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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that have been undertaken by a number of banks, the Reserve Bank of India had, with effect from 1st November 2004, withdrawn its earlier instructions to commercial banks on (i) Immediate Credit of local/outstation cheques, (ii) Time Frame for Collection of Local / Outstation Instruments and (iii) Interest Payment for Delayed Collection. The withdrawal of these mandatory guidelines was expected to enable market forces of competition to come into play to improve efficiencies in collection of cheques and other instruments. This Policy on Collection of Cheques / Instruments of the Bank is a reflection of our on-going efforts to provide better service to our customers and set higher standards for performance. The Policy 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, at centers within India and abroad.
- 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 outstation instruments.
- Our Policy on dishonor of Cheques
- Our policy on dealing with collection instruments lost in transit.
- Availability of Option of Positive Pay to customers

A copy of the policy on collection of cheques/ instruments shall be made available by the branch head, if the customers require so. However, the customer should be informed that policy is available on Bank's website and can be downloaded from the website.

1.1 Introduction of Personalized Cheque Books-CTS 2010 Standard Cheques:

As per RBI directive, Bank has migrated to new CTS – 2010 Standards, by introduction of Personalized Cheque Books-CTS 2010 Standard Cheques embodied with latest standards and enhanced security features, to expedite the clearing process with the Truncation System and to minimize the Fraud and Forgery Risk.

As per extent guidelines of RBI, old general cheque (Non CTS-2010) not to be issued henceforth, new cheques – 2010, will be in circulation in the banking industry. Earlier, there were separate clearing sessions for NON-CTS cheque. However, the same is discontinued with effect from December 31, 2018. NON-CTS cheques cannot be presented in CTS clearing. However NON-CTS cheques remain to be valid as a negotiable instrument.

As per Negotiable Instrument Act (Amended Act), it is the responsibility of the collecting banker to verify the *prima facie* genuineness of the cheque to be truncated and any fraud, forgery or tampering apparent on the face of the instrument that can be verified with due diligence and ordinary care. Therefore, all branches/ offices are advised to verify *prima facie* genuineness of the cheque to be truncated and any fraud, forgery or tampering apparent on the face of the instrument that can be verified with due diligence and ordinary care.

1.2 Payment / Collection of cheques bearing *saka Samvat* date in Hindi :

All Cheque forms will be printed in Hindi and English. The customer may, however, write cheques in Hindi, English or in the concerned regional language.

Banks shall have to accept the cheques bearing dates written as per Gregorian Calendar and Saka Samvata. It is observed that branches are not aware of this provision. Cheques bearing dates in Hindi as per the National Calendar (Saka Samvata) shall be accepted by the banks for payment / clearing / Collection. Branches can ascertain the Gregorian Calendar date corresponding to the National Saka Calendar, in order to avoid payment of stale cheques.

1.3 Payment / Collection of cheques bearing amount in fractions:

Branches should ensure that cheques issued by customer's / account holders containing fractions of a rupee are not rejected or dishonored by them.

1.4 Dispatch of cheque Book:

Bank will not insist for dispatching the cheque book by courier or will not forcibly obtain a declaration from depositors for the same. Bank will ensure that cheque books are delivered over the counter on request of the depositors or his/ her authorised representative.

1.5 Changes/Corrections in Cheques:

No changes/corrections should be carried out on the cheques. For any changes in the payee's name, courtesy amount (amount in figures) or legal amount (amount in words), etc., (except change in the date for validation period), fresh cheque forms should be used by customers.

2. Arrangements for Collection:

2.1. Local Cheques:

- a) All CTS compliant cheques and other Negotiable Instruments payable under the clearing system would be presented through the CTS clearing system.
- b) Cheques deposited at branch counters and in collection boxes (drop box) within the branch premises before the specified cut-off time, which will be displayed by respective branches, will be presented for clearing on the same day.

