

RBI/2009-10/148

RPCD.CO.RF.BC.No.18 /07.38.03/2009-10

September 7, 2009

All State Co-operative Banks (StCBs) and
District Central Co-operative Banks (DCCBs)

Dear Sir,

**Collection of Account Payee Cheques -
Prohibition on Crediting Proceeds to Third Party Account**

Please refer to our circular [RPCD.CO.RF.BC.No.78/07.38.03/2005-06](#) dated April 27, 2006 in terms of which banks are prohibited from crediting 'account payee' cheque to the account of any person other than the payee named therein.

2. It has been brought to our notice that some banks are collecting third party account payee cheques on behalf of co-operative credit societies who are their constituents. While reiterating that such practice of collection of third party cheques is not permissible, in order to facilitate collection of cheques from the 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 a clear undertaking from the sub-member to the effect that the proceeds of the account payee cheque will be credited to the payee's account only, upon realisation.

Yours faithfully,

Sd/-

(R C Sarangi)
Chief General Manager