

## **INDEX**

| <b>Sr. No.</b> | <b>Description</b>  | <b>Page No</b> |
|----------------|---|----------------|
| 1              | Background  | 3              |
| 2              | States/Circles covered in Grid based CTS-2010 centres                               | 4              |
| 3              | Branches dealing with government business under CTS centres                         | 5              |
| 4              | Speed Clearing System   | 6              |
| 5              | Instruments drawn on our local and outstation Branches                              | 9-11           |
| 6              | Instruments drawn on Outstation branches of Other Banks                             | 11             |
| 7              | Timeframe for collection of cheques   | 11             |
| 8              | Time frame for collection of outstation Instruments                                 | 12-13          |
| 9              | Interest payment for delayed collection   | 13             |
| 10             | Cheques/Instruments lost in transit/ in Clearing Process or at paying Bank's branch | 14             |
| 11             | Collection of international Cheques/ Instruments                                    | 15-20          |
| 12             | International Cheques/instruments lost in transit/ in clearing process              | 20             |
| 13             | Force Majeure   | 22             |
| 14             | Reason for Return   | 23-25          |
| 15             | Objections where customers are not at fault   | 26             |
| 16             | Acronyms  | 2              |

## **Acronyms**

|                      |  |
|----------------------|--|
| BCSBI                | Banking Codes and Standards Board of India                           |
| CAD                  | Canadian Dollar  |
| CCP                  | Cheque Collection Policy   |
| CTS                  | Cheque Truncation System   |
| ECCS                 | Express Cheque Clearing System                                       |
| FCC                  | Foreign Cheque Collection  |
| GBP                  | British Pound Sterling   |
| GLS                  | Global Link Services   |
| IBA                  | Indian Bank Association  |
| KYC                  | Know Your Customer   |
| MO                   | Money Order  |
| P2F                  | Paper to follow  |
| RBI                  | Reserve Bank of India  |
| TC                   | Travellers Cheque  |
| URRBCH               | Uniform Rules and Regulations for Bankers' Clearing House            |
| USD                  | United States Dollar   |
| Own Bank's Cheque    | Cheque drawn on/ payable at branches of SBI                          |
| Other bank's Cheques | Cheque drawn on/ payable at branches of other banks (other than SBI) |

**STATE BANK OF INDIA**  
**CHEQUE COLLECTION POLICY – 2017**

**1. PREAMBLE:**

- 1.1. Bank's Cheque Collection Policy (**CCP**) was first formulated in 2005 and is reviewed periodically, as per the guidelines issued by Reserve Bank of India (**RBI**)/**IBA**/**BCSBI** from time to time. The Policy duly approved by Bank's Central Board shall be known as Bank's Cheque Collection Policy -2017.
- 1.2. Bank's Cheque Collection Policy-2017 has been formulated as a comprehensive document with transparency, covering various aspects, taking into account our technological capabilities, systems and processes adopted for clearing arrangements and other internal arrangements for collection through different methods. The Policy takes adequate care to ensure that the interest of small depositors is fully protected and is in line with the IBA's model policy on Collection of cheques/instruments. The procedure for collection of domestic cheques/instruments and international instruments have been included herein, which, inter alia, incorporates the following:
- a) Established procedure for collection of Bank's own cheques (local and outstation).
  - b) Collection of cheques from our branches and branches of other banks.
  - c) Reduced time frame for collection of outstation/local cheques drawn on branches of the Bank
  - d) Penalty for delayed collection for local/outstation cheques in a progressive manner
  - e) Amounts of cheques upto which immediate credit is to be provided.
- 1.3 Cheque clearing process under revised scenario of CTS based clearing system.**

1.3.1 The printing of IOI instruments is also now migrated on “CTS-2010 standard” platform.

1.3.2 Cheque Truncation System (CTS) is presently working at **Northern grid** in Delhi, **Southern Grid** in Chennai and **Western grid** in Mumbai.

1.3.3 **States/Circles covered in Grid based CTS-2010 centres:**

**Northern grid** in Delhi covers Bihar, Chandigarh, Delhi, Haryana, Jammu& Kashmir, Jharkhand, Rajasthan, Uttar Pradesh & Uttarakhand states (Covering Chandigarh, Delhi, Lucknow, Jaipur and Patna Circles). Centres covered are Agra, Amritsar, Allahabad, Bhilwara, Chandigarh, Dehradun, Delhi, Gorakhpur, Jaipur, Jalandhar, Jamshedpur, Jammu, Jodhpur, Kanpur, Kota, Lucknow, Ludhiana, Patna, Ranchi, Udaipur and Varanasi,

**Southern grid** in Chennai covers Andhra Pradesh, North Eastern States, Orissa, Karnataka, Kerala, Tamilnadu, Telangana & West Bengal states (covering Amaravati, Bangalore, Bhubaneswar, Chennai, Guwahati, Hyderabad, Kolkata and Thiruvananthapuram circles). Centres covered are Bangalore, Belgaum, Bhubaneswar, Calicut, Chennai, Coimbatore, Cuttack, Ernakulum, Erode, Guwahati, Hubli, Hyderabad, Kolkata, Madurai, Mangalore, Mysore, Pondicherry, Salem, Thirunelveli, Tiruchirapalli, Tirupur, Trichur, Trivandrum, Vishakhapatnam and Vijayawada.

