

STATE BANK OF PATIALA
CHEQUE COLLECTION POLICY – 2015-16

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STATE BANK OF PATIALA
CHEQUE COLLECTION POLICY – 2015

1. PREAMBLE:

1.1. Bank's Cheque Collection Policy (**CCP**) duly approved by Bank's Board shall read as Bank's Cheque Collection Policy -2015.

1.2. Bank's Cheque Collection Policy-2015 has been formulated as a comprehensive document with transparency, covering following aspects, taking into account our technological capabilities, systems and processes adopted for clearing arrangements and other internal arrangements for collection through different methods. The Policy takes adequate care to ensure that the interests of small depositors are fully protected and is in line with the IBA's model policy on Collection of cheques/instruments. The procedure for collection of domestic cheques/instruments and international instruments have been included herein, which, inter alia, incorporates the following:

Deleted:

- a) Established procedure for collection of Bank's own cheques (local and outstation).
- b) Collection of cheques from our branches and branches of other banks.
- c) Reduced time frame for collection of outstation / local cheques drawn on branches of the Bank
- d) Penalty for delayed collection for local/outstation cheques in a progressive manner
- e) Amounts of cheques up to which immediate credit is to be provided.

1.3 Cheque clearing process under revised scenario of CTS based clearing system.

1.3.1 The printing of IOI instruments is also now migrated on "CTS-2010 standard" platform.

1.3.2 Cheque Truncation System (CTS) is presently working at Northern grid in Delhi, Southern Grid in Chennai and Western grid in Mumbai.

1.3.3 States/Circles covered in Grid based CTS-2010 centres:

Northern grid in Delhi covers Bihar, Chandigarh, Delhi, Haryana, Jammu & Kashmir, Jharkhand, Rajasthan, Uttar Pradesh & Uttarakhand states (Covering Chandigarh, Delhi, Lucknow and Patna Circles). Centres covered are Agra, Amritsar, Allahabad, Bhilwara, Chandigarh, Dehradun, Delhi, Gorakhpur, Jaipur, Jalandhar, Jamshedpur, Jammu, Jodhpur, Kanpur, Kota, Lucknow, Ludhiana, Patna, Ranchi, Udaipur and Varanasi,

Southern grid in Chennai covers Andhra Pradesh, North Eastern States, Orissa, Karnataka, Kerala, Tamilnadu & West Bengal states

(covering Bangalore, Bhubaneswar, Chennai, Guwahati, Hyderabad, Kolkata and Thiruvananthapuram circles). Centres covered are Bangalore, Belgaum, Bhubaneswar, Calicut, Chennai, Coimbatore, Cuttack, Ernakulum, Erode, Guwahati, Hubli, Hyderabad, Kolkata, Madurai, Mangalore, Mysore, Pondicherry, Salem, Thirunelveli, Tiruchirapalli, Tirupur, Trichur, Trivandrum, Vishakhapatnam and Vijayawada.

Western grid in Mumbai covers Chhattisgarh, Goa, Gujarat, Madhya Pradesh, and Maharashtra states (covering Ahmedabad, Bhopal and Mumbai Circles). Centres covered are Ahmedabad, Anand, Aurangabad, Bhavnagar, Bhopal, Gwalior, Indore, Jabalpur, Jamnagar, Kolhapur, Mumbai, Nagpur, Nasik, Pune, Panaji, Rajkot, Raipur, Solapur, Surat and Vadodara.

All centres covered under the same grid will be treated as a single clearing zone and cheques drawn on these centres and presented at any of the grid centres are treated as locally drawn cheques in as much as no clearing charges would be applicable for such cheques.

- 1.3.4 Separate clearing session was introduced in the three CTS grids (Mumbai, Chennai and New Delhi) for clearing of such residual non-CTS-2010 cheques (including PDCs and EMI cheques) with effect from 1st January 2014. This separate clearing session initially operated thrice in a week (Monday, Wednesday and Friday) upto 30th April, 2014. Thereafter, the frequency was reduced to twice a week upto 31st October, 2014 and further to weekly (every Monday) from 1st November 2014 onwards.
- 1.3.5 After introduction of these special sessions for non-CTS cheques, drawee bank returns the non-CTS cheques, if presented in regular CTS clearing, with reason "37- present in proper zone", which will have to be re-presented by the collecting bank in the immediate next special clearing session.
- 1.3.6 RBI has directed that 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. fresh cheque forms should be used by customers. This will help Banks to identify and control fraudulent alterations. Collecting banks have to ensure that such cheques are not accepted for presentation in CTS. It is not applicable to cheques cleared under other clearing arrangements such as MICR clearing, non-MICR clearing, over the counter collection (for cash payment) or direct collection of cheques outside the Clearing House Arrangement.
- 1.3.7 Clearance of Govt. cheque is presently under "paper to follow" system at CTS and other clearing centres. However, RBI proposes to introduce CTS for Govt. Cheques also. Upon receipt of RBI instructions the Bank would modify its systems suitably.

