while providing immediate credit against outstation instruments tendered for collection. Exchange charges applicable for cheque purchase will not, however be charged.

#### **2.5.2 Charging of Interest on cheques returned unpaid where Instant Credit was given:**

- If a cheque sent for collection for which immediate credit was provided by the bank is returned unpaid, the value of the cheque will be immediately debited to the customer's account.
- No interest shall be charged to the customers for the period between the date of lodgement of outstation cheque and its return unless the bank had remained out of funds on account of withdrawal of funds. Further, where the cheque is credited to a Saving Bank Account, no interest will be payable on the amount so credited, if the cheque is returned unpaid. In case of return of Cheque in Cash Credit/Overdraft Account, the interest at the rate applicable to the concerned account will be recovered from the date of affording such credit till the date of return of the cheque.

- In the event of dishonour/return of the cheque, Returning Charges and interest would be charged on per day basis from the date of return of cheque till the reimbursement of money to the bank or till the liquidation of overdraft created, in the following manner :
  - i. At Clean Overdraft Rate in case of Saving Bank/Current account,
  - ii. At the rate applicable to the concerned account /at Clean Overdraft Rate, whichever is higher, in case of Cash Credit / Overdraft account.

## **2.6 Purchase of local/outstation cheques of more than Rs.15000/-**

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.

## **3. Time Frame for Collection of Local / Outstation Cheques / Instruments:**

### **3.1 Local Cheques**

Local cheques are payable within the jurisdiction of the clearing house and will be presented through clearing system prevailing at the centre. Credit arising out of local cheques shall be given to the customer's accounts immediately after closure of the relative return clearing and withdrawal shall be allowed on the same day or maximum within an hour of commencement of business on the next working day, subject to usual safeguards.

### **3.2 Outstation Cheques**

Time frame for collection of cheques drawn on state capitals/major cities/other locations to be 7/10/14 days respectively. If there is any delay in collection beyond this period, interest at the rate specified in the Cheque Collection Policy of the Bank shall be paid. The time frame for collection specified by us shall be treated as outer limit and credit shall be afforded if the process gets completed earlier. Branches of the Bank shall not decline to accept outstation cheques deposited by its customers for collection.

### **3.3 Cheques drawn on foreign countries:**

**Cheques drawn on foreign countries** are accepted for collection on the 'best of efforts' basis for which Bank would take the help of sponsor Bank.

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

## **4. Payment of Interest for delayed Collection of Cheques:**

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. Interest for delayed collection shall be paid at the following rates:

#### **4.1 Payment of Interest for delayed Collection of Local Cheques:**

A) If the proceeds of cheque under collection were to be credited to Savings Bank or Current account of the customer, interest at the rate of Saving Bank Rate for the period of delay.

B) If the proceeds of cheque under collection were to be credited to an overdraft/loan account of the customer, interest will be paid at the rate applicable to the overdraft/loan account.

#### **4.2 Payment of Interest for delayed Collection of Outstation Cheques:**

A) If the proceeds of cheque under collection were to be credited to Savings Bank or Current account of the customer

(i) Savings Bank rate for the period of delay beyond 7/10/14 days as the case may be in collection of outstation cheques.

(ii) Where the delay is beyond 14 days but up to 90 days, interest will be paid at the rate applicable to term deposit for the corresponding period.

(iii) In case of extraordinary delay, i.e. delays exceeding 90 days interest will be paid at the rate of 2% above the rate applicable to term deposit for the corresponding period.

B) If the proceeds of cheque under collection were 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, i.e. delays exceeding 90 days interest will be paid at the rate of 2% above the rate applicable to the loan account.

It may be noted that interest payment as given above would be applicable only for instruments sent for collection within India and when the amount calculated is Rs 10/- and above. Interest amount will be rounded off to the nearest rupee.

**4.3** Under 'Cheque Truncation System(CTS)' instead of presenting cheque in physical form, image of cheque is presented to the paying banker. The original cheque remains in the custody of the Collecting Bank. To guard against fraudulent activities and also to facilitate smooth functioning of the clearing in CTS environment, uniformity in the size, design and the security features on the cheque issued by all banks to their customers has been brought in. These cheques are called as 'CTS-2010 Standard Cheques'.

Bank's is making efforts to withdraw the Non-CTS cheques in circulation. However, there is still a large volume of Non-CTS-2010 format cheques being presented in image-based clearing. In view of this, RBI has decided to put in place the separate clearing session for clearing of these cheques in CTS Centres. This separate clearing session will initially operate thrice a week. Thereafter, the frequency of such separate session will be reduced to twice a week and further to weekly once.

Customers are, therefore, notified that there is likely delay in realisation of Non-CTS-2010 cheques in view of proposed arrangement for clearing of such cheques/ instruments at less frequent intervals.

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

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 accountholder so that the accountholder can inform the drawer to record stop payment. The bank would provide all assistance to the customer to obtain a duplicate

instrument from the drawer of the cheque. The bank will compensate the account holder in respect of instruments lost in transit in the following way:

a) In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection (7/10/14 days as the case may be) interest will be paid for the period exceeding the stipulated collection period at the rates specified above.

b) 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.

c) The bank would also compensate the customer for any reasonable charges he/she incurs in recording of Stop payment instructions to drawee bank and 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.

#### **6. Delay in re-presentation of technical return cheques and levy of charges for such returns**

The bank will levy cheque return charges only in cases where the customer is at fault and is responsible for such returns. An illustrative list of returns, where the customers are not at fault are indicated in Annexure- I.

Further in cases where the cheques need to be re-presented without any recourse to the payee, such re-presentation shall be made in the immediate next clearing presentation not later than 24 hours(excluding holidays)with due notification to the customers of such representation through SMS alerts, email etc.

#### **7. Service charges**

The Bank will recover appropriate service charges, for all collection services, as decided by Bank from time to time and communicate to the customers by displaying the same on bank's website.

#### **8. Periodicity of review of the policy**

The policy will be effective for one year from the date of approval and it will continue to be in force till the reviewed policy comes into place

#### **9. Force Majeure**

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.