**Western grid** in Mumbai covers Chhattisgarh, Goa, Gujarat, Madhya Pradesh, and Maharashtra states (covering Ahmedabad, Bhopal and Mumbai Circles). Centres covered are Ahmedabad, Anand, Aurangabad, Bhavnagar, Bhopal, Gwalior, Indore, Jabalpur, Jamnagar, Kolhapur, Mumbai, Nagpur, Nasik, Pune, Panaji, Rajkot, Raipur, Solapur, Surat and Vadodara.

All centres covered under the same grid will be treated as a single clearing zone and cheques drawn on these centres and presented at any of the grid centres are treated as locally drawn cheques in as much as no clearing charges would be applicable for such cheques.

- 1.3.4 Separate clearing session was introduced in the three CTS grids (Mumbai, Chennai and New Delhi) for clearing of such residual non-CTS-2010 cheques (including PDCs and EMI cheques) with effect from 1<sup>st</sup> January 2014. This separate clearing session is now operated once in a week (every Monday), from 1<sup>st</sup> November 2014 onwards.
- 1.3.5 After introduction of these special sessions for non-CTS cheques, non-CTS cheques are not to be presented in CTS clearing/ session. If non-CTS cheques are presented in regular clearing session drawee bank will returns the non-CTS cheques with reason "37- present in proper zone". These non-CTS cheques will have to be re-presented by the collecting bank in the immediate next special clearing session for non-CTS cheques.
- 1.3.6 RBI has directed that no changes/corrections should be carried out on the cheques. For any changes in the payee's name, currency amount (amount in figures) or legal amount (amount in words) etc. fresh cheque forms should be used by customers. This will help Banks to identify and control fraudulent alterations. Collecting banks have to ensure that such cheques are not accepted for presentation in CTS. This is not applicable to cheques cleared under other clearing arrangements such as MICR clearing, non-MICR clearing, over the counter collection (for cash payment) or direct collection of cheques outside the Clearing House Arrangement.
- 1.3.7 **Branches dealing with government business under CTS centres are required to update their CBS data in view of Govt P2F process :-**  
**Account level ground work :-** Get linked to respective CCPC by completing following activities for all State & Central Government Accounts maintained at the Branch :-
- a. Capture signatures of Drawing & Disbursing Officers (DDOs) of respective Govt departments and upload the same in CBS.
  - b. Upload mandate / account operating instructions in CBS.
  - c. Allocate cheque series (existing or CTS compliant category) to the respective State / Central Government Account.

d. Limits / LOCs are to be updated as per the instructions / requirements of the Government Account holder.

e. Ensure that Major-head / sub-head / supplementary-head for Central Government Accounts or State Govt. code / Focal Point Branch code / C or S flag are defined correctly against each Central / State Government Account at the Branch.

1.4 **Process for clearing at clearing centres:** All Banks participating at clearing centres have been provided with Express Cheque Clearing System (ECCS) software and a server is located at Clearing House, where all bank branches exchange their cheques and also submit the data of cheques presented in clearing to Clearing House by removable storage devices. The Clearing House has ECCS software of Clearing House module, which processes the data received from the member banks and generates Bankwise report and settlement report. The settlement bank makes settlement, based on the ECCS report in accounts maintained with the bank. All provisions of Uniform Rules and Regulations for Bankers' Clearing House (URRBCH) issued by RBI are adhered to by the Clearing House.

1.5 **Speed Clearing System:** - Outstation cheques drawn on banks participating in speed clearing at specified locations will be collected and treated at par with local cheques. All terms and conditions applicable for local clearing instruments will also apply to speed clearing system, except that such cheques will be collected by the collecting bank against realization of service charges specified for the purpose. Speed Clearing System is applicable for both CTS-2010 grid based clearing system and non-CTS clearing system.

1.6 The list of objections for return of Instruments and Image based Cheque Clearing, as detailed in Annexure D to Uniform Regulations and Rules for Bankers' Clearing House, has been placed as Annexure-I of this document.

1.7 Cheque return charges shall, however, be levied only in cases where the customer is at fault and is responsible for such returns. The list of reasons for return, where the customers are not at fault is as per Annexure-II.

- 1.8 Cheques that need to be re-presented without any reference to the payee shall be presented in the immediate next presentation clearing, not later than 24 hours (excluding holidays). Notification will be sent to the customers for such re-presentation by SMS or email.
- 1.9 Dishonour /Return of cheques: Bank needs to mention the 'Date of Return' & sign/initial the Cheque Return Memo, 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.
- 1.10 Collection of Third Party Cheques in clearing: RBI has prohibited Banks from crediting 'account payee' cheques to the account of any person other than the payee named therein. However, with a view to mitigating the difficulties faced by members of co-operative credit societies in collection of account payee cheques, RBI has permitted banks to collect for such societies account payee cheques drawn for an amount not exceeding Rs.50,000/- on behalf of their constituents.
- 1.11 Cheques deposited at branch counters and Cheques deposited in the drop-box within the branch premises, before the specified cut-off time, will be sent for clearance on same day, for which the clearance period will be T+1 working day. Cheques deposited after this cut off time will be sent for clearing on next day, for which clearance period will be T+2 working days.
- 1.11.1 The broad time-limit for receipt of cheques (say up to 3 hours after opening of branch, 1 hour before closure of business etc.), which may be finetuned for individual locations/branches, based on local practices, will be fixed by the Controllers of the respective branches.
- 1.11.2 All drop-boxes shall clearly indicate the timeline as above upto which cheques dropped in the drop boxes would be sent for clearing on the same day.