- c) Cheques deposited after the cut-off time, which will be displayed by respective branches, and in collection boxes outside the branch premises including off-site ATMs, will be presented in the next clearing cycle.
- d) Bank would give credit to the customer's account on the day, clearing settlement takes place. Withdrawal of amounts so credited would be permitted as per the cheque return schedule.
- e) 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.
- f) Cheque return charges shall not be levied in cases where the customer is not at fault. A List of such reasons is indicated in Annexure – I.
- g) Newly opened account holders shall be permitted to deposit cheques only at Home Branch for a period of six months from the date of account opening.

2.2. Outstation Cheques:

All Outstation cheques which are CTS compliant and payable at par, if drawn on a bank participating in CTS clearing, shall be presented through CTS clearing for payment.

Banks shall not decline to accept outstation cheques deposited by its customers for collection. Cheques drawn on other banks at outstation centers other than those covered under 2.1 above, will normally be collected through Bank's branches at those centers.

Where the 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.

The cheques drawn on Banks own branches at outstation centers will be collected using the inter-branch arrangement 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. Cheques payable in Foreign Countries:

Cheques payable at foreign centers where the Bank has branch operations (or banking operations through a subsidiary, etc.) will be collected through FEX centres of the Bank. The services of correspondent banks will be utilized in country/centers where the correspondent has presence. Cheques drawn on foreign Banks at centers where the Bank or its correspondents do not have direct presence will be sent direct to the drawee bank with instructions to credit proceeds to the respective Nostro Account of the Bank maintained with one of the correspondent banks. Owing to different practices, systems, different laws, different lock in periods in different countries, these services cannot be standardized. However, the credit will be passed on within 7 days if the proceeds are cleared and confirmed and the rate of exchange will be the rate prevailing on the date of conversion.

2.4. 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/- in case of Rural and Semi-Urban branches and up to Rs.25000/- in case of Urban and Metropolitan branches tendered for collection by individual account holders subject to satisfactory conduct of such accounts for a period not less than 6 months. The facility of immediate credit would also be made available in respect of local cheques at centers where no formal clearing house exists.

The facility of immediate credit will be offered on Savings Bank / Current / Cash Credit 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 Interest / Dividend warrants shall be treated on par with cheques.

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

- i. Opened at least six months earlier and complying with KYC norms.
- ii. Conduct of which has been satisfactory and bank has not noticed any irregular dealings.
- iii. Where no Cheques / instruments for which immediate credit was afforded returned unpaid for financial reasons
- iv. 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 as mentioned in Bank's service charges and out of pocket expenses as per rules. While providing immediate credit against outstation instruments tendered for collection, service charges applicable for cheque purchase will not, however be charged.

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

If, the cheques lodged for collection in clearing / sent for collection is dishonored, the same will be returned/dispatched to the customer within 24 hours. Service charges will be recovered as per rules.

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. The customer will not be charged any interest from the date immediate credit was given to the date of return of the instrument unless the Bank had remained out of funds on account of withdrawal of funds. Interest where applicable would be charged @ Normal One year MCLR+4% 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 were 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 / loan account, interest shall be recovered at the rate of 2% above the interest rate applicable to the 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.

2.5 Purchase of outstation cheques:

Bank may, at its discretion, purchase outstation cheque 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, other points as mentioned in the 2.4 above will be considered while purchase of a cheque.

2.6 Collection of cheques of members of Co-Operative Societies:

Most of the co-operative credit societies are not even sub-members of clearing houses. Members of such co-operative credit societies who do not have bank accounts, have difficulties in collection of account payee cheques drawn in their name. With a view to mitigate the difficulties faced by the members of co-operative credit societies in collection of account payee cheques, the Bank would collect, account payee cheques drawn for an amount not exceeding Rs.50000/- to the account of the Bank's customers who are co-operative credit societies, if the payee of such cheques are the constituents of such co-operative credit societies. While collecting the cheques as aforesaid, banks should have a clear representation in writing given by the co-operative credit societies concerned that, upon realization, the proceeds of the cheques will be credited only to the account of the member of the co-operative credit society who is the payee named in the cheque. The Co-operative Credit Society shall declare in writing that the accounts of its members opened with it are fully KYC compliant to comply with the RBI guidelines.

