

**Dombivli Nagari Sahakari Bank Ltd**  
**Multi State Scheduled Bank**  
**Planning & Operations Dept., Central Office**

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**Cheque Collection Policy**

**Introduction:**

Technological progress in payment and settlement systems and qualitative changes in operational systems and processes that have been undertaken by Banks has necessitated the framing of a comprehensive Cheque Collection Policy.

The primary objective of this policy is to bring transparency in the systems & processes adopted by the Bank for collection of cheques and other instruments. It is also a reflection of our on-going efforts to provide better service to our customers & set higher performance standards.

**Scope**

This policy document covers the Following;

- Collection of local cheques/outstation cheques, pay orders, demand drafts and Banker's cheque.
- Time frame for collection of local / outstation cheques and cheques payable abroad.
- Interest payment for delayed collection
- Cheques / Instruments lost in transit
- Procedure for dishonoured cheques

**1. Collection of local cheques/outstation cheques and other instruments like Pay Order, Demand draft and Bank cheques etc.**

**1.1 Cheque Drop Facility and the Facility for Acknowledgement of cheques**

The cheque drop facility may be made available to the customers, the facility for acknowledgement of cheques at the regular collection counters should not be denied to them. Branches should not refuse to give an acknowledgement on cheques being tendered by customers at their counters. Further, customers should be made aware of both options available to them i.e., dropping cheques in the drop box or tendering them at the counters.

**1.2 Local Cheques**

All CTS Compliant cheques and other negotiable instruments payable under a grid system would be presented through the clearing system prevailing at the center.

- Cheques deposited at branch counters and in cheque collection boxes as well as in cheque depositing machines placed within the branch premises, before the specified cut-off time will be presented for clearing on the same day.

- Cheques deposited after the specified cut-off time and in collection boxes outside the branch premises including on site cheque deposit machines will be presented in the next clearing cycle.
- Cut-off time for deposit of cheques will be branch-specific, depending on location and based on local practices and fixed by the Regional Offices.
- Cut-off time will be displayed on the collection counter.
- Non-CTS cheques deposited at the branches will be presented across the counter at the drawee bank or sent through Registered Post for collection purpose if the cheques is drawn at the other bank branch where our branch is not present.

Applicable service charges as per the tariff schedule notified by the Bank will be recovered for the collection of outstating cheques.

### **1.3 Outstation Cheques**

- Cheques drawn on Bank's own branches at outstation centers are NOT required to be presented in clearing. Same day credit will be given to its customers in respect of cheques drawn on Bank's own branches covered under CBS network provided cheques/instruments are presented within business hours of both branches.
- Cheques drawn on other Banks at outstation centers will normally be collected through branches at those centers.
- Cheques drawn on other Banks at outstation centers where 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/ would be collected through CTS Clearing.
- Applicable service charges as per the tariff schedule notified by the Bank will be recovered for the collection of outstanding cheques as mentioned above.

### **1.4 Cheques payable in Foreign Countries**

- For collection of cheques payable in foreign countries, the services of correspondent banks like SVC Bank, Saraswat Bank, Bank of India, TJSB Sahakari Bank will be utilized.

### **1.5 Immediate Credit of Local / Outstation Cheques /Instruments**

With the availability of CBS, Immediate Credit of Local / Outstation Cheques / Instruments is not encouraged.

- Prepaid instruments like Demand Drafts/Pay Orders issued by & drawn on Bank can be purchased at the specific request of the customer (in our prescribed format) and necessary charges to be recovered as advised from time to time.

## **1.6 Collection of Account Payee Cheque – Prohibition on crediting proceeds to third party account**

As per Reserve Bank of India directives, bank shall NOT collect account payee cheques for any person other than the payee constituent and the bank shall not credit 'account payee' cheque to the account of any person other than the payee named therein, except for the following :

- Bank may consider collecting account payee cheques drawn for an amount not exceeding Rs.50,000/- to the account of their customers who are co-operative credit societies, if the payees of such cheques are the constituents of such co-operative credit societies. While collecting the cheques Bank shall obtain an agreement on Rs.500/- stamp paper in writing in prescribed format from the co-operative credit societies concerned. This agreement to be obtained one time. Bank shall collect the cheque of Cooperative Credit Societies only when this agreement is executed.

