

## **Policy on Collection of Cheques/Instruments**

### **1. Introduction**

Keeping in view the technological progress in payment and settlement systems and the qualitative changes in operational systems and processes that have been undertaken by a number of banks, the Reserve Bank of India had, with effect from 1<sup>st</sup> November 2004, withdrawn its earlier instructions to commercial banks on (i) Immediate Credit of local/outstation cheques, (ii) Time Frame for Collection of Local / Outstation Instruments and (iii) Interest Payment for Delayed Collection. The withdrawal of these mandatory guidelines was expected to enable market forces of competition to come into play to improve efficiencies in collection of cheques and other instruments. This collection policy of the Bank is a reflection of our 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. The bank is committed to increased 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 centres within India and abroad.
- Our commitment regarding time norms for collection of instruments.
- Policy on payment of interest in cases where the bank fails to meet time norms for realization of proceeds of outstation instruments.
- Our policy on 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 12.00 noon on Weekdays and 10.00 am on Saturdays will be presented for clearing on the same day and cheques deposited after the cut-off time will be presented in the next working day's clearing cycle. Cheques deposited in collection boxes outside the branch premises including off-site ATMs will be presented in clearing depending on the cut-off timings/processing timings indicated in respective collection boxes. As a policy, bank would give credit to the customer account as on the same day clearing settlement takes place except in the case of loan, where credit will be provided a day after related cheque returns have been received. Withdrawal of amounts from transaction accounts, so credited, would be permitted as per the cheque return schedule of the clearing house in respective centres. (Please refer annexure I)

Wherever facility of high-value clearing is available in the local Clearing House, this facility will be extended to customers for cheques with minimum value of Rs.1 lac deposited at branch counters and in collection boxes within the branch premises by 10.00am, provided the bank / branch on whom the instrument is drawn on, participates in high value clearing.

#### **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.

Cheques drawn on bank's own branches at outstation centres will be collected using the inter-branch arrangements in vogue.

#### **2.3 Cheques payable in Foreign Countries**

Cheques payable at foreign centres where the bank has branch operations (or banking operations through a subsidiary, etc.) will be collected through that office. The services of correspondent banks will be utilized in country/centres where the correspondent has presence. Cheques drawn on foreign banks at centres where the bank or its correspondents do not have direct presence will be sent direct to the drawee bank with instructions to credit proceeds to the respective Nostro Account of the bank maintained with one of the correspondent banks.

#### **2.4 Immediate Credit of Cheques / Instruments**

The bank will provide immediate credit for Interest / Dividend Warrants payable at par at respective centers up to the aggregate value of Rs.5000.00. (Rupees five thousand only) tendered for collection

by individual account holders subject to satisfactory conduct of such accounts for a period not less than 6 months. The facility of immediate credit would also be made available in respect of demand drafts issued by Standard Chartered Bank drawn on its branches within India.

The facility of immediate credit will be offered on Savings Bank / Current / Cash Credit Accounts of individual customers.

In the event of dishonor of cheque/instrument against which immediate credit was provided, interest shall be recoverable from the customer for the period the bank remained out of funds at the rate applicable for temporary overdraft limits sanctioned for individual customers.

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

- a) Opened at least six months earlier.
- b) Conduct of which has been satisfactory and bank has not noticed any irregular dealings.
- c) Where no cheques / instruments, including those for which immediate credit was afforded, was returned unpaid for financial reasons
- d) 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 (as per schedule of service charges of the bank) while providing immediate credit against instruments tendered for collections. Charges applicable for cheque purchase will not, however be applicable.

### 2.5 Purchase of local/outstation cheques

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:

For local cheques presented in clearing credit will be afforded as on the date of settlement of funds in clearing house. Account holders will be allowed to withdraw funds from their transaction accounts as per clearing norms in vogue at respective centres (please refer annexure I). However extension of return clearing timings by the Clearing House under exceptional circumstances, may sometime lead to delay in allowing withdrawals as advised.

Cheques / Instruments presented in high value clearing (with the minimum value of Rs.1 lac) shall be credited on the same day (applicable only in areas covered by high value and/or drawee bank/branch participating in high value clearing). Utilisation of amounts so credited would be permitted same day after 6.30PM. This will be effective from April 15, 2007.

