Cheque Collection Policy

Cheque Collection Policy has been approved by the Board of Directors meeting dated on 27/06/2025 by passing resolution No 5(28)(5)., Now it has been reviewed by the Board of Directors in their meeting held on 29/04/2026 by passing resolution No. 7(14)B.

1.Introduction

Keeping in view the technological progress in payment and settlement systems and the qualitative changes in operational systems and processes that have been implemented by the banking industry in general, it is imperative for the Bank to draw up a Cheque Collection Policy. The Bank's Cheque Collection Policy is made, considering the guidelines issued by Reserve Bank of India (RBI) and NPCI from time to time. The Cheque Collection Policy takes adequate care to ensure that the interests of all customers are fully protected, and this has been integrated with the Deposit Policy formulated by the Bank in line with the IBA's model Cheque Deposit policy. The Bank's Cheque Collection Policy document has been formulated as a comprehensive document considering our technological capabilities, systems and processes adopted for clearing arrangements and other internal arrangements for collection through different methods.

2. Scope of the Policy

The principles underlying the processes for collection of local/outstation instruments and instruments drawn on foreign countries, interest payment for delayed collection etc. is incorporated in the Policy. The Policy is based on the principles of transparency and fairness in the treatment of customers. The Bank is committed to enhanced use of technology to provide quick collection service to its customers. This Policy document covers the following aspects**: -**

i. Arrangements for Collection of cheques and other instruments payable locally as well as outstation at centres within India.
ii. Bank's commitment regarding time norms for collection of instruments.
iii. Policy on payment of interest in cases where the Bank fails to meet time norms for realization of proceeds of outstation instruments.
iv. Bank's policy on dealing with collection instruments lost in transit.

3. Objective of the Policy

To document the principles under which the Bank will conduct the business of collection of cheques for its customers within the framework of the directives of RBI. To document the system for collection of cheques to ensure that the system is more efficient. This Cheque Collection Policy of the Bank will reflect the Bank's on-going efforts to provide better service to our customers and set higher standards for performance.

4. Applicability of the Policy

This Policy is applicable to all Branches & Departments of the Bank and to all staff involved in the process of cheque collection on behalf of the customers.

5. Arrangements for Collection

A. Local Cheques

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

ii. Cheques deposited at branch counters before the specified cut-off time will be presented for clearing on the same day.

iii. The Bank will give credit to the customer's account on the same day on which the clearing settlement takes place.

iv. In case of Banks who have obtained extension for their Inward cheque process, then the clearance of the cheques of such Banks will be granted on next working day, after the cheque-return process is completed for that day.

v. NPCI circular, indicating the name of the banks taking concession for returning their unpaid cheques, be forwarded to all the branches. This will enable the branches to reply to customer query for late clearance of cheques.

vi. Withdrawal of amounts so credited will be permitted only after the cheque return process is completed.

vii. In 2013 CTS was introduced and three CTS Grids were established i.e. Northern Grid at Delhi, Southern Grid at Chennai and Western Grid at Mumbai. In 2023 the three Grids are merged into a single Grid i.e., CTS – National Grid, located at Chennai.

viii. Reserve Bank of India has stopped non-CTS clearing with effect from 1st January 2019 hence treatment will be given to non-CTS cheques as outstation cheques.

ix. The timings for the acceptance of cheques will be as follows:
   a. Cheques will be accepted during business hours of the Bank's branch.
   b. The cut-off time for sending cheques for collection will be worked out for each location/branch based on the cut-off time afforded by the clearing house at each location.
   c. The cut-off timings will be displayed at branches for the benefit of each customer.

B. Outstation Cheques

i. The Bank will not decline to accept outstation cheques deposited by its customers for collection.

ii. All outstation cheques will initially be presented in CTS Clearing through the National Grid.

iii. If outstation cheques returned/rejected in National Grid CTS Clearing, then below mentioned steps will be followed.

iv. Cheques drawn on other banks at outstation centers will normally be collected through our Bank's branches at those centers.

v. Where the Bank does not have a branch of its own, the instrument will be sent directly for collection to the branch of a drawee bank or collected through a correspondent bank / a bank where a collection arrangement exists, if any.

vi. Cheques drawn on the Bank's own branches covered under CBS network at outstation centers same day credit will be provided to customers.

vii. As a policy --
   a. The OBC cheques will be sent for collection to the postal address of the drawee bank within a day of receiving the cheques by the branches through registered post /courier.
   b. In cases wherein the cheques contain incomplete address of the drawee bank's branch, the branch will obtain the full postal address and then after receipt of the same will send it by registered post to the drawee bank.

c. The Bank will debit the customer's account with applicable service charges, as per the tariff schedule notified by the Bank from time to time.

Third party endorsements: - RBI has prohibited banks from crediting "Account Payee" cheque to the Account of a person other than the payee constituent named therein. The Bank will not collect cheques for any person other than the payee constituent.