- 1.11.3 Cheques deposited after the cut-off time and in drop-boxes outside the branch premises including off-site ATMs will be presented in the next clearing cycle.
- 1.12 As a policy, Bank would give credit to the customer account on the same day after day's clearing settlement takes place and will appear in book balance but would not be available for payment. Withdrawal of amount so credited will be permitted as per the cheque return schedule of the clearing house.
- 1.13 The timeline for clearing of local cheques will be extended by two additional days in case of branches having non-Sunday weekly off and also preceding working day in 2<sup>nd</sup> & 4<sup>th</sup> weekend also being holiday. It will be extended by one additional day only during 1<sup>st</sup>, 3<sup>rd</sup> & 5<sup>th</sup> week for branches working on Sunday.
- 1.14 Bank branches situated at centres where no clearing house exists, would present local cheques on drawee banks across the counter and proceeds thereof would be credited, at the earliest, on realization.
- 1.15 Normal collection charges applicable at the material time will be levied for local cheques not collected through clearing, irrespective of the amount of cheques.
- 1.16 SC/DDP automation has been implemented for collection of outstation cheques of other banks from centres where speed clearing system is not available.
- 1.17 In the case of collection of outstation cheques at centers, where the Speed Clearing System is not applicable, our collecting branches will levy 50% of their applicable charges for collection of outstation cheques. The drawee/ paying bank may also levy 50% of applicable charges.
- 1.18 Negotiation of local cheques/instruments drawn on other banks will not be permitted. Branch Managers may use their discretion in exceptional circumstances (business exigencies) to permit drawals against uncleared effects up to Rs. 30,000/- (Rupees thirty thousand only), in deposit accounts. The facility can be provided only on well conducted, KYC compliant accounts as mentioned in



paragraph 2.2.1 below. This will be done within the discretionary powers vested with the Branch Manager in the respective Grade/Scale, for purchase of cheques/ clean bills, in terms of Scheme of Financial Powers-Advances & Allied activities and is required to be reported to the next higher authority, for control purpose.

- 1.19 In case of outstation cheques, the facility will be restricted to one or more cheques for aggregate amount not exceeding Rs. 30,000/- at a time, ensuring that the liability on account of outstanding cheques purchased does not exceed Rs. 30,000/- at any time, except in cases where credit facility against cheques to be purchased has been duly sanctioned by the competent authority.
- 1.20 If a cheque/instrument for which immediate credit has been afforded is returned unpaid, Bank shall recover interest at clean overdraft rate for the period Bank remained out of funds and also cheque return charges, subject to the following :-
- a) Bank will charge interest from the date of credit of proceeds of the cheque in the account till reimbursement/realization of the amount to/by the Bank.
  - b) Where the cheque is credited to a Savings Bank account, such credits will not be reckoned for interest purposes if the cheque is returned unpaid. For the purpose, the branches will ensure recovery of interest credited/ to be credited to the account on the amount of cheque returned unpaid for the period involved.
  - c) If proceeds are credited in an overdraft/loan account, interest would be recovered at applicable rate/clean overdraft rate, whichever is higher, on the amount of returned cheque/instrument.

## **2. INSTRUMENTS DRAWN ON OUR LOCAL AND OUTSTATION BRANCHES:**

Cheques drawn on Bank's own branches, at local or at outstation centres, irrespective of amount and market/business segment, except Govt. Cheques, Banker's Cheques, RBI cheques, received across the counter or through Drop-Box are not required to be

presented in clearing or purchased as DD or sent out on collection as SC. These instruments shall be disposed of at their end only, subject to ceiling for non-home payment as decided by the Bank & advised to branches from time to time. The instruments will be paid by the receiving branches at their end after verifying the genuineness of the instruments and observing all necessary precautions for payment of instruments, who will afford credit directly to the payee's account.

2.1 Cheques drawn on any branch of the our Bank, locally or outstation, will normally be paid on the same day or next day, depending upon the local situations, barring a few exceptional circumstances, for example – insufficient balance, non-availability of drawing power, uncleared balance, cheque number not matching with the cheque range in the system, same cheque number already paid, difference in signature, any lien stop/hold restrictions (statutory, regulatory or otherwise), marked on the account, limit exceeding in case of loan account etc.

2.2 The facility of immediate credit will be provided by the branch to the satisfactorily conducted accounts (defined hereinafter in the Policy) of their customers in respect of instruments drawn on any of our branches.