For cheques and other instruments sent for collection to centres within the country the following time norms shall be applied for credit of proceeds:

- a) Cheques presented at any of the four major Metro Centres (New Delhi, Mumbai, Kolkata and Chennai) and payable at any of the other three centres: Maximum period of 7 working days.
- b) Cheques payable at other Metro Centres and State Capitals (other than those of North Eastern States and Sikkim): Maximum period of 10 working days.
- c) Cheques payable at other major Centres listed below: Maximum period of 14 working days.

	LOCATION		LOCATION	LOCATION
1	ADONI	66	HISSAR	131 PERINTALMANNA
2	AGARTALA	67	HOSHIARPUR (PB)	132 PHAGWARA (PB)
3	AGRA	68	HOSPET	133 PHALTAN
4	AHMEDNAGAR	69	HOSUR	134 POLLACHI
5	AIZWAL	70	HUBLI	135 PONDA
6	AJMER	71	IMPHAL (MANIPUR)	136 PONDICHERRY
7	AKLUJ (MA)	72	ITANAGAR	137 PORBANDAR
8	AKOLA (MA)	73	JABALPUR	138 PRODDATUR
9	ALIGARH	74	JALGAON	139 QUILON
10	ALLEPPY/ALLAPUZHA	75	JAMMU	140 RAICHUR
11	ALWAR	76	JAMNAGAR	141 RAIPUR

12	AMBALA	77	JAMSHEDPUR	142	RAJAHMUNDRY
13	AMRAVATI	78	JIND	143	RAJAPALAYAM
14	ANAND	79	JODHPUR	144	RANCHI
15	ANANTAPUR	80	JORHAT	145	RATLAM
16	ANKLESHWAR	81	JUNAGADH	146	RATNAGIRI (MA)
17	ASANSOL	82	KAKINADA	147	REWARI
18	AURANGABAD	83	KANNUR	148	ROHTAK (HA)
19	BALASORE	84	KARAD (MA)	149	ROURKELA
20	BARAMATI (MA)	85	KARIMNAGAR	150	SAHARA NPUR
21	BAREILLY	86	KARNAL (HA)	151	SALEM
22	BARSHI	87	KARUR	152	SAMBALPUR (OR)
23	BATALA	88	KARWAR	153	SANGLI
24	BEHRAMPURE (WB)	89	KASARGOD	154	SATARA
25	BELGAUM	90	KHANDWA (MP)	155	SATNA (MP)
26	BELLARY	91	KHANNA (PB)	156	SHILLONG
27	BHAGALPUR	92	KHARAGPUR	157	SHIMLA (HP)
28	BHATINDA	93	KOLAR	158	SHIMOGA
29	BHAVNAGAR	94	KOLHAPUR	159	SHOLAPUR (MA)
30	BHILAI	95	KOTTAYAM	160	SILCHAR
31	BHILWARA	96	KUMBAKONAM (TN)	161	SILIGURI
32	BIDAR	97	KURNOOL	162	SIRSA (HARYANA)
33	BIJAPUR	98	LATUR	163	SIVAKASI (TN)
34	BIKANER	99	LONAVLA	164	SRIGANGANAGAR
35	BILASPUR	100	MADURAI	165	SRINAGAR
36	BOKARO(JARKHAND)	101	MAHABOBNAGAR,	166	THANJAVUR (TN)
37	BURHANPUR (MP)	102	MANDIGOBINDGARH	167	THIRUVALLA
38	CALICUT	103	MANGALORE	168	THRISSUR
39	CHANDRAPUR (MA)	104	MAPUSA	169	TINSUKIA
40	CHHINDWARA	105	MARGAO	170	TIRUCHIRAPALLI
41	CHIPLUN (MA)	106	MATHURA	171	TIRUNELVELI (TN)
42	CUDDAPAH	107	MEERUT	172	TIRUPATHI
43	CUTTACK	108	MEHSANA	173	TIRUPPUR
44	DAMAN	109	METTUPALAYAM	174	TIRUVANNAMALLAI
45	DAVANGERE	110	MIRAJ (MA)	175	TRIVANDRUM
46	DEHRADUN	111	MOGA	176	TUMKUR
47	DHANBAD	112	MORADABAD	177	TUTICORIN
48	DHULE (MA)	113	MUZAFFARNAGAR (UP)	178	UDAIPUR
49	DIBRUGARH	114	MUZAFFARPUR (BI)	179	UDAMPLET
50	DIMAPUR	115	MYSORE	180	UDUIPI
51	DINDIGUL	116	NADIAD	181	UJJAIN (MP)
52	DURGAPUR	117	NAGERCOIL	182	VALSAD
53	ERODE	118	NANDED (MA)	183	VAPI
54	FEROZABAD	119	NANDYAL	184	VARANASI
55	GANDHIDHAM	120	NASIK	185	VASCO DA GAMA
56	GANGTOK	121	NELLORE	186	VELLORE
57	GONDIA (MP)	122	NEYVELLI	187	VERAVAL
58	GORAKHPUR	123	NIZAMABAD	188	VIJAYAWADA
59	GOVERDHANPURA (KOTA)	124	PALAKKAD	189	VILLUPURAM
60	GULBARGA	125	PALI	190	VISAKHAPATNAM
61	GUNTUR	126	PANIPAT	191	VIZIANAGRAM
62	GURGAON	127	PANJIM	192	WARANGAL
63	GWALIOR	128	PARBHANI (MA)	193	WARDHA (MA)
64	HARIDWAR	129	PATHANKOT	194	YAMUNANAGAR
65	HIMATNAGAR	130	PATIALA	195	YEOTMAL (MA)