2.7 Collection of Account Payee Cheque:

Collection of Account Payee Cheque - Prohibition on Crediting Proceeds to Third Party Account:

- i. With a view to protect from burden with liabilities arising out of unauthorized collections, it has been prohibited from crediting 'account payee' cheque to the account of any person other than the payee named therein. Accordingly, it has been directed that Branch should not collect account payee cheques for any person other than the payee constituent.
- ii. Where the drawer / payee instructs the bank to credit the proceeds of collection to any account other than that of the payee, the instruction being contrary to the intended inherent character of the 'account payee' cheque, bank should ask the drawer / payee to have the cheque or the account payee mandate thereon withdrawn by the drawer. This instruction would also apply with respect to the cheque drawn by a bank payable to another bank.

- iii. In order to facilitate collection of cheques from a payment system angle, account payee cheques deposited with the sub-member for credit to their customers' account can be collected by the member bank (referred to as the sponsor member) of the Clearing House. Under such arrangements, there should be clear undertaking to the effect that the proceeds of the account payee cheque will be credited to the payee's account only, upon realization.

2.8 Validity of Cheques / Drafts / Pay orders / Banker's Cheques:

With effect from April 1, 2012, the validity of Cheques / Drafts / Banker's Cheques is three months only from the date of issue. The validity period is mentioned on the face of Cheque leaves, Drafts/ Banker's Cheques printed after 01.04.2012. Instruments should be presented within the validity period of three months from the date of issue. Branches should not make payment of cheque / drafts / pay orders / banker's cheque if they are presented beyond the period of three month from the date of such instrument. Branch should ensure strict compliance of these directions.

2.9 Cheque Drop Box Facility:

Both the drop box facility and the facility for 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.

Branches should ensure that customers are not compelled to drop the cheques in the drop-box. Further, in the context of customer awareness in this regard, branch should invariably display on the cheque drop-box itself that "**Customers can also tender the cheques at the counter and obtain acknowledgment on the pay-in-slips**". The above message should to be displayed in English, Hindi and the concerned regional language of the State.

Branches are also advised to make absolutely fool proof arrangements accounting for the number of instruments each time the box is opened so that there are no disputes and the customer's interests are not compromised.

All the branches having cheque drop box facility to be secured with lock and key. The cheque dropped in the drop box are taken out for lodgments, under the supervision of an officer.

2.10 Collection of Cheques in the name Deceased Person:

For collection of cheque in the name of deceased person, bank will obtain authorization from the Survivor(s)/nominee of a deceased account holder to open an account styled as "Estate of Shri _____ Deceased". Where all pipeline flows in the name of deceased account holder could be allowed to be credited, provided no withdrawals are made.

Or

The Bank would be authorized by the survivor(s) / nominee to return the pipeline flows to the remitter with the remark "Account holder deceased" and will intimate the survivor(s) /

nominee accordingly. The survivor(s) / nominee / legal heir(s) could then approach the remitter to effect payment through a negotiable instrument or through ECS transfer in the name of the appropriate beneficiary.

To collect pipeline inflows of deceased depositor, the following guidelines shall be followed.

- i. Opening of account in the name of deceased depositor is not permitted. However, with the authorization of the survivor(s) / nominee(s), the existing saving / current account of deceased account holder may be continued and shall be renamed as "Estate of Shri (Deceased)".
- ii. The account shall be continued solely for the purpose of receiving pipeline inflows in the name of deceased.
- iii. Once all expected inflows have been received and processed, after due confirmation from the survivor(s) / nominee(s), account shall be closed, and the proceeds shall be paid to the rightful claimants (survivor(s) / nominee(s)) as per prevailing Deceased Claim guidelines.