However, in case of co-operative credit societies branches shall collect account payee cheques drawn for an amount not exceeding Rs. 50,000/- (rupees fifty thousand) to the account of their customers who are co-operative credit societies, provided the payees of such cheques are the constituents of such co-operative credit societies. The Bank shall, however, be aware that in the event of a claim by the true owner of the cheque, the rights of the true owner of the cheque are not in any manner affected by these instructions and Bank will have to establish that they acted in good faith and without negligence while collecting the cheque in question.

6. Time frame for collection of local / outstation cheques/ instruments

i. 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.

ii. For cheques and other instruments sent for collection to centers within the country the following time norms will apply:

Particulars	Time Norms (working days)
i) Cheque presented at any of the Major Metro centers (Mumbai, New Delhi, Chennai, or Kolkata) and payable at any of the other three major metro centers	7
ii) Cheque payable at Metro centers (Mumbai, New-Delhi, Chennai or Kolkata) and State Capitals (other than those of North Eastern States and Sikkim)-but presented elsewhere.	10
iii) Cheques payable at Other centers	14

(Working days exclude second & fourth Saturdays, Sundays and bank holidays at the respective centers)

7. Interest payment for delayed collection

i. In case of delay in collection of outstation cheques and other instruments beyond the above-mentioned stipulated time norms, the Bank will pay interest to its customer at the saving bank rate on the amount of the collection instruments.

ii. There will 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.

iii. If the proceeds are not realized /credited to the customers' accounts or the unpaid instruments are not returned to customers within the period specified from the date of their lodgment, and if the delay is abnormal (i.e. above 30 days) Bank will pay interest at the rate as applicable for appropriate tenor of fixed deposit for the period of delay beyond the specified period for collection of outstation instruments.

iv. Such interest will be paid without any demand from customers in all types of accounts.

v. The interest payment as given above will be applicable only for instruments sent for collection within India.

vi. As regards cheques sent for collection to the drawee bank for payment, in the absence of our branch/cheque collection arrangement, Bank will pay interest to our customer @ savings rate for the period of delay in crediting the proceeds beyond the collection period. However Bank shall claim reimbursement of the same from the drawee bank since the delay has occurred due to failure of the drawee bank to remit the proceeds promptly to our Bank; however our Bank will share and notify our customer on demand that the delays are due to the drawee bank.

8. Cheques/ instruments lost in transit/ during the clearing process or at paying bank branch

i. 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 will immediately, on coming to know of 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" and also take care that cheques, if any, issued by him/her are not dishonored due to non-credit of the amount of the lost cheques/instruments.

ii. In case an international cheque is lost, the Bank shall also advise the correspondent/ drawee bank the particulars of the lost cheques/instruments for exercising caution.

iii. The Bank will provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.

iv. 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 case intimation regarding loss of instruments is conveyed to the customer beyond the time limit stipulated for collection (7/10/14 days as the case may be), interest will be paid for the period exceeding the stipulated collection period at the savings rate.

b. In addition, the Bank will pay interest on the amount of cheque for a further period of 15 days at Savings Bank rate to provide for likely further delay in obtaining duplicate cheque/ instrument & collection thereof**.**

c. The Bank will compensate the customer for any reasonable charges he/she incurs in getting duplicate cheque/instrument upon production of a receipt (maximum Rs.500/-), in the event the instrument is to be obtained from a bank/ institution who would charge a fee for issue of a duplicate instrument.

d. In case the cheque is lost by the Bank, the charges for "stop payment" instructions will not be levied on the customer.

e. Cheques received back unpaid will be returned to the customer over the counter. If not collected by the customer within 2 working days, bank will send them at the recorded address by post or courier.

9. Dishonor of cheques

Intimation of dishonors of cheques to customers: -

i. The Bank will ensure that the dishonored instrument is returned to the customer promptly without delay.

ii. Customers will be informed of the dishonor of instruments by SMS or directly on their visit to the presenting branch.

iii. In case of local cheques, the cheque return charges will be recovered by branches.

iv. The presenting branch is expected to contact the customer and hand over the same. The customer will be handed over the physical cheque by the presenting branch only after production of the counter foil of the pay-in-slip & identity proof.

v. Cheque return charges shall be levied only in cases where the customer is at fault and is responsible for such returns. Charges shall not be levied for cheque returns where customers are not at fault in the return. The illustrative, but not exhaustive, list of chargeable and non-chargeable cheque return reasons is furnished in the Annexure.

vi. Outward clearing cheques that need to be re-presented without any recourse to the payee, shall be made in the immediate next presentation clearing not later than 24 hours (excluding holidays).

10. Withdrawal of funds

The Bank shall permit customers to withdraw funds credited to customer's account (via cheques deposited) immediately after outward cheque return process is completed.

11. Positive pay systems (PPS) facility

RBI vide its circular Ref No: RBI/2020-21/41 PSS.CO.RPPD. No.309/04.07.005/20202021 instructed all banks to participate in the Positive Pay System (PPS) for CTS. The concept of Positive Pay involves a process of reconfirming key details of large value cheques with a view to eliminate the possibility of frauds due to tampering of cheques. NPCI developed the facility of Positive Pay in CTS and made it available to all participant banks. This facility is mandatory in case of cheques issued for amounts of Rs. 5.00 lakh and above. Customer required to provide the following key information about the cheque issued by them.

