



सर्व हरियाणा ग्रामीण बैंक
Sarva Haryana Gramin Bank
(भारत सरकार का उपक्रम) (Govt. of India Undertaking)

प्रायोजक : पंजाब नेशनल बैंक



Sponsored by: Punjab National Bank

Inspection & Audit Division, Head Office, Plot No. 1, Sector 3, Rohtak-124001

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TO ALL OFFICES

Date : 31.03.2023

INSPECTION & AUDIT DIVISION CIRCULAR
NO. : 14/2023

Reg : Cheque Collection Policy 2023-24.

Cheque Collection Policy of the Bank 2022-23 was approved by Board in its 60th meeting held on 23.03.2022 & the policy was circulated vide I&AD Circular No. 16/2022 dated 29.03.2022.

Cheque Collection Policy of the Bank has been reviewed and the same has been approved by the Board in its 68th meeting held on 27.03.2023.

The approved Cheque Collection Policy 2023-24 of the Bank is enclosed as **Annexure 'A'**.

All concerned are advised to note the contents.

(Rohit Nijhawan)
General Manager

Encl: Annexure 'A'

I&A Division Circular No. 14/2023, Cheque Collection Policy, "Confidential, Strictly for internal circulation only"

1. Policy Overview

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that have been undertaken by a number of banks, the Reserve Bank of India had, with effect from 1st November 2004, withdrawn its earlier instructions to commercial banks on (i) Immediate Credit of local / outstation cheques, (ii) Time Frame for Collection of Local / Outstation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. 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.
- Defining time norms for collection of instruments and payment of compensation in cases where Bank falls short in meeting time norms for realization of proceeds or outstation instruments.
- Dealing with collection instruments lost in transit.

The Bank may review the policy annually or earlier as per requirements arising out of regulatory directions. The policy will come in force from 01.04.2022.

Policy Details

2.1 Policy Definition

The Policy for Collection of Cheques and Instruments has been designed to set out guidelines for dealing with the collection process of instruments in a fair and transparent manner.

The policy lays the guiding principles to deal with collection of instruments payable locally or abroad, their time norms, payment of interest for delay in collection of outstation cheques and instruments that are lost in transit.

The policy is based on the guiding principles enlisted in the RBI "Master Circular on Customer Service in Banks" circulated vide RBI/2015-16/59/DBR No. Leg. BC. 21 / 09.07.006/2015-16 dated 1st July 2015.

2.2.1 Arrangements for Collection:

2.2.1a Local Cheques

All CTS compliant 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 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 clearing house.

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 but not later than 3rd working day from the date of deposit by customer.

2.2.1b 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.

Since the bank is offering anywhere banking services to its customers same day credit will be provided in respect of outstation instruments drawn on any of its branches in the CBS network if received in the branch up to specified time and latest by next working day if deposited/dropped in collection box.

2.2.1d Purchase of Local / Outstation Cheques

Bank may, at its discretion, purchase local / outstation cheque tendered for collection at the specific request of the customer for credit to Govt. Deptt. / Central or State Govt. Undertakings only.

2.2.2 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 and the account holder will be allowed to withdraw funds as per return clearing norms in vogue.

Cheques / Instruments presented in high value clearing (with the minimum value of Rs.1 Lakh) shall be credited on the same day (applicable only in areas covered by high value / same day clearing).

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

Cheques presented at CTS Centres : Maximum period of 7 days.

Non CTS Centres : Maximum period of 10 days.

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

2.2.3 Payment of Interest for delayed Collection of Local/ 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 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:

- a) Savings Bank rate for the period of delay beyond 3 working days in case of local cheques.
- b) Saving Bank rate for the period of delay beyond 7 days in collection of outstation cheques payable at CTS centres and 10 days in non CTS centres.
- c) Where the delay is beyond 14 days interest will be paid at the rate applicable for term deposit for the respective period.
- d) 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.
- e) In the event the proceeds of cheque under collection was 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, 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.

2.2.4 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 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 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 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 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.

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c. The bank would also compensate the customer for any reasonable charges he/she incurs in 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.

2.2.5 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.

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.

2.2.5a RBI directed that no changes/corrections should be carried out on the cheques. For any changes in the payee's name, courtesy amount (amount in figures) or legal amount (amount in words) etc. excepting change in the date for validation period, fresh cheque forms should be used by customers. This will help the bank to identify and control fraudulent alterations.

2.2.5b Reduction of validity of cheque/ draft/ pay order/ Banker's cheque from 6 months to 3 months w.e.f. 01.04.2012

2.2.5c **Dishonour/ Return of cheques:** Bank needs to mention the `Date of Return' & sign/ initial the Cheque Return Memo and the Objection Slip is to be signed/initialled giving therein a definite and valid reason for refusing payment, as prescribed in Rule 6 of the Uniform Regulations and Rules for Bankers' Clearing Houses (URRBCH). This will enable the holder of the instrument to have legal recourse against the drawer of the cheque.

2.2.6 Miscellaneous:

Cheque which are deposited with wrong account number mentioned on the pay-in slip, Bank will return such cheques to the customer on the address mentioned within 48 working hours. However, in cases with incomplete address, incomplete phone no. or no phone number mentioned on the pay-in slip, the bank will be responsible to keep these instruments for a maximum period of 3 months.

Cheque received back unpaid will be returned by post/courier etc. to the customer within 48 working hours on the address recorded in Bank's database. However, these will be kept in the Bank for returning to the customer over the counter if he/she makes a request for the same. If not collected by the customer within 15 days, bank will send back at the recorded address by post or courier.

2.2.7. 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.

2.2.8. 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.

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2.2.9. 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.

Exclusions

For any change in the Policy, Chairman is empowered to take a decision and place the same for information to the Board.

Appendix

A. List of Acronyms and Definitions

CTS: Cheque Truncation System

B. List of references including related policies/forms, RBI circulars, etc.

RBI “Master Circular on Customer Service in Banks” circulated vide RBI/2015-16/59/DBR No.Leg.BC.21/09.07.006/2015-16 dated 1st July 2015.

C. Frequently Asked Questions

Sr. No.	FAQ	Reply						
1	What are the time norms for sending local cheques in 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.						
2	What if, my Bank does not have branch at cheque payable station?	The instrument would be directly sent for collection to the drawee bank or collected through a correspondent bank.						
3	What will happen if cheque is deposited with wrong payee particulars?	Bank will return such cheques to the customer on the address mentioned within 48 working hours.						
4	What is the time frame for collection of outstation cheque?	The timelines for outstation cheques are as under: <table border="1"><thead><tr><th>Type of centre</th><th>Period</th></tr></thead><tbody><tr><td>Cheque presented at CTS Centre</td><td>Maximum period of 7 days</td></tr><tr><td>Non-CTS Centre</td><td>Maximum period of 10 days</td></tr></tbody></table>	Type of centre	Period	Cheque presented at CTS Centre	Maximum period of 7 days	Non-CTS Centre	Maximum period of 10 days
Type of centre	Period							
Cheque presented at CTS Centre	Maximum period of 7 days							
Non-CTS Centre	Maximum period of 10 days							
5	What is the validity of the cheques at present?	The cheques are valid for three months from the date of cheque.						
6	Can local / outstation cheques be purchased for credit of customers account?	Bank may, at its discretion, purchase local / outstation cheque for credit to Govt. Deptt. / Central or State Govt. Undertakings only.						