## **1.7 Purchase of local / outstation cheques**

Bank may, at its discretion, purchase local/outstation cheques (demand drafts or pay order) tendered for collection at the specific request of the customer or as per prior arrangement. Besides satisfactory conduct of account, the standing of the drawer of the cheque will also be a factor considered while purchasing the cheque. Cheque purchasing authority shall confirm that the amount of cheque purchase does not exceed Rs.50,000/-. The customer who applies for cheque purchase must apply in prescribed format.

## **2. Time frame for collection of outstation cheques and cheques payable abroad**

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

- Cheques payable at CTS centers: Maximum period of 7days.
- Non CTS cheques: Maximum period of one month.

### **2.1 Cheques drawn on foreign countries:**

Cheque drawn on foreign countries is accepted for collection on a 'best effort' basis. Services of correspondent banks viz. SVC Bank, Saraswat Bank, Bank of India and TJSB Sahakari Bank Ltd will be utilized for speedy collection of such cheques. Bank will give credit to the customer on credit of proceeds to the Bank's Account with correspondent bank. Collection charges as applicable from time to time shall be charged to the customer's account.

## **3. Interest payment for delayed collection**

It is the responsibility of the Bank to collect the cheques /instruments within the time frame prescribed for the purpose and to compensate the customers for

delay due to non- adherence to time schedule. Such compensation 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 compensation / interest on delayed collection.

If there is any delay in collection for cheques / instruments payable in India beyond the specified period as mentioned above, interest at the rates specified below shall be paid:

- Saving Bank Rate for the period of delay beyond 3 working days in case of local cheques.
- Savings Bank rate for the period of delay beyond 7 days but up to 14 days, in collection of outstation cheques.
- Where the delay is beyond 14 days interest will be paid at the rate applicable for term deposit for the respective period.
- In the event the proceeds of cheque under collection were to be credited to an overdraft/loan account of the customer, interest will be paid at the rate applicable to the loan account.

#### **4. Cheques / Instruments lost in transit / in clearing process or at paying bank's branch**

- In the event of a cheque or an instrument accepted for collection is lost in transit or in the clearing process or at the paying banks branch, the Bank shall immediately on knowledge about 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.
- In case an international cheque is lost, the Bank shall also advise the correspondent bank viz. Saraswat Bank, SVC Bank, Bank of India, TJSB Sahakari Bank Ltd of all particulars of lost cheques / instruments for exercising caution.
- If the Bank loses the cheque, the Bank will bear the stop payment charges on customer producing relevant documents. The Bank may use its discretionary powers to reimburse reasonable expenses incurred by the customer in connection with the lost cheque.
- In case intimation regarding loss of instrument is conveyed to the customer after 7 days up to 14 days, interest will be paid for the period exceeding the collection period at the saving bank rate.
- 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.

- 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.
- In the event the proceeds of cheque under collection were to be credited to an overdraft/loan account of the customer, interest will be paid at the rate applicable to the loan account.

## **5. Procedure for returning dishonored cheques**

- Branches shall return/ dispatch the dishonored instruments to the customer at his / her last recorded address available with the branch through courier / post, promptly without delay, in any case within 48 hours. Cheque returning charges as specified in the Schedule of Service Charges of the bank in force at the time of return of the cheque would be levied.

Our extant procedure to be followed by branches for returning dishonored instruments to the customer.

- With respect to cheques presented across the counter for settlement of transaction by way of transfer between two accounts within the Bank, the Bank shall return such dishonoured cheques to the payees/holders immediately with cheque returned memo duly signed by officials.
- Cheques which are deposited with wrong account number mentioned on the Pay-in slip, Bank will return such cheques to the customers on the address mentioned within 48 working hours. However in cases with incomplete address, incomplete phone no., 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, in proper custody.

## **6. Service Charge**

For all collection services the bank will recover appropriate service charges as decided by the bank from time to time and displayed on Bank's website.

## **7. 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 /other labour disturbances, due notice whereof is given in advance to the customers through media, accident, fires, natural disasters or other "Acts of God", war, damage to bank's facilities or of its correspondent bank(s), absence of all types of usual modes of

transportation, etc.) beyond the control of the bank prevents it from performing its obligation within the specified service delivery parameters.

Asst. General Manager

General Manager & CEO

Central Office