- 1.4 **Process for clearing at clearing centres:** All Banks participating at clearing centres have been provided with Express Cheque Clearing System (ECCS) software and a server is located at Clearing House, where all bank branches exchange their cheques and also submit the data of cheques presented in clearing to Clearing House by removable storage devices. The Clearing House has ECCS software of Clearing House module, which processes the data received from the member banks and generates Bankwise report and settlement report. The settlement bank makes settlement, based on the ECCS report in accounts maintained with the bank. All provisions of Uniform Rules and Regulations for Bankers' Clearing House (URRBCH) issued by RBI are adhered to by the Clearing House.
- 1.5 **Speed Clearing System:** Outstation cheques drawn on banks participating in speed clearing at specified locations will be collected and treated at par with local cheques. All terms and conditions applicable for local clearing instruments will also apply to speed clearing system, except that such cheques will be collected by the collecting bank against realization of service charges specified for the purpose by the RBI. Speed Clearing System is applicable for both CTS-2010 grid based clearing system and non-CTS clearing system.
- 1.6 The list of objections for return of Instruments has been placed as Annexure-I of this document.
- 1.7 Cheque return charges shall, however, be levied only in cases where the customer is at fault and is responsible for such returns. The list of reasons for return and Image based Cheque Clearing, as detailed in Annexure D to Uniform Regulations and Rules for Bankers' Clearing House, where the customers are not at fault is as per Annexure-II.
- 1.8 Cheques that need to be re-presented without any recourse to the payee shall be presented in the immediate next presentation clearing, not later than 24 hours(excluding holidays),with due notification to the customers of such presentation.
- 1.9 Dishonour / Return of cheques: Bank needs to mention the 'Date of Return' & sign/initial the Cheque Return Memo and the objection slip is to be signed/initialed, giving therein a definite and valid reason for refusing payment as prescribed in Rule 6 of the Uniform Regulations and Rules for Bankers' Clearing Houses (URRBCH). This will enable the holder of the instrument to have legal recourse against the drawer of the cheque.
- 1.10 Collection of Third Party Cheques in clearing: RBI has prohibited Banks from crediting 'account payee' cheques to the account of any person other than the payee named therein. However, with a view to mitigating the difficulties faced by members of co-operative credit societies in collection of account payee cheques, RBI has permitted banks to collect for such societies account payee cheques drawn for an amount not exceeding Rs.50,000/- on behalf of their constituents.

- 1.11 Cheques deposited at branch counters and Cheques deposited in the drop-box within the branch premises, before the specified cut-off time, will be sent for clearance on same day, for which the clearance period will be T+1 working day. Cheques deposited after this cut off time will be sent for clearing on next day, for which clearance period will be T+2 working days.
- 1.11.1 The broad time-limit for receipt of cheques (say up to 3 hours after opening of branch, 1 hour before closure of business etc.), which may be finetuned for individual locations/branches, based on local practices, will be fixed by the Controllers of the respective branches.
- 1.11.2 All drop-boxes shall clearly indicate the timeline as above upto which cheques dropped in the drop boxes would be sent for clearing on the same day.
- 1.11.3 Cheques deposited after the cut-off time and in drop-boxes outside the branch premises including off-site ATMs will be presented in the next clearing cycle.
- 1.12 As a policy, Bank would give credit to the customer account on the same day after day's clearing settlement takes place. Withdrawal of amount so credited would however be permitted as per the cheque return schedule of the clearing house.
- 1.13 The timeline for clearing of local cheques will be extended by an additional day in case of branches having non-Sunday weekly off and for 7 days branches, where branches are functioning on Sunday.
- 1.14 Bank branches situated at centres where no clearing house exists, would present local cheques on drawee banks across the counter and proceeds thereof would be credited, at the earliest, on realization.
- 1.15 Normal collection charges will be levied for local cheques not collected through clearing, irrespective of the amount of cheques.
- 1.16 SC/DDP automation has been implemented for collection of outstation cheques of other banks from centres where speed clearing system is not available.
- 1.17 In the case of collection of outstation cheques at centers, where the Speed Clearing System is not applicable, the collecting and paying bankers have to share 50:50 charges for collection of outstation cheques.
- 1.18 Negotiation of local cheques/instruments drawn on other banks will not be encouraged. However, Branch Managers may use their discretion in exceptional circumstances (business exigencies) to permit draws against uncleared effects up to Rs. 20,000/- (Rupees Twenty thousand only), in deposit accounts. The facility can be provided only on well conducted, KYC compliant accounts as mentioned in paragraph 2.2.1 below. This will be done within the discretionary powers vested with the Branch Manager in the respective Grade/Scale, as per discretionary

power structure, on the day of purchase itself and is required to be reported to the next higher authority, immediately.