2.11 Purchase of Local Cheques, Drafts etc., during suspension of Clearing:

In case of temporary suspension of Clearing House operations for reasons beyond the control of authorities/bank, and it is apprehended that suspension may prolong, in order to curtail hardship of the constituents, Competent Authority/Branches, within their vested powers, may try to accommodate both borrowers and depositors to the extent possible by purchasing Banker's cheques, demand draft, pay orders and cheques deposited in their account for collection. Special consideration may be given to cheques drawn by Government departments/companies of good standing and repute, as also demand drafts drawn on local Banks. This facility will be extended based on the creditworthiness, integrity, past dealings and occupation of the constituents to safeguard the interest of the bank against possibility of such instruments being dishonored subsequently.

3. Time Frame for Collection of Local / Outstation Cheques / Instruments:

For cheques presented in CTS clearing, credit will be accorded as on the date of settlement of funds in CTS clearing and the account holder will be allowed to withdraw funds as per return clearing norms in vogue.

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

- i. **Cheques presented at any of the four major Metro Centers (New Delhi, Mumbai, Kolkata, and Chennai) and payable at any of the three centers :** Maximum period 7 days.
- ii. **Metro centers and State Capitals (other than those of North Eastern States and Sikkim) :** Maximum period of 10 days

- iii. **In all other centers:** Maximum Period of 14 days
- iv. **Cheques drawn on foreign countries:** Such instruments are accepted for collection on the 'best of efforts' basis. Cheques payable in foreign countries would be collected through FEX centers of the Bank. Bank may enter into specific collection arrangement with its correspondent bank for speedy collection of such instrument. Bank would give credit to the party on credit of proceeds to the bank's Nostro Account with the correspondent bank after taking into account cooling periods as applicable to the countries concerned.

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 Local/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:

- i. At Savings Bank rate for the period of delay, beyond time frame mentioned at point no 3 above (7/10/14 days as the case may be) in collection of outstation / local cheques.
- ii. Where the delay is beyond 14 days interest will be paid at the rate applicable to Term Deposit for the respective period.
- iii. In case of extraordinary delay, i.e. delay exceeding 90 days interest will be paid at the rate of 2% above the rate applicable to Term Deposit for the respective period.
- iv. In the event the proceeds of cheque under collection was 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 delay, interest will be paid at the rate of 2% above the rate applicable to the loan account.
- v. it may be noted that interest payment as given above would be applicable only for instruments sent for collection within India.

The Delegated Authority for Payment of Interest on delayed collection of local/Outstation cheques is outlined in H.O. circular AX1/TMD/CSD/Policies on Customer Service/2024-25 dated 23.07.2024 and is subject to revision from time to time.

5. Delay in re-presentation of technical return cheques and levy of charges for such returns:

Where bank is

- (i) Levying cheque return charges even in cases where customers have not been at fault in the return and
- (ii) Delaying the re-presentation of the cheques which had been returned by the paying banks under technical reasons, both of these issues result in unsatisfactory customer service.

It is, therefore, considered necessary to streamline the procedure in this regard. Accordingly, Branch will adhere to the following instructions with immediate effect:

- i. Cheque return charges shall be levied only in cases where the customer is at fault and is responsible for such returns. The illustrative, but not exhaustive, lists of reason for returns, where the customer are not at fault are indicated in the Annexure I.
 - ii. The Illustrative but not Exhaustive List of reason for Cheque Return (other than those in Annexure I) are indicated in Annexure II.
 - iii. 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).
- 6. Cheques / Instruments lost in transit / in clearing process or at paying bank's branch / cheques dishonored:**

- 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 Branch shall 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. The Branch would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.
- ii. The onus of such loss lies with the collecting banker and not the account holder.
- iii. The banks should reimburse the account holder related expenses for obtaining duplicate instruments and also interest for reasonable delays occurred in obtaining the same.
- iv. If the cheque / instrument has been lost at the paying bank's branch, the collecting banker should have a right to recover the amount reimbursed to the customer for the loss of the cheque / instrument from the paying banker.