2.2.1 For the purpose of this Policy, a satisfactorily conducted account shall be one which has been:-

- i) Opened at least six months earlier to the date of depositing cheque for realization and fully complies with KYC documentation requirements.
- ii) Is not inoperative.
- iii) Where branch has not noticed any irregular dealings/ suspicious transactions in the last 6 months.
- iv) Where the branch has not experienced any difficulty in recovery of any amount advanced in the past, including cheques returned unpaid after giving credit.
- v) Where no adverse features attached to the account/account holders have been brought to the notice of the Bank.
- vi) Where no cheques/ instruments for which immediate credit was afforded, had been returned unpaid for financial reason.

2.2.2 The facility will be available to all individual deposit account holders, without making a distinction about the type of their accounts, i.e. Savings Bank/Current Account etc. It will also be available at all branches/extension counters of the Bank.

2.3 Branches will, on their own, afford immediate credit of outstation cheques of other banks too up to and inclusive of Rs.30,000/- (Rupees thirty thousand only) tendered for collection by their customers

2.4 The facility of immediate credit would however not be applicable to cheques collected under speed clearing arrangements.

### 3 **INSTRUMENTS DRAWN ON OUTSTATION BRANCHES OF OTHER BANKS:**

3.1 Cheques drawn on other banks at outstation centres in India will normally be collected through our own 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.

3.2 All "CTS-2010 Standard" Cheques and other Negotiable Instruments (CTS compliant), payable outstation on any banks, would be presented by the branches linked to respective CTS-Grid through the grid based clearing system (Chennai, Mumbai and Delhi Grids).

3.3 As mentioned in para 1.3.4, processing of non-CTS cheques is now done through a special clearing session in three CTS grid centres on weekly basis (every Monday) from 1<sup>st</sup> November, 2014 onwards.

#### 3.4 **Timeframe for collection of cheques :**

Cheques drawn on branches of other banks located at State Capitals/Major "A" class Cities/other locations will be collected within 7/10/14 days respectively. If there is any delay in collection beyond this period, interest at the rate specified as per Para 5.2 shall be paid without insisting/waiting for a request from the customer. Time-limit for collection specified by the Bank shall be treated as the outer limit and credit shall be afforded immediately, if the proceeds get collected earlier.

3.5 There is no change in the accounting procedure for DDP in respect of cases where instruments will continue to be purchased by debit to General Ledger Account/Customer's Liability account and sent for realization to the Drawee bank.

3.6 Outstation cheques will be paid subject to recovery of usual service charges, plus service tax applicable, as per Bank's extant instructions, but such charges shall not be more than the service charges prescribed by RBI for Outstation Collection Charges. No additional charges, P&T, Courier charges etc. will be recovered.

#### **4. TIME FRAME FOR COLLECTION OF OUTSTATION INSTRUMENTS:**

4.1 With the leverage of CBS, upgradation of technology and introduction of Speed Clearing System/CTS-grid based Clearing at MICR centre, the time frame for collection of outstations cheques for SBI branches/ other banks will be as per normal clearing cycle at the respective centre. For all other centres, the time frame for collection of cheques/ instruments payable in India is as under:

|  | <b><u>SBI</u></b><br><b><u>Branches*</u></b> | <b><u>Branches</u></b><br><b><u>of Other</u></b><br><b><u>Banks</u></b> |
|--|--|---|
| a) Collections between :<br>Metropolitan Centres/ Major 'A'<br>Class Cities (Mumbai, Chennai,<br>Kolkata, New Delhi,<br>Ahmedabad, Bangalore &<br>Hyderabad)   | T+2  | 7 days  |
| b) Collections between places at :<br>(a) above and State Capitals<br>(other than North Eastern<br>States & Sikkim) and Area I<br>Cities, i.e. Pune, Nagpur,<br>Kanpur, Surat, Vishakapatnam,<br>Vadodara, Kochi, Indore,<br>Ludhiana, Coimbatore, Agra,<br>Madurai and Varanasi | T+2  | 10 days   |

- c) Collections between all other : T+3 14 days  
Centres

\* For cheques other than those drawn for the amount within the ceiling printed of the cheque and cheques drawn on the branches within the CTS Grid.

4.2 The timeframe mentioned above is the outer limit and once the instruments are realised, proceeds should be credited to the customer's account immediately.

4.3 The time limit for collection of cheques/instruments payable in foreign countries has been mentioned separately in the Policy, under paragraph No.7.6.

## **5. INTEREST PAYMENT FOR DELAYED COLLECTION:**

5.1. As part of the Compensation Policy, the Bank will pay interest to its customer on the amount of collection instruments under 4.1 a, b and c given above, 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.

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

a) For collection of Cheques drawn on SBI, Saving Bank rate for the period of delay beyond T+2 days 4.1 (a) & (b) and T+3 for 4.1 (c), ( interest will be payable) from 4<sup>th</sup> day for the centres (a)& (b) and 5<sup>th</sup> day for the centre (c).

b) Saving Bank rate for the period of delay beyond 7/10/14 days, as the case may be, in collection of outstation cheques drawn on other banks, i.e. [the interest will be payable] from 8<sup>th</sup> /11<sup>th</sup> /15<sup>th</sup> day.

c) Where the period of delay is beyond 14 days, interest will be paid at the rate applicable for term deposit for the corresponding period or Saving Bank rate, whichever is higher.