- 1.19 In case of outstation cheques, the facility will be restricted to one or more cheques for aggregate amount not exceeding Rs. 20,000/- at a time, ensuring that the liability on account of outstanding cheques purchased does not exceed Rs. 20,000/- at any time, except in cases where credit facility against cheques to be purchased has been duly sanctioned by the competent authority.
- 1.20 If a cheque/instrument for which immediate credit has been afforded is returned unpaid, Bank shall recover interest at clean overdraft rate for the period Bank remained out of funds and also cheque return charges, subject to the following :-
 - a) Bank will charge interest from the date of credit of proceeds of the cheque in the account till reimbursement/realization of the amount to/by the Bank.
 - b) Where the cheque is credited to a Savings Bank account, such credits will not be reckoned for interest purposes if the cheque is returned unpaid.
 - c) If proceeds are credited in an overdraft/loan account, interest would be recovered at applicable rate/clean overdraft rate, whichever is higher, on the amount of returned cheque/instrument.

2. INSTRUMENTS DRAWN ON OUR LOCAL AND OUTSTATION BRANCHES:

Cheques drawn on Bank's own branches, at local or at outstation centres, irrespective of amount and market/business segment, except Govt. Cheques, Banker's Cheques, RBI cheques, received across the counter or through Drop-Box are not required to be presented in clearing or purchased as DD/ sent out on collection as SC. These instruments shall be disposed of at their end only, subject to ceiling for non-home payment as decided by the Bank & advised to branches from time to time. The instruments will be paid by the receiving branches at their end after verifying the genuineness of the instruments and observing all necessary precautions for payment of instruments, who will afford credit directly to the payee's account.

- 2.1 Cheques drawn on any branch of the our Bank, locally or outstation, will normally be paid on the same day/next day, depending upon the local situations, barring a few exceptional circumstances, for example – insufficient balance, non-availability of drawing power, uncleared balance, cheque number not matching with the cheque range in the system, same cheque number already paid, difference in signature, any lien stop/hold restrictions (statutory, regulatory or otherwise), marked on the account, limit exceeding in case of loan account.

2.2 The facility of immediate credit will be provided by the branch to the satisfactorily conducted accounts (defined hereinafter in the Policy) of their customers in respect of instruments drawn on any of our branches.

2.2.1 For the purpose of this Policy, a satisfactorily conducted account shall be one which has been:-

- i. Opened at least six months earlier and fully complies with KYC documentation requirements.
- ii. Is not inoperative.
- iii. Where branch has not noticed any irregular dealings/ suspicious transactions in the last 6 months.
- iv. Where the branch has not experienced any difficulty in recovery of any amount advanced in the past, including cheques returned unpaid after giving credit.
- v. Where no adverse features attached to the account/account holders have been brought to the notice of the Bank.
- vi. Where no cheques / instruments for which immediate credit was afforded returned unpaid for financial reason.

2.2.2 The facility will be available to all individual deposit account holders, without making a distinction about the type of their accounts, i.e. Savings Bank/Current Account etc. It will also be available at all branches/extension counters of the Bank.

2.3 Branches will, on their own, afford immediate credit of outstation cheques of other banks too up to and inclusive of Rs.20,000/- (Rupees Twenty thousand only) tendered for collection by their customers

2.4 The facility of immediate credit would however not be applicable to cheques collected under speed clearing arrangements.

3 INSTRUMENTS DRAWN ON OUTSTATION BRANCHES OF OTHER BANKS/SBI/ASSOCIATE BANKS:

3.1 Cheques drawn on other banks at outstation centres in India will normally be collected through our own branches at those centres. 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 SBI/Associate/correspondent bank.

3.2 All "CTS-2010 Standard" Cheques and other Negotiable Instruments (CTS compliant), payable outstation on any banks, would be presented by the branches linked to respective CTS-Grid through the grid based clearing system (Chennai, Mumbai and Delhi Grids).

