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ARYAVART BANK

HEAD OFFICE,
A-2/46, VIJAY KHAND, GOMTI NAGAR, LUCKNOW

CHEQUE COLLECTION POLICY (C.C.P.)

1. Introduction

The Reserve Bank of India vide its Circular RBI/2004/261 DBOD.No.Leg.BC.55 /09.07.005/2004-05 November 1, 2004 had withdrawn its instructions to Scheduled Commercial Banks (excluding RRBs) on following issues:

- (i) Immediate Credit of local/outstation cheques,
- (ii) Time Frame for Collection of Local/Outstation Instruments and
- (iii) Interest Payment for Delayed Collection.

At the same the RBI has instructed the Banks to formulate their own policy covering all three steps.

Keeping in view of above and the Bank has formulated the "Cheque Collection Policy" which 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 / outstation within India.
- 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 local/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 center. Cheques deposited at branch counters and in collection boxes within the branch premises before the specified cut-off time will be presented for clearing as far as possible on the same day. Cheques deposited after the cut-off time and in collection boxes outside the branch premises will be presented in the next available clearing cycle. As a policy, bank would give credit to the customer's account on the same day on which clearing

settlement takes place at that center. Withdrawal of amounts so credited would be permitted as per the cheque return schedule of the clearing house. Wherever applicable, facility of high-value clearing (same day credit) will be extended to customers.

The respective branches will display the cut-off time for receipt of cheques to be sent in clearing on the same day in their premises. Accordingly, cut-off time for receipt of high value clearing and receipt of cheques for payment to Government accounts like Income Tax etc., will also be displayed in the branches. Bank branches situated at centers where no Clearing House exists, would present local cheques on drawee banks across the counter and it would be the bank's endeavor to credit the proceeds at the earliest.

2.2. Outstation Cheques:

Cheques drawn on other banks at outstation centers will normally be collected through bank's branches at those centers. Where the bank does not have a branch of its own, the instruments would be directly sent for collection to the drawee bank or collected through a correspondent bank.

Cheques drawn on bank's own branches at outstation centers will be collected using the inter-branch arrangements in vogue. Branches which are connected through a centralized processing arrangement and are offering anywhere banking services to its customers will provide same day credit to its customers in respect of outstation instruments drawn on any of its branches in the CBS network.

2.3 Immediate Credit of Local / Outstation Cheques / Instruments:

Branches/extension counters of the bank will consider providing immediate credit for outstation cheques/instruments up to the aggregate value of Rs. 15000/- tendered for collection by individual account holders subject to satisfactory conduct of such accounts for a period not less than 6 months. Immediate credit will be provided against such collection instruments at the specific request of the customer or as per prior arrangement. The credit given under this facility should not exceed Rs. 15000/- per customer at any given point of time.

The facility of immediate credit would also be made available in respect of local cheques at centers where no formal clearing house exist. The facility of immediate credit will be offered in Savings Bank/Current/Cash Credit/Overdraft Accounts of the customers. For extending this facility there will not be any separate stipulation of minimum balance in the account.

Under this policy, prepaid instruments like Demand Drafts, Interest/Dividend warrants of other Banks shall be treated on par with cheques.

In the event of dishonor of cheque 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 Clean overdraft limits sanctioned for individual customers.

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

- a) Opened at least six months earlier and complying with KYC norms.
- b) Conduct of which has been satisfactory and bank has not noticed any irregular dealings.
- c) Where no cheques/instruments for which immediate credit was afforded 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 while providing immediate credit against outstation instruments tendered for collection.

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 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 centers within the country, on State Capitals/Major Cities/other location is 7/10/14 days, respectively.

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 per Point No. 4 of our Comprehensive Compensation Policy.

5. Cheques / Instruments lost in transit / in clearing process or at paying bank's branch:

As per point no. 6.1 of our Comprehensive Compensation Policy.

6. 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.

7. Charging of Interest on cheques returned unpaid where Instant Credit was given:

If a cheque sent for collection for which immediate credit was provided by the bank is returned unpaid, the value of the cheque will be immediately debited to the account. Interest where applicable would be charged on the notional overdrawn balances in the account had credit not been given initially.

If the proceeds of the cheque were credited to the Savings Bank Account and was not withdrawn, the amount so credited will not qualify for payment of interest when the cheque is returned unpaid. If proceeds were credited to an overdraft / cash credit / loan account, interest shall be recovered at the rate of 2% above the interest rate applicable to the clean overdraft / loan from the date of credit to the date of reversal of the entry if the cheque/instrument was returned unpaid to the extent the bank was out of funds.

8. Service Charge:

For all collection services, the Bank will recover appropriate service charges as decided by the Bank, from time to time and communicated to the customers as indicated in the code of Bank's commitment to the customers; adopted by the Bank.

9. The model list of objections for Cheque Return (both for Instrument and Image based Cheque clearing):

The list of objections for Cheque Return (both for Instrument and Image based Cheque clearing) is as per Annexure I & II.

10. Review

The Bank may review the policy comprehensively once in a year.

(Vipul Awasthi)
Chief Manager, P&MIS Deptt.

(Satyendra Kumar)
General Manager

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Code No. and Cheque Return Reasons

Code No.	Reason for Return
(01-03)	Funds
01	Funds insufficient
02	Exceeds arrangement
03	Effects not cleared, present again.
(04-05)	Reference to Drawer
04	Refer to drawer
05	Kindly contact Drawer/Drawee Bank and please present again.
(10-17)	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
(20-25)	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
(30-42)	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
(50-55)	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)
(60-68)	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
(70-76)	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 1st proximo
75	Pay order/ cheque requires counter signature
76	Required information not legible/ correct
(80-92)	Miscellaneous
80	Bank's certificate ambiguous/ incomplete/ required
81	Draft lost by issuing office/ confirmation required from issuing office
82	Draft lost by issuing office/ confirmation required from issuing office
83	Digital Certificate Validation failure
84	Other reasons-connectivity failure
85	Alterations on instrument- Other than "Date" field (Alteration/correction on instruments are prohibited under Cheque Truncation System. Return reason code applicable to instruments presented in CTS)
86	Fake/Forged/Stolen-draft/cheque/cash order/interest warrant/dividend warrant
87	'Payee's a/c credited'- Stamp required
88	Other reasons (Please specify)
92	Bank Excluded

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)

Code No.	Reason for Return
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 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
69	Advice not received
70	Amount/Name differs on advice
71	Drawee bank's fund with sponsor bank insufficient (applicable to sub-members)
72	Payee's separate discharge to bank required
74	Pay order requires counter signature
75	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 exclude
84	Other reasons-connectivity failure
87	'Payee's a/c Credited'- Stamp required