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 the proceeds of cheque under collection 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.

5.3 Interest as above shall be payable with a minimum of Rs.25/-.

**6. CHEQUES / INSTRUMENTS LOST IN TRANSIT / IN CLEARING PROCESS OR AT PAYING BANK'S BRANCH:**

6.1 In the event of a cheque/instrument accepted for collection being lost in transit or in the clearing process or at the paying bank's branch, the Bank shall immediately, on coming to know about the loss of instrument, bring the same to the notice of the account holder, so that the drawer can be informed to record stop payment and take care that cheques, if any, issued by him/her are returned with specific remarks and not just dishonoured as a routine due to non-credit of the amount of the lost cheques/instruments. The Bank would also advise the drawee bank all particulars of lost cheques / instruments for exercising caution and provide all assistance to the customer in obtaining a duplicate instrument from the drawer of the cheque.

6.2 Where a cheque/instrument is claimed to have been deposited by the customer in Drop-Box, but Bank's records do not show receipt of such cheque with the Bank, the Bank can not decide on the compensation amount for lost cheque in the absence of details of cheque like date, amount, drawee bank/branch/drawee centre etc. In such cases, the customer will have to corroborate a claim for lost cheque with full facts, inter-alia, including confirmation/enquiries from the drawee person/ drawee bank about genuineness of the claim and, on this basis if it is established that the customer has, in fact, tendered the cheque in Drop-Box, the Bank will consider payment of compensation in terms of the State Bank of India Compensation Policy.

6.3 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 the event a cheque or an instrument accepted for collection is lost in transit or in clearing process or lost by the Service Provider (in case of CMP), the Bank shall immediately, on

coming to know of the loss of instrument, bring the same to the notice of the account holder as brought out under Para 6.1 herein above. The Bank would provide assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.

b) In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection, as per the Cheque Collection Policy of the Bank, (7/10/14 days as the case may be) interest will be paid for the period beyond the stipulated collection period at the rates specified in para 5.2 & 5.3 above for cheques payable in India.

i) Bank will pay interest on the amount of the cheque for a further period of 15 days at Savings Bank rate to provide for possible further delay in obtaining duplicate cheque /instrument and collection thereof.

ii) The Bank would also compensate the customer for reasonable charges which 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, subject to a maximum of Rs. 250/-.

## **7. COLLECTION OF INTERNATIONAL CHEQUES/INSTRUMENTS :**

### **7.1 The Bank handles, on behalf of its customers, at all its branches, collection of cheques drawn in various foreign currencies and payable at various foreign centers. The bulk of the collection instruments are: -**

a) Foreign Currency cheques {including Travellers Cheques (TCs) & Money Order (MO)} drawn on/ payable in the country of that foreign currency ( viz. \$ in USA, £ in UK, € in Euro Zone and so on) drawn on countries other than the country of particular currency viz. US \$ cheques payable outside USA.

b) It is clarified that Travellers cheques issued by various Banks/Entities in various currencies will continue to be paid (by collection & purchase) at designated branches as per bilateral arrangement in place, as advised by Global Markets (Foreign Department), Kolkata, from time to time.

- 7.2 Accordingly, the Policy for International Cheque Collection shall cover the following aspects:
- i) Type of settlement process in foreign countries for collection of cheques.
  - ii) Arrangement for collection of cheques/instruments.
  - iii) Time–frame for collection of cheques.
  - iv) Interest payment for delayed collection, and
  - v) Collection instruments lost in transit.

7.3 **Settlement Process in Foreign Countries for collection of cheque:**

Collection of cheques at various foreign centers differs vastly from the process prevalent in India, both in advanced markets, developing countries and also from country to country within these two sub-groups. In some of the markets, clearing / settlement system can take more than 1 day, i.e. 2-4 days for return clearing and, therefore, for final funds settlement. Further, in some countries like USA the recall of funds from the collecting banker can occur even after the time for return clearing for an undefined period, in cases where National Clearing involves more than one Fed Zone. Further, as per section-15, chapter 2B, paragraph-12B of "Manual of Forex operations", updated as on 31.03.2017, in the event of any USD cheque returned for any reason, in terms of Check 21 Act of USA, we may receive an image of the returned legal cheque, including a paper copy of cheque image or a returned substitute cheque instead of a returned original paper cheque. There are also countries like Germany where cheques are no more the preferred mode of payments (replaced by online payments) and clearing takes place on a weekly basis. Cooling period for Foreign Currency Cheques (FCC) collection, as per arrangement made by Global Link Services (GLS) for FCC denominated in US\$, Euro €, GB £, Canadian \$ is as under:

| <b>Instruments for collection</b>                     | <b>Cooling Periods</b> |
|---|------------------------|
| US \$ Cheques payable in USA                          | 15 days.               |
| Travellers Cheque, Money Order, Gift Cheques in US \$ | 15 days.               |
| Euro payable in 10 countries                          | 15 days.               |



|   |                                     |
|---|-------------------------------------|
| (Austria, Belgium, France, Germany, Italy, Luxembourg, Netherland, Portugal, Spain & United Kingdom). |                                     |
| GBP payable in UK   | 21 days.                            |
| CAD less than CAD10000/-  | 21 days.                            |
| CAD 10000/- and above   | NIL, but holding period of 60 days. |
| Other Currencies  | 21 days.                            |