3.3 As mentioned in para 1.3.4, w.e.f. 1st January 2014, processing of non-CTS cheques was done through a special clearing session in three CTS grid centres [thrice in a week (Monday, Wednesday and Friday) up to 30th April, 2014, thereafter twice a week upto 31st October, 2014 and is now being done on weekly basis (every Monday) from 1st November, 2014 onwards.

3.4 Time frame for collection of cheques

Cheques drawn on branches of other banks located at State Capitals/Major "A" class Cities/other locations will be collected within 7/10/14 days respectively. If there is any delay in collection beyond this period, interest at the rate specified as per Para 5.2 shall be paid without insisting/waiting for a request from the customer. Time-limit for collection specified by the Bank shall be treated as the outer limit and credit shall be afforded immediately, if the proceeds get collected earlier.

- 3.5 There is no change in the accounting procedure for DDP in respect of cases where instruments will continue to be purchased by debit to General Ledger Account/Customer's Liability account and sent for realization to the Drawee bank.
- 3.6 Outstation cheques will be paid subject to recovery of usual service charges, plus service tax applicable, as per Bank's extant instructions, but such charges shall not be more than the service charges prescribed by RBI for Outstation Collection Charges. No additional charges, P&T, Courier charges etc. will be recovered.

4. TIME FRAME FOR COLLECTION OF OUTSTATION INSTRUMENTS:

- 4.1 With the leverage of CBS and up gradation of technology and introduction of Speed Clearing System/CTS-grid based Clearing at MICR centre, the time frame for collection of outstations cheques for SBI branches/ other banks will be as per normal clearing cycle at the respective centre and for all other centres, the time frame for collection of cheques/ instruments payable in India is as under:

		SBP Branches	Branches of Other Banks
a)	Collections between Metropolitan Centres/ Major 'A' Class Cities (Mumbai, Chennai, Kolkata, New Delhi, Ahmedabad, Bangalore & Hyderabad)	6 days	7 days
b)	Collections between places at (a) above and State Capitals (other than North Eastern States & Sikkim) and Area I Cities, i.e. Pune, Nagpur, Kanpur, Surat, Vishakapatnam, Vadodara, Kochi, Indore, Ludhiana, Coimbatore, Agra, Madurai and Varanasi	8 days	10 days
c)	Collections between all other Centres	10 days	14 days

- 4.2 The time frames mentioned above are the outer limits and once the instruments are realised, proceeds should be credited to the customer's account immediately.
- 4.3 The time limit for collection of cheques/instruments payable in foreign countries has been mentioned separately in the Policy, under paragraph No.7.2.3.

5. INTEREST PAYMENT FOR DELAYED COLLECTION:

- 5.1. As part of the Compensation Policy of the Bank, the Bank will pay interest to its customer on the amount of collection instruments under 4.1 a, b and c given above, 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.
- 5.2 Interest for delayed collection shall be paid at the following rates:
- a) Saving Bank rate for the period of delay beyond 7/10/14 days, as the case may be, in collection of outstation cheques, i.e. [the interest will be payable] from 8th /11th /15th day.
 - b) Where the delay is beyond 14 days, interest will be paid at the rate applicable for term deposit for the corresponding period or Saving Bank rate, whichever is higher.
 - 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 of the proceeds of cheque under collection 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 delays, i.e. delays exceeding 90 days, interest will be paid at the rate of 2% above the rate applicable to the loan account.
- 5.3 Interest as above shall be payable with a minimum of Rs.25/-.

6. CHEQUES / INSTRUMENTS PROCESS OR AT PAYING BANK'S BRANCH:LOST IN TRANSIT / IN CLEARING

- 6.1 In the event of a cheque/instrument accepted for collection being 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 of instrument, bring the same to the notice of the account holder, so that the drawer can be informed to record stop payment, and take care that cheques, if any, issued by him/her are returned with specific remarks and not just dishonored due to non-credit of the amount of the lost cheques/instruments. The Bank would also advise the drawee bank all particulars of lost cheques / instruments for exercising caution and provide all assistance to the customer in obtaining a duplicate instrument from the drawer of the cheque.
- 6.2 Where a cheque/instrument is claimed to have been deposited by the customer in Drop-Box, but Bank's records do not show receipt of such cheque with the Bank, the Bank can not decide on the compensation amount for lost cheque in the absence of details of cheque like date, amount, drawee bank/branch/drawee centre etc. In such cases, the customer will have to corroborate a claim for lost cheque with full facts, inter-alia, including confirmation/enquiries from the drawee

person/banks about genuineness of the claim and, on this basis if it is established that the customer has, in fact, tendered the cheque in Drop-Box, the Bank will consider payment of compensation in terms of the State Bank of Patiala Compensation Policy.