6.1. Compensate the Account holder in respect of instruments lost in transit:

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:

- i. In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection at point no 3 mentioned above (7/10/14 days as the case may be) interest will be paid for the period exceeding the stipulated collection period at the rates specified above under 4.0.
- ii. 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.
- iii. The Bank would also compensate the customer for any reasonable charges (maximum Rs. 100/-) he/she incurs in stopping the payment of Cheque, 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.
- iv. Bank will bear all the cost for obtaining duplicate instrument when a Cheque, which has been discounted, is lost. But the customer will assist in obtaining duplicate instrument. His liability under Negotiable Instrument Act will not be extinguished till Bank receives the proceeds of Cheque.

7. Procedure for return / dispatch of dishonoured cheque / instruments:

The paying Bank's Branch should return dishonoured cheques presented through CTS clearing as per the return discipline prescribed for the respective clearing house. The collecting bank on receipt of such dishounoured cheques should dispatch it immediately to the payee / holder.

In relation to cheques presented directly to branches for settlement of transactions by way of transfer between two accounts with that branch, it should return such dishonored cheques to payees / holders immediately.

In case of dishonour / return of cheques, the paying Bank's branch will clearly indicate the return reason code on the return memo / objection slip which should also bear the stamp of branch and signature of officials as prescribed in Rule 6 of the Uniform Regulations and Rules for Banker's Clearing Houses (URRBCH).

8. Information on dishonored cheques:

Data in respect of each dishonored cheque for amount of Rs. 1 crore and above will be made part of bank's MIS. A system generated MIS will be pushed to Customer Service Department on monthly basis.

Customer Service Department shall place the details of Cheque returned above Rs 1.00 Crore before Audit Committee of Board / Board on quarterly basis.

Data in respect of cheques drawn in favor of stock exchanges and dishonored should be consolidated separately irrespective of the value of such cheques as a part of bank's MIS relating to broker entities. A system generated MIS on the same be pushed to Customer Service Department on monthly basis.

Customer Service Department will analyze customer wise (Rs 1 Cr and above) and broker entity wise (irrespective of amount) and take suitable action.

For the analysis purpose following data to be generated from MIS and will be pushed to HO Customer Service Department , Respective Zonal Office and Respective Branch.

- i. Cheque dishonored during the month for Rs. 1 Cr. and above (Monthly)
- ii. Cheque dishonored in favor of broker entities during the month Irrespective of amount (Monthly)
- iii. List of accounts where 4 or more events of cheque for Rs. 1 cr. and above got dishonored during the financial year (Annual)

9. Dealing with frequent dishonor:

9.1 Cheques / Debit Mandate of value of more than Rs. 1 crore: To enforce financial discipline among the customers, banks will follow below mentioned conditions for operation of accounts with cheque facility that in the event of dishonor of a cheque valuing rupees one crore and above drawn on a particular account of the drawer on four occasions during the financial year for want of sufficient funds in the account:

- a) No fresh cheque book would be issued.
- b) Closing account (on discretion of the respective Dy. Zonal Head).
- c) In respect of advances accounts such as cash credit account, overdraft account, the need for continuance or otherwise of these credit facilities and the cheque facility relating to these accounts be reviewed by appropriate authority higher than the sanctioning authority and suitable decision be taken.

At the time of issuing new cheque book, Bank will issue a letter advising the constituents of the new condition mentioned above.

If a Cheques / Debit Mandate is dishonored for a third time on a particular account of the drawer during the financial year, bank will issue a cautionary advice through EMAIL and SMS to the concerned constituent drawing his attention to aforesaid condition and consequential stoppage of cheque facility in the event of cheque being dishonored on fourth occasion on the same account during the financial year. Similar cautionary advice will be issued if a bank decides to close the account.

9.2 Cheques / Debit Mandate of value of less than Rs. 1 crore:

Since frequent dishonor of cheques / debit mandate of value of less than Rs.1 crore is also a matter of concern, bank will follow below given steps to deal with such cases:

- a) An Annual MIS will be pushed to Respective Zonal office and Branch.
- b) A system generated cautionary SMS and Email to be sent to the account holder in the **4th and every further** event of cheque dishonor.
- c) The Dy. Zonal Manager will analyze the cases and issue suitable instructions to respective branches regarding closure of such account in the month of April (On the basis of data received for last financial year). Accounts with **8 or more events of cheque dishonor** may get closed as per discretion of Dy. Zonal Manager.
- d) Reports of such account closure should reach Head Office Operations department by 31st of May every year.