- d) Cheques payable at all other centers : Maximum period of 40 working days
- e) In case of credit card delinquent customers and credit card accounts rated high risk by internal credit criterias, credit for the payment will be given after 3 working days ( the funds will be available on the 4th working day ), taking into consideration the cheque return window and to avoid risky exposure in the card accounts. In terms of outstation of cheques the credit would be after 10 days .
- f) Cheques drawn on foreign countries: Bank enters into specific collection arrangements with its correspondent banks for collection of such instruments. Currently the Bank has collection

arrangement for Foreign Currency instruments in USD, GBP, EUR, AUD, CAD, CHF, NOK, NZ\$, HK\$, SG\$ & AED and would give credit to the customers on credit of proceeds to the bank's Nostro Account with the correspondent bank after taking into account cooling periods applicable as under and converted at the exchange rate applicable on the date of credit:

<b>Currency of Instrument</b>	<b>Customer relationship &lt; 6 months old</b>	<b>Customer relationship &gt; 6 months old</b>
USD cheque payable at New York	21 calendar days from date of credit into Nostro	12 calendar days from date of credit into Nostro
All other Foreign Currency cheques		
USD cheque payable outside New York	21 calendar days from date of credit into Nostro	21 calendar days from date of credit into Nostro

The above time norms 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 Outstation Cheques:**

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 within 10 days of proceeds being credited without any demand from customers in all types of accounts applicable. 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:

- Savings Bank rate for the period of delay beyond 7/10/14 working days as the case may be in collection of outstation cheques.
- Where the delay is beyond 14 working days, interest will be paid at the rate applicable to term deposit for the respective period, as applicable on the day payment due.
- 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 as applicable on the day payment due..
- In the event the proceeds of cheque under collection was to be credited to a regular overdraft/ loan/ credit card account of the customer, interest will be paid at the rate applicable to the overdraft/ loan/ credit card account. For extraordinary delays, interest will be paid at the rate of 2% above the rate applicable to the account.

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

#### **5. Cheques returned unpaid by Payee Bank:**

If a cheque presented in local clearing or sent for collection is returned unpaid, the instrument along with an advice providing reasons for return will be dispatched to the account holder at his/her address recorded with the bank. Charges applicable as per schedule of service charges of the bank will be levied.

#### **6. Cheques / Instruments lost in transit / in clearing process or at paying bank's branch (applicable to banking accounts):**

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 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 would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.

In line with the compensation policy of the bank, the bank will compensate the accountholder in respect of instruments lost in transit in the following way:

- In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection under points 3 a,b,c, above (7/10/14 working 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 stopping payment, 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.

**7. 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, accident, fires, natural disasters or other "Acts of God", war, resulting in damage to the bank's facilities or of its correspondent bank(s), etc beyond the control of the bank prevents it from performing its obligations within the specified service delivery parameters.

**8. Abnormal Circumstances**

The bank shall not be liable to compensate customers for delayed credit if abnormal circumstances like lockout, strike or other labour disturbances, 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.

\*\*\*\*\*