#### 7.4 **Arrangement for collection of foreign cheques/instruments:**

7.4.1 We have a network of branches, linked branches and Global Link Services (GLS) Department of International Banking Group (IBG). GLS uses services of different correspondent banks with large volumes, robust systems, suitable technology back up and country specific strengths to provide efficient service at competitive prices. Different Correspondent Banks are able to offer varied customized products to us for risk reduction, quicker collection, improved reconciliation etc. at various prices. When FCNR (B)/NRE TDR deposit receipt is to be issued against proceeds for FC cheques collected, branches have to ensure that:

- i) FCNR (B)/ NRE TDR Receipt should be mailed / handed over to the depositor only after the cooling period is over.
- ii) As no protection against frauds on the face of cheques is available in such cases (a recall is possible within 1 year or more), the facility of loans, etc. against such deposits should be extended only where branches are satisfied with the bonafides of the transaction and availability of recourse, if required.
- iii) Valued date of FCNR (B) / NRE TDR will be the date of credit in NOSTRO a/c.

7.4.2 The USD, GBP, CAD & EURO cheques drawn on banks in USA, UK, CANADA and European countries respectively are accepted by Global Link Service, Mumbai for collection. Cheques on these currencies drawn elsewhere as well as cheques of other currencies are required to be sent directly to the drawee bank,

with clear instructions for remittance of proceeds to the Banks' account maintained with foreign offices/ correspondent banks.

## **7.5 Immediate credit of cheques to deposit accounts of individuals:-**

7.5.1 Authorised branches of the Bank will offer immediate credit of cheques drawn in foreign currency for satisfactorily conducted accounts complying with KYC norms where they are satisfied with the scope for recourse, if required, and the customers are willing to pay the cheque purchase charges.

In value terms, cheque purchases for issue of Rupee TDRs may be authorized by Managers/Branch Managers in Scale III/IV incumbencies for a Rupee equivalent up to Rs. 50,000/- (Rupees fifty thousand only) and by AGM branch/ AGM Region for higher values in satisfactorily conducted accounts, as per paragraph 2.2.1 above, subject to their discretionary power. In all other cases, the discretionary power to purchase cheques, in aggregate for a particular customer, will be as per the laid down financial powers for clean instruments, subject to usual reporting to the next higher authority.

7.5.2 If a cheque/instrument, for which immediate credit has been afforded, is returned unpaid, the Bank shall recover interest at clean overdraft rate for the period the Bank remained out of funds and also cheque return charges and exchange loss, if any, subject to the following:

- i) The Bank will charge interest from the date of credit of proceeds of the cheques in the account till reimbursement of money to the Bank.
- ii) Where the cheque is credited to a Savings Bank account, such credits will not be reckoned for interest purposes if the cheque is returned.
- iii) If proceeds are credited in an overdraft/loan account, interest would be recovered at applicable rate/clean overdraft rate, whichever is higher, on the amount of returned cheques/instruments.

## **7.6 Time Frame for collection of instruments:-**

The time frame is from the date of deposit of a cheque/ instrument at a branch to the date of credit to the customer's account will be 10 days from the date of credit to NOSTRO account, including cooling period. However, it will not be exceeding 45 days from the date of deposit of cheques/ instruments except for the cheques/ instruments in CAD for 10000/- & above, where it will be 10 days from credit to NOSTRO account.

## **7.7 Interest payment for delayed collection:-**

7.7.1 Delay in collection of cheques payable at foreign centres will be construed if the customer's account is not credited within 7 days i.e. after taking into account the prescribed cooling period for that currency, with the correspondent.

7.7.2 The Bank however, will not compensate the customer for delays in collection of cheques drawn on banks in foreign countries as the bank would not be able to ensure timely credit from overseas banks. It is the bank's experience that time for collection of instruments drawn on banks in foreign countries differs from country to country and even within a country, from place to place. The time norms for return of instruments cleared provisionally also vary from country to country.

7.7.3 For the sake of uniformity and clarity, the date of Clear Credit is defined as the date on which clear funds are available in our Nostro Account after an actual or notional cooling period – for actual credit to customers' account as per Bank's agreement with the concerned Correspondent Bank. Wherever there is no specific agreement on the cooling period or the funds are directly collected from a paying bank, the Clear Credit Date will be after observing a cooling period, as per the discretion of the Bank, for that specific currency/country/clearing system, from the date of actual credit to Bank's Nostro Account.

7.7.4 The compensation on account of delay in collection of instruments in foreign currency will be paid in Indian Rupee, as detailed below:

- i) At Savings Bank rate from the date of clear credit to Nostro Account till the date of payment if the period of delay is beyond prescribed collection period:

|   |                       |
|---|-----------------------|
| Date of NOSTRO A/C credit   | 01.08.2017            |
| Add 15 days cooling period  | 16.08.2017            |
| To be paid within 10 days   | 26.08.2017 (No delay) |
| Delayed interest payment, if proceeds are not credited within 26.08.2017. The date of delay will be counted from the date NOSTRO a/c credited to the date of credit to the account (excluding credit date) i.e. payment after 26 <sup>th</sup> Aug., will entitle payment of interest from 1 <sup>st</sup> Aug., 2017 till the date of payment upto 45 days from 26 <sup>th</sup> Aug., 2017. |                       |

- ii) In case of abnormal delay, i.e. delays exceeding 45 days, interest will be paid at term deposit rate applicable for the period and for delays beyond 90 days, 2% above the applicable term deposit rate.