10. Bills for collection:

Bills for collection including bills discounted required to be collected through another bank at the realizing Centre should be forwarded directly by the forwarding office to the realizing office.

10.1 Payment of interest for Delays in collection of bills:

The lodger's bank should pay interest to the lodger for the delayed period in respect of collection of bills at the rate of 2% p.a. above the rate of interest payable on balances of Savings Bank accounts. The delayed period should be reckoned after making allowance for normal transit period based upon a time frame of 2 days each for (i) Dispatch of bills; (ii) Presentation of bills of drawees. (iii) Remittance of proceeds to the lodger's bank. (iv) Crediting the proceeds to drawer's account.

To the extent the delay is attributing to the drawee's bank, the lodger's bank may recover interest for such delay from that bank.

11. Positive Pay System for CTS Cheques:

11.1 Background:

With a view to prevent fraud, Positive Pay System has been introduced by RBI vide letter No. RBI: 2020-21:41 DPSS.CO.RPPD No 309:04.07.005:2020-21 dated 25.09.2020. Accordingly, our Bank has implemented Positive Pay System from 01.01.2021. Positive Pay System involves a process of validating key details of large value cheques of ₹50000.00 and above. The positive pay has been introduced to prevent the frauds and making the payment of cheque secure under CTS process.

11.2 Channels of submitting Positive Pay:

The following channels are available for customers to submit reconfirmation of cheque under Positive Pay:

- i. Internet Banking:
- ii. Branch: Written Request in prescribed application Form.

11.3 Key Features of Positive Pay:

Customer required to provide the key information about the cheque issued by them.

The following fields are mandatorily required to be informed by the customers to bank:

1. Account Number.
2. Cheque Number, MICR Code, SAN, A/C Type.
3. Date of Cheque Issuance.
4. Cheque Amount.
5. Payee Name.

This mandatory limit is set as Rs. 50,000/- for individual customers and Rs.5,00,000/- for corporate customers.

There is no option for modification or deletion of a registered confirmation in any mode because Modification/Deletion cannot take place once the data is submitted to the server of National Payment Corporation of India.

- a) Customers have to ensure maintain sufficient funds to the presentment/payment of the issued cheque/s either confirmed or not
- b) Stale cheques (3 months older from date of confirmation) will not be accepted
- c) Any future date of the cheque will not be accepted.

Only those customers who have provided data as per CPPS process well before presentment of cheque will only be allowed to raise dispute in case of cheque is paid to wrong beneficiary or wrong amount or cheque frauds. The customer who have not provided or provided information late will not be entitled for raising dispute as per amended guidelines effective from 01/01/2020.

12. Receiving payment based on an electronic image of a truncated cheque:

Cheque truncation is the process of eliminating the flow of physical cheque issued by a drawer to the drawee branch. The physical cheque will be truncated and electronic image of the cheque are captured for processing. The physical cheques are retained at the presenting Bank itself. The captured image along with data is exchanged across the Banks.

Legal status of the cheque truncation is derived from amendments made to the Negotiable Instrument Act, 1881 by virtue of Negotiable Instruments (Amendments and Miscellaneous Provision) Act,2002 whereby among others the sections 6,64,81,89 and 131 of the NI Act,1881 are also suitably amended to incorporate the validity of the truncated image of the cheque.

It shall be the duty of the Banker who receives payment based on an electronic image of a truncated cheque held with him, to verify the *prima facie* genuineness of the cheque to be truncated and any fraud, forgery or tampering apparent on the face of the instrument that can be verified with due diligence and ordinary care.

