



निरीक्षण एवं अंकेक्षण विभाग, प्रधान कार्यालय, प्लॉट नं. 1, सैक्टर 3, रोहतक – 124001
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समस्त कार्यालय

दिनांक : 25.04.2024

निरीक्षण एवं अंकेक्षण विभाग परिपत्र संख्या 37/2024

विषय: चैक संकलन नीति 2024–25.

1. बैंक की चैक संकलन नीति निदेशक मंडल द्वारा 68वीं मीटिंग के दौरान अनुमोदित की गई थी एवं निरीक्षण एवं अंकेक्षण विभाग के परिपत्र संख्या 14/2023 दिनांक 31.03.2023 के माध्यम से परिचालित की गई थी। इस नीति की समीक्षा निदेशक मंडल द्वारा दिनांक 15.04.2024 को आयोजित 75वीं मीटिंग के दौरान की गई एवं संशोधित चैक संकलन नीति इस परिपत्र के अनुलग्नक के रूप में संलग्न है।

2. यह नीति इसके अनुमोदन के दिन यानि कि दिनांक 15.04.2024 से प्रभावी होगी।

महा प्रबंधक
(रोहित निष्ठावन)



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

Email: hoinspsghb@shgbank.co.in

TO ALL OFFICES

Date : 25.04.2024

**INSPECTION & AUDIT DIVISION CIRCULAR NUMBER
37/2024**

Reg: Policy for Collection of Cheques and Instruments 2024-25.

1. The Policy for collection of cheques and instruments of the Bank was approved by the Board of Directors in its 68th meeting held on 27.03.2023 and Circulated vide I&AD Circular No. 14/2023 dated 31.03.2023. The subject policy has been reviewed by the Board of Directors during the 75th Meeting held on 15.04.2024 and the revised policy is enclosed as Annexure to this Circular.

2. The policy will come into force from the date of approval by Board of Directors i.e. with effect from 15.04.2024.

General Manager
(Rohit Nijhawan)

POLICY FOR COLLECTION OF CHEQUES AND INSTRUMENTS FOR FINANCIAL YEAR 2024-2025

Division: Inspection & Audit Division

Version : 2024_IAD_1.0

Policy Custodian

Division	Inspection & Audit Division
Officer in-charge	Divisional Head
Policy Contact	hoinspshgb@shgbank.co.in

Policy Governance

Frequency Of Review	Annually or as and when required
Last reviewed on	Board 27.03.2023
Approval Path	Standing Committee on Customer Service > Customer Service Committee of Board > Board
Supersedes	IAD, HO Circular 14/2023 dated 31.03.2023

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POLICY FOR COLLECTION OF CHEQUES AND INSTRUMENTS

1. Policy Overview

The Policy for Collection of Cheques and Instruments reflects our on-going efforts to provide better service to our customers and set higher standards for performance, especially in respect of Collection of Cheques/Clearing Services. The bank is committed to increased use of technology to provide quick collection services to its customers. This policy document covers the following aspects:

1.1. Collection of cheques and other instruments payable locally, at centres within India.

1.2. 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.

1.3. Dealing with collection instruments lost in transit.

The policy will come in force from 15.04.2024.

2. Policy Details

2.1. Background:

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, 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/2013-14/589 RPCD.CO.RRB.BC.No.100 / 03.05.33/2013-14 dated May 12, 2014 and RBI Circular on Positive Pay System for Cheque Truncation System circulated vide RBI/2020-21/41/DPSS.CO.RPPD.No.309/04.07.005/2020-21.

2.2. Objective:

To formulate a comprehensive and transparent Policy for establishing Cheque/ Instruments Collections and other internal arrangements for collection through correspondents and adhere to various Statutory/Regulatory Guidelines on the subject matter.

2.3. Scope and Applicability:

The Policy shall cover the Instrument/Cheque Collection functions of all the Offices of the Bank.

