

Janata Sahakari Bank., Pune (Multistate Scheduled Bank)

*COLLECTION OF CHEQUES POLICY
2017 - 2018*

COLLECTION OF CHEQUES POLICY

1. Introduction

Keeping in view the technological progress in payment and settlement systems and the qualitative changes in operational systems and process that have been undertaken by a number of banks, the Reserve Bank of India had, with effect from 1st November 2004, withdrawn its earlier instructions to commercial banks on (i) Immediate Credit of local/outstation cheques, (ii) Time Frame for Collection of Local/Outstation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.

1. Purpose

The purpose of the policy is to fix normal framework for collection of cheques/instruments of Banks customers & to provide transparency & fairness in the treatment of customers.

2. Scope

This policy is based on following aspects for providing quick collection services to the customer.

- i) Collection of cheques and other instrument payable locally, at centers within India and abroad.
- ii) Our commitment regarding time norms for collection of instruments.
- iii) Policy on payment of interest in cases where the bank fails to meet time norms for realization of proceeds of outstation instruments.
- iv) Policy on dealing with collection instruments lost in transit.

3. Arrangements for collection

- A) **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 will be presented for clearing on the same day. Cheques deposited after the cut-off time and in collection boxes as well as in collection boxes in off-site ATM will be presented in the next clearing cycle. Credit will be given to the customer account on the same day. However withdrawal of such credit will be allowed as per the cheque return schedule of the clearing house of local centres.

Branches situated at centres where there is no clearing house local, cheques would be presented on drawee banks across the counter and credit to the customer will be given on the same day against the proceeds given by drawee bank. Statement showing the details of instrument through bilateral exchange for every month in the prescribed format of R.B.I. Signed by the concerned branch manager and it should be sent to the concerned Regional Director of RBI, National Clearing Cell.

- B) **Special Clearing** - Outstation cheques drawn on banks participating in speed clearing at specified locations will be collected and treated as local cheques (at par cheques) and credit will be given as per the return schedule of the clearing house of that particular centre.
- C) **Outstation Cheques - OBC** Cheques drawn on banks at outstation centres. Not having our branch, the instrument would be directly sent for collection to the drawee bank or agency bank with whom our tie-up arrangement exists.

Cheques drawn on our own branches at outstation centers will be collected through centralized processing arrangement (CBS) and the credit will be given on the same day.

- D) Cheques payable at Foreign Centres (countries) will be collected through the local banks having our collection arrangement for such cheques. The cheques received at our branches till 12.00 p.m. will be sent to those banks on the same day. The cheques received after 12.00 p.m. will be sent the next day.

The credit will be given on receipt of intimation of credit to our account by the agency bank.

Such instruments are accepted for collection on 'the best of efforts' basis.

4. Time frame for collection of local/outstation cheques/instruments

For local cheque presented in clearing credit will be given as on the date of settlement of funds in clearing and the customer will be allowed to withdraw funds as per the return clearing norms prevalent at that centre.

- i) Cheques presented at any of the four major centres (New Delhi, Mumbai, Chennai, Kolkatta) maximum period of 7 days.
- ii) Metro centres and state capitals (other than those of north eastern states) maximum 10 days.
- iii) In all other centres -maximum 15 days.
- iv) Cheques drawn on foreign countries as early as possible and such instruments are accepted for collection on the best of efforts basis.

5. Payment of interest for delayed collection of outstation cheques and cheques payable Outside India.

As part of the compensation policy the bank will pay interest to its customer on the amount of collection instruments under above i, ii, iii, in case there is a delay in giving credit beyond the time period mentioned above.

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

- i) Saving bank rate for the period of delay beyond 7 / 10 / 15 days as the cash may be in collection of outstation cheques.
- ii) Where the delay is beyond 15 days interest will be paid at the rate applicable to for short term deposit for the respective period.
- iii) In case of extra ordinary delay i.e. exceeding 90 days interest will be paid at the rate of 2% above the corresponding term deposit rate.
- iv) In case of loan account the interest will be paid at the rate applicable to the loan account.

6. Cheques/instruments lost in transit / in clearing process or at paying banks branch

In case a cheque or an instrument accepted for collection is lost in transit or in the clearing process or at the paying banks branch the bank shall immediately on coming to know of the loss, inform to the customers/so that he can inform the drawer to record stop payment. The bank should provide all assistance to customer to obtain a duplicate instrument from the drawer of the cheque.

The bank will compensate the customer in respect of instruments lost in transit in the following way

- i) In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection (7,10,14 days) interest will be paid for the period exceeding the stipulated collection period at the rates specified above.
- ii) In addition bank will pay interest on the amount of the cheque for a further period of 15 days at saving bank rate to provide for likely further delay in obtaining duplicate cheque/instrument and collection thereof.
- iii) The bank would also compensate the customer for any reasonable charges he incurs in getting duplicate cheque.

7. Superior Force

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 disaster, that may damage to the banks facilities or of its correspondent banks, absence of the usual means of communication or all types of transportation beyond the control of the bank, prevents it from performing its obligation within the specified service delivery parameters.

8. Service charges

For all collection services the bank will recover appropriate service charges as decided by the bank from time to time and communicated to customer as indicated in the code of banks commitment to customer adopted by the bank. The charges however will be within the RBI stipulated schedule of charges. (The current schedule of service charges of our Bank is attached.)

9. Periodicity on Review of the policy

The policy on collection of cheques/Instruments will be effective for one year & subject to review every year.