In view of the above amendment, the presenting Bank takes responsibility for exercise of due diligence. The branches while sending cheques to CTS scanning center should ensure the following:

- a) To exercise due diligence on all instruments
- b) To check the apparent tenor of the instruments
- c) To ensure verification under Ultra Violet Lamp (UVL)
- d) To scrutinize the cheques for material alteration
- e) To ensure genuineness and validity of instruments
- f) To ensure that pay in slip is properly filled up with correct account number and name

The scanning center while scanning the instruments should, *inter alia*, also ensure the following

- i. To check the apparent tenor and genuineness of the instruments.
- ii. To ensure verification of instruments under UV Lamp.
- iii. To ensure that instrument confirms to features of CTS 2010 standard.
- iv. To ensure that physical feel of the instrument meets the usual paper standard used for cheque.
- v. To ensure that no material alteration visible to naked eye.

13. Cheque Related Frauds and Precautions to be taken:

13.1 In view of the rise in the number of cheque related fraud cases, it is essential to strengthen the controls in the cheque presenting/passing and account monitoring processes to ensure that all procedural guidelines including preventive measures are followed meticulously by the dealing staff/officials.

13.2 Below is the illustrative list of some of the preventive measures which shall be followed in this regard:

- i. Ensuring the use of 100% CTS - 2010 compliant cheques.
- ii. Strengthening the infrastructure at the cheque handling Service Branches and bestowing special attention on the quality of equipment and personnel posted for CTS based clearing, so that it is not merely a mechanical process.
- iii. Ensuring that the beneficiary is KYC compliant so that the bank has recourse to him/her as long as he/she remains a customer of the bank.
- iv. Examination under UV lamp for all cheques beyond a threshold of say, ₹2.00 lakhs.
- v. Checking at multiple levels, of cheques above a threshold of say, ₹5.00 million.
- vi. Close monitoring of credits and debits in newly opened transaction accounts based on risk categorization.
- vii. Sending an SMS alert to payer/drawer when cheques are received in clearing.

13.3 Following preventive measures for dealing with suspicious or large value cheques (in relation to an account's normal level of operations) shall also consider:

- i. Alerting the customer by a phone call and getting the confirmation from the payer/drawer.
- ii. Contacting base branch in case of non-home cheques.

13.4 Due care and secure handling to be exercised in the movement of cheques from the time they are tendered over the counters or dropped in the collection boxes by customers.

13.5 The guidelines regarding the reporting of fraud and action to be taken have been outlined in H.O. circular AX1/IRM/FMC/FRM Policy/Cir-1/2025-26 dated 30.04.2025 and is subject to revision from time to time.

14. 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, 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 communications etc, beyond the control of the Bank prevents it from performing its obligations within the specified service delivery parameters.

15. Change / Modification:

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

16. Policy Administration:

- 16.1** The General Manager (Operations) is the custodian of the Policy on Collection of Cheques / Instruments.
- 16.2** The General Manager (Operations) shall engage with relevant committees, departments, business & support functions to recommend necessary amendments to this policy.
- 16.3** The Policy shall be reviewed annually or in tune with regulatory requirements issued from time to time. The Policy shall be valid till next review. The policy can be extended for 3 months with approval of MD & CEO. Changes and amendments, if any, in the policy can be done with the approval of MD & CEO, during intervening period before the policy is reviewed annually.

Annexure I

| Illustrative but not Exhaustive List of Objections where Customers are not at Fault | |
|--|---|
| 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 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 1st proximo |
| 75 | Pay order 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 |

Annexure II

| Illustrative but not Exhaustive List of reason for Cheque Return | |
|---|--|
| CODE NO. | REASON FOR RETURN |
| 1 | Funds insufficient |
| 2 | Exceeds arrangement |
| 3 | Effects not cleared, present again. |
| 4 | Refer to drawer |
| 5 | Kindly contact Drawer/Drawee Bank and please present again. |
| 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 | 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 | Instrument post dated |
| 31 | Instrument out dated/stale |
| 32 | Instrument undated/ without proper date |
| 34 | Cheque irregularly drawn/ amount in words and figures differs |
| 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 |
| 64 | Amount in protective crossing incorrect |
| 65 | Amount in protective crossing required/illegible |
| 66 | Payee's endorsement required |
| 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 |
| 88 | Other reasons (Please specify) |