2.4. Policy Contents:

I&A Division Circular NO. 37/2024 Policy for collection of cheques and instruments 2024-25

The Policy on Collection of Cheques and Instruments, in terms of the RBI Master Circular on Customer Service in Banks circulated vide RBI letter dated 12.05.2014, broadly includes the following aspects:

- a. Immediate Credit for Local/Outstation Cheques
- b. Time frame for Collection of Instruments
- c. Interest payment for delayed collection

2.4.1. Arrangements for Collection:

2.4.1.1 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 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 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.

2.4.1.2 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.

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 outside the branch premises.

2.4.1.3. 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.

2.4.1.4. 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.

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 10/14days.

2.4.1.5. 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 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 10/14 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 of delay where 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.

2.4.1.6. **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 take care that cheques, if any, issued by him / her are not dishonoured due to non-credit of the amount of the lost cheques / instruments and 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.

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:

I&A Division Circular NO. 37/2024 Policy for collection of cheques and instruments 2024-25

a. In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection (3/7/10/14 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 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.

2.4.1.7. 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.

2.4.1.8. Changes/Corrections in Cheques:

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., except 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.

2.4.1.9. Validity of cheque/ draft/ pay order/ Banker's cheque is 03 months from the date of cheque.

2.4.1.10. 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.

2.4.1.11. Positive Pay System:

The facility of Positive Pay System for Cheque Truncation System is under testing and will be implemented shortly in our bank. These provisions will be applicable from the date of introduction of Positive pay system, in our bank. Under this system, the issuer of the cheque submits certain minimum details such as Cheque Number, Cheque Amount, Cheque date, Payee/Beneficiary Name to the drawee bank. The submitted details are cross checked with the presented cheque by CTS system. Any discrepancy found in presented cheque is flagged by CTS system to the drawee bank and presenting bank, who would take redressal measures. This facility will be available for all account holders issuing cheques of Rs. 50,000/- and above. The customers may avail this facility by

submitting the desired details of the cheque issued by them through Branch/Internet Banking Service / Mobile Banking Service (PNB ONE) and SMS Banking. Availing of this facility will be mandatory for cheque amount above the threshold limit as prescribed by RBI/Regulatory Authority/Bank from time to time.

However, only those cheques which are compliant with instructions of Positive Pay System shall be accepted under dispute resolution mechanism at the CTS grids.

2.4.1.11. 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.

2.4.1.12. 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.

2.4.1.14. 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.

2.5. Authority for Operational Guidelines

The authority for Operational Guidelines shall lie with the Standing Committee on Customer Service.

2.6. Disclosure of the Policy:

The Policy shall be placed on Bank's Intranet for access to all the concerned staff members and at the Bank's Website for access to Public.

2.7. Ownership of the Policy:

The ownership of the Policy in terms of its review/modification/approval shall lie with HO: I&AD. However, the implementation of various aspects of the Policy shall lie with the concerned Owner Division of the Product/Service/Process.

2.8. Validity and Review of the Policy:

I&A Division Circular NO. 37/2024 Policy for collection of cheques and instruments 2024-25

The policy will be effective from 01.04.2024 and valid up to 31.03.2025. The policy shall be subject to annual review. Further, Standing Committee on Customer Service (SCCS) headed by Chairman shall be authorised to:

- a. incorporate any changes necessitated in the policy for the interim period up to the next review, due to regulatory pronouncements made during the validity period of the policy; and
- b. Extend validity of the policy for period up to three (3) months, however such extension of validity of the Policy shall be subject to ratification by the Board.

2.9. Reporting:

The reporting of various aspects of the Policy shall be done as per the Statutory/Regulatory guidelines/requirements.

2.10. Relaxation/Deviations/Exclusions:

NIL

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 12.05.2014 and RBI Circular on Positive Pay System for Cheque Truncation System circulated vide RBI/2020-21/41/DPSS.CO. RPPD.No.309/04.07.005/2020-21 dated September 25, 2020.