*In the above example delay exceeding 45 days (beyond 26/08/17) will be, if not paid till 10<sup>th</sup> Oct., 2017.*

| <b>Delay/ Abnormal delay</b> | <b>Delayed interest @</b> |
|------------------------------|---------------------------|
| >45 days to 90 days          | TDR rate.                 |
| >90 days                     | 2 % above TDR rate.       |

- iii) In the event of the proceeds of cheque under collection being required to be credited to an overdraft / loan account of the customer, interest will be paid at the rate applicable to the loan account, if the delay is less than 45 days. For abnormal delays, i.e. beyond 45 days, interest will be paid at the rate of 2 % above the applicable interest rate to the loan account.
- iv) Such interest shall be payable with a minimum of Rs. 25/-.

7.7.5 Compensation as detailed above shall be paid without any formal demand from customers.

7.7.6 No separate compensation is payable by the Bank on account of movement in the value of the respective currencies.

### **7.7.7 International Cheques/instruments lost in transit/in clearing process :**

In the event an international cheque or an instrument accepted for collection is lost in transit or in the clearing process, the Bank shall, immediately on coming to know of the loss of an instrument, bring the same to the notice of the account holder so that the drawer can be informed to record stop payment. The Bank would also advise the correspondent/drawee bank all particulars of lost cheques/ instruments for exercising caution and provide all assistance to the customer in obtaining a duplicate instrument from the drawer of the cheques, if required. The Bank will endeavor to get payment of the instrument based on the photocopy/scanned image of the instrument, wherever the practice is prevalent. The Bank will bear the actual charges of recording Stop Payment instructions levied by drawee bank. The Bank will also reimburse the customer with actual charges levied by the drawer / bank in issuing duplicate cheques/instrument, subject to a maximum of Rs.250/-.

**8. GENERAL:**

- 8.1 Both the drop box facility and the facility for the acknowledgement of the cheques at regular collection counters should be available to the customers and no branch should refuse to give an acknowledgement if the customer tenders the cheques at the counters.
- 8.2 Branch should ensure that customers are not compelled to drop the cheques in the drop-box.
- 8.3 Further, in the context of customer awareness in this regard, branch should invariably display on the cheque drop box itself that "Customer can also tender the cheques at the counter and obtain acknowledgment on the pay –in-slips". The above message is required to be displayed in English, Hindi and the concerned regional language of the State.
- 8.4 Branches are also advised to make absolutely fool proof arrangement accounting for the number of instruments each time the box is opened so that there are no dispute and the customer's interest are not compromised.
- 8.5 Branches shall not decline to accept outstation cheques deposited by its customers for collection.

- 8.6 Branches shall give wide publicity to the CCP by prominently displayed salient features thereof in bold and visible letters on the notice board at their branches.
- 8.7 A copy of the complete CCP shall be made available by the Branch Manager, if the customer requires so.

**8.8. DISCRETIONARY POWER FOR PURCHASE OF CHEQUES:**  
 Branches should refer Bank’s Delegation of Financial Power for Unsecured advances in the respective grade/scale, for purchase of cheques, revised from time to time. Current Ref: Organisational Planning. Sl.no.: 881/2016 – 17 Circular no. : CDO/ORG-DFP/4/2016 – 17, dated 04.10.2016:

|                   |         |
|-------------------|---------|
| Assistant Manager | NIL     |
| Deputy Manager    | 3 Lacs  |
| Manager           | 5 lacs  |
| Chief Manager     | 10 Lacs |

**9. FORCE MAJEURE:**

Bank shall not be liable to compensate the customers for delayed credit if some unforeseen event (including, but not limited to civil commotion, sabotage, lockout, strike or other labour disturbances, accident, fire, natural disasters or other “Acts of God”, war, damage to the Bank’s facilities or of its correspondent bank(s), beyond the control of the bank) prevents it from performing its obligations within the specified service delivery parameters.

.....

## **ANNEXURE-I**

### **Code No.**

### **Reason for Return**

#### **Funds**

- 01 Funds insufficient
- 02 Exceeds arrangement
- 03 Effects not cleared, present again.

#### **Reference to Drawer**

- 04 Refer to drawer
- 05 Kindly contact Drawer/Drawee Bank and please present again.

