



**GRAMIN BANK OF ARYAVART  
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The Reserve Bank of India vide its Circular RBI/2004/261 DBOD.No.Leg.BC.55 /09.07.005/2004-05 November 1, 2004 had withdrawn its instructions to Scheduled Commercial Banks (excluding RRBs) on following issues :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 centre. 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 centres 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 dishonour 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 centres within the country, generally the following time norms shall be applied :

- a) Metro Centres and State Capitals (other than those of North Eastern States and Sikkim) :  
Maximum period of 10 days.
- b) In all other Centres : Maximum period of 14 days.

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 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 10/14 days as the case may be in collection of outstation cheques.
- b) Where the delay is beyond 14 days interest will be paid at the rate applicable for term deposit for the respective period.
- c) 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.
- d) In the event the proceeds of cheque under collection was to be credited to an overdraft / cash credit / loan account of the customer, interest will be paid at the rate applicable to the overdraft / cash credit / loan account. For extraordinary delays, interest will be paid at the rate of 2% above the rate applicable to the overdraft / cash credit / loan account.

The interest may be paid only when such amount is Rs.10/- or more.

### **5. 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 accountholder so that the accountholder can inform the drawer to record stop payment and also 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. 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 accountholder 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 (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.

## **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. Review**

The Bank may review the policy comprehensively once in two years.

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