1) Account Number
2) Cheque Number
3) Date of Cheque
4) Cheque Amount
5) Payee Name.

12. Responsibility of the customer

The bank may at its discretion, enquire about large value cheques tendered for collection/ payment and may seek a declaration/ proof regarding the transaction/ source of funds, from the customer. The Customer has to provide such details to the Bank, along with proof, on demand.

Customer should use only CTS 2010 Standard cheques forms.

13.Force Majeure

The Bank will not be liable to compensate customers for delayed credit if some unforeseen events (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.

14. Change / Modification

Bank reserves right to change or to modify the Policy or any its provisions from time to time, without notice.

ANNEXURE

List of Chargeable / Non-Chargeable Cheque Return Reasons

Code No.	Reason for Return	Chargeable / Non-Chargeable
1	Funds insufficient	Chargeable
2	Exceeds arrangement	Chargeable
3	Effects not cleared, present again.	Chargeable
4	Refer to drawer	Chargeable
5	Kindly contact Drawer/ Drawee Bank and please present again	Chargeable
6	Drawer's signature incomplete	Chargeable
7	Drawer's signature illegible	Chargeable
8	Drawer's signature differs	Chargeable
9	Drawer's signature required	Chargeable
10	Drawer's signature not as per mandate	Chargeable
11	Drawer's signature to operate account not received	Chargeable
12	Drawer's authority to operate account not received	Chargeable
13	Alteration requires drawer's authentication	Chargeable
14	Payment stopped by drawer	Chargeable
15	Payment stopped by attachment order	Chargeable
16	Payment stopped by court order	Chargeable

17	Withdrawal stopped owing to death of account holder	Chargeable
18	Withdrawal stopped owing to lunacy of account holder	Chargeable
19	Withdrawal stopped owing to insolvency of account holder	Chargeable
20	Instrument post dated	Chargeable
21	Instrument outdated / stale	Chargeable
22	Instrument undated / without proper date	Chargeable
23	Instrument mutilated; requires Bank's guarantee	Non-Chargeable
24	Cheque irregularly drawn / amount in words and figures differ	Chargeable
25	Clearing House stamp / date required	Non-Chargeable
26	Wrongly delivered / Not drawn on us	Non-Chargeable
27	Present in proper zone	Non-Chargeable
28	Instrument contains extraneous matter	Non-Chargeable
29	Image not clear, present again with paper	Non-Chargeable
30	Present with document	Non-Chargeable
31	Item listed twice	Non-Chargeable
32	Paper not received	Non-Chargeable
33	Account closed	Chargeable
34	Account transferred to another branch	Chargeable
35	No such account	Chargeable
36	Title of account required	Chargeable
37	Title of account wrong / incomplete	Chargeable
38	Account blocked (situation covered in 21-25)	Chargeable
39	Crossed to two banks	Non-Chargeable
40	Crossing stamp not cancelled	Non-Chargeable
41	Clearing stamp not cancelled	Non-Chargeable
42	Instrument specially crossed to another bank	Non-Chargeable
43	Amount in protective crossing incorrect	Chargeable
44	Amount in protective crossing required/ illegible	Chargeable
45	Payee's endorsement required	Chargeable
46	Payee's endorsement irregular / requires collecting bank's confirmation	Non-Chargeable

47	Endorsement by mark / thumb impression requires attestation by Magistrate with seal.	Non-Chargeable
48	Advice not received	Non-Chargeable
49	Amount / Name differs on advice	Non-Chargeable
50	Drawee bank's funds with sponsor bank insufficient	Non-Chargeable
51	Payee's separate discharge to bank required	Non-Chargeable
52	Not payable till 1st proximo	Non-Chargeable
53	Pay order / cheque requires counter signature	Non-Chargeable
54	Required information not legible/ correct	Non-Chargeable
55	Bank's certificate ambiguous / incomplete / required	Non-Chargeable
56	Draft lost by issuing office / confirmation required from issuing office	Non-Chargeable
57	Bank/ Branch blocked	Non-Chargeable
58	Digital Certificate Validation failure	Non-Chargeable
59	Other reason- connectivity failure	Non-Chargeable
60	Alterations on Instrument - Other than “Date” field (Alteration /correction on instrument's are prohibited under CTS)	Chargeable
61	Fake/Forged/Stolen draft/ cheque /cash order /interest warrant/dividend warrant	Chargeable
62	Payee's A/c credited Stamp required	Non-Chargeable
63	Other reasons	Chargeable
64	Bank Excluded	Non-Chargeable

Mr. Takalkar Pravin Kaluram
In charge Asst. General Manager

Mr. Takalkar Amrut Baban
General Manager

Mr. Wakchoure Shantaram Baburao
Chief Executive Officer

Mr. Patole Sagar Kaluram
Chairman