#### **Signature**

- 10 Drawer's signature incomplete
- 11 Drawer's signature illegible
- 12 Drawer's signature differs
- 13 Drawer's signature required
- 14 Drawer's signature not as per mandate
- 15 Drawer's signature to operate account not received
- 16 Drawer's authority to operate account not received
- 17 Alteration requires drawer's authentication

#### **Stop Payment**

- 20 Payment stopped by drawer
- 21 Payment stopped by attachment order
- 22 Payment stopped by court order
- 23 Withdrawal stopped owing to death of account holder
- 24 Withdrawal stopped owing to lunacy of account holder
- 25 Withdrawal stopped owing to insolvency of account holder

#### **Instrument**

- 30 Instrument post dated
- 31 Instrument out dated/stale
- 32 Instrument undated/ without proper date
- 33 Instrument mutilated; requires Bank's guarantee

- 34 Cheque irregularly drawn/ amount in words and figures differs
- 35 Clearing House stamp/ date required
- 36 Wrongly delivered/ Not drawn on us
- 37 Present in proper zone
- 38 Instrument contains extraneous matter
- 39 Image not clear, present again with paper
- 40 Present with document
- 41 Item listed twice
- 42 Paper not received

**Account**

- 50 Account closed
- 51 Account transferred to another branch
- 52 No such account
- 53 Title of account required
- 54 Title of account wrong/ incomplete
- 55 Account blocked (situation covered in 21-25)

**Crossing/Endorsement**

- 60 Crossed to two banks
- 61 Crossing stamp not cancelled
- 62 Clearing stamp not cancelled
- 63 Instrument specially crossed to another bank
- 64 Amount in protective crossing incorrect
- 65 Amount in protective crossing required/illegible
- 66 Payee's endorsement required
- 67 Payee's endorsement irregular / requires collecting bank's confirmation
- 68 Endorsement by mark/ thumb impression requires attestation by Magistrate with seal

**RBI /Government**

- 70 Advice not received
- 71 Amount / Name differs on advice
- 72 Drawee bank's fund with sponsor bank insufficient
- 73 Payee's separate discharge to bank required
- 74 Not payable till 1<sup>st</sup> proximo
- 75 Pay order/ cheque requires counter signature
- 76 Required information not legible/ correct

**Miscellaneous**

- 80 Bank's certificate ambiguous/ incomplete/ required
- 81 Draft lost by issuing office/ confirmation required from



|    | Issuing office  |
|----|---|
| 82 | Bank/Branch blocked   |
| 83 | Digital Certificate Validation failure  |
| 84 | Other reasons-connectivity failure  |
| 85 | Alterations on instrument- Other than "Date" field<br>(Alteration/correction on instruments are prohibited under<br>Cheque Truncation System. Return reason code<br>applicable to instruments presented in CTS) |
| 86 | Fake/Forged/Stolen-draft/cheque/cash order/interest<br>warrant/dividend warrant   |
| 87 | 'Payee's a/c credited'- Stamp required  |
| 88 | Other reasons (Please specify)  |
| 92 | Bank Excluded   |

## **ANNEXURE-II**

### **Illustrative but not exhaustive list of objections where customers are not at fault**

(Applicable for instrument and image-based Cheque Clearing as detailed in Annexure D to Uniform Regulations and Rules for Bankers' Clearing Houses)

| <b>Code No.</b> | <b>Reason for Return</b>   |
|-----------------|--|
| 33              | Instrument mutilated; requires bank's guarantee                                    |
| 35              | Clearing House stamp/date required   |
| 36              | Wrongly delivered/ not drawn on us   |
| 37              | Present in proper zone   |
| 38              | Instrument contains extraneous matter  |
| 39              | Image not clear ; present again with paper   |
| 40              | Present with document  |
| 41              | Item listed twice  |
| 42              | Paper not received   |
| 60              | Crossed to two banks   |
| 61              | Crossing stamp not cancelled   |
| 62              | Clearing stamp not cancelled   |
| 63              | Instrument specially crossed to another bank                                       |
| 67              | Payee's endorsement irregular/ requires collecting bank's confirmation             |
| 68              | Endorsement by mark/ thumb impression requires attestation by Magistrate with seal |
| 70              | Advice not received  |
| 71              | Amount/ Name differs on advice   |
| 72              | Drawee bank's fund with sponsor bank insufficient(applicable to sub-members)       |
| 73              | Payee's separate discharge to bank required  |
| 74              | Not payable till 1 <sup>st</sup> proximo   |
| 75              | Pay order/cheque requires counter signature  |
| 76              | Required information not legible/correct   |
| 80              | Bank's certificate ambiguous/ incomplete/required                                  |
| 81              | Draft lost by issuing office; confirmation required from issuing office            |
| 82              | Bank/ Branch blocked   |
| 83              | Digital Certificate validation failure   |
| 84              | Other reasons-connectivity failure   |
| 87              | 'Payee's a/c Credited'-Stamp required  |
| 92              | Bank excluded  |

## Annexture-III

Mr./Mrs./Ms.-----  
Address:-

Madam/Dear Sir,  
**Cheque/Instrument No.            dated            for Rs.            Lost**  
**in transit/ in clearing process.**

With reference to the above, we advise that the cheque deposited by you, appears to be lost while carrying out the process of clearing. Accordingly, we request you to advise the drawer of the cheque to arrange for issuing STOP payment instruction to their concerned Banker. Further, we request you to arrange for obtaining duplicate instrument from drawer of the cheque.

2. We regret for the inconvenience caused to you and assure you of our best services.

Yours faithfully,

(     Name     )  
Branch Manager