- 6.3 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 instrument 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 rates specified in para 5.2 above for cheques payable in India and at rates specified at Para 7.2.4 (iv) below in regard to cheques payable abroad.
 - 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 possible further delay in obtaining duplicate cheque /instrument and collection thereof.
 - c) The Bank would also compensate the customer for any reasonable charges which 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, subject to a maximum of Rs. 250/-.

7. PROCEDURE FOR COLLECTION OF INTERNATIONAL CHEQUES / INSTRUMENTS:

- 7.1 The Bank handles at all its branches, collection of cheques drawn in various foreign currencies and payable at various foreign centers, on behalf of its customers. The bulk of the collection instruments are:
1. USD cheques (including TCs) payable in USA.
 2. CAD cheques (including TCs) payable in Canada.
 3. GBP cheques (including TCs) payable in UK.
 4. Euro cheques (including TCs) payable in Euro countries.
 5. Cheques denominated in other currencies, e.g., AUD, SGD etc, are directly sent by the branches to the respective correspondents.
 6. Cheques denominated in foreign currencies which are not payable at their home centre/region should be purchased/collected only after consulting with treasury department. e.g. USD cheques payable outside USA etc.
- 7.2 Accordingly, the Policy for International Cheque Collection shall cover the following aspects:

- i) Type of settlement process in foreign countries for collection of cheques.
- ii) Arrangement for collection of cheques/instruments.
- iii) Time-frame for collection of cheques.
- iv) Interest payment for delayed collection
- v) Collection instruments lost in transit.

7.2.1. Settlement process in foreign countries for collection of cheques:

Collection of cheques at various foreign centers differs vastly from the process prevalent in India, both in advanced markets and developing countries and also from country to country within these two sub-groups. In some of the markets, clearing/settlement system can take more than 1 day, i.e. 2-4 days for return clearing and, therefore, for final funds settlement. Further, in some countries like USA the recall of funds from the collecting banker can occur even after the time for return clearing for an undefined period (normally up to one month), in cases where National Clearing involves more than one Fed Zone. There are also countries like Germany where cheques are no more the preferred mode of payments (replaced by online payments) and clearing takes place on a weekly basis. A brief description of different types of settlement processes prevailing in foreign countries has been given in Annexure III.

7.2.2. Arrangement for collection of foreign cheques/instruments:

- i) We are maintaining Nostro accounts in 11 currencies, i.e. USD, CAD, EUR, GBP, AUD, SEK, CHF, JPY, SGD, HKD and NZD. International Service Cell (ISC) under TFCPC, New Delhi is handling the centralized collection of foreign currency cheques in the USD, CAD, EUR & GBP. For other currencies branches are sending cheques directly to our respective correspondents. The Nostro credits received for Foreign clean Instrument collection (FCIC) are directly credited in the customers' INR account by ISC, New Delhi, whereas in case of Foreign clean Instrument purchase (FCIP), it is advised to respective branches for realization. Different Correspondent Banks are able to offer varied customized products to us for risk reduction, quicker collection, improved reconciliation etc. at various price points. When FCNR (B)/NRE TDR deposit receipt is to be issued, as delay in Nostro Credit will adversely affect the value date (value date is the date of credit in NOSTRO A/c) of the deposit, branches have to ensure that:
 - a) FCNR (B)/ NRE TDR Receipt should be mailed / handed over to the depositor only after the cooling period is over.
 - b) As no protection against frauds on the face of cheques is available in such cases (a recall is possible within 1 year), the facility of loans, etc. against such cheques/instruments

should be extended only where branches are satisfied with the bonafides of the transaction and availability of recourse, if required.

ii) Immediate credit of cheques to deposit accounts of individuals:

Authorised branches of the Bank will offer immediate credit of cheques drawn in foreign currency for satisfactorily conducted accounts complying with KYC norms where they are satisfied with the scope for recourse, if required, and the customers are willing to pay the cheque purchase charges.

The cheque purchases for issue of Rupee TDRs may be authorized by various officials in satisfactorily conducted accounts, subject to their discretionary power in the matter. Similarly, the discretionary power to purchase cheques, in aggregate for a particular customer, will be as per the laid down financial powers for clean instruments, subject to the usual reporting to the next higher authority.

iii) If a cheque/instrument, for which immediate credit has been afforded, is returned unpaid, the Bank shall recover interest at clean overdraft rate for the period the Bank remained out of funds and also cheque return charges and exchange loss, if any, subject to the following:

- a) The Bank will charge interest from the date of credit of proceeds of the cheques in the account till reimbursement of money to the Bank.
- b) Where the cheque is credited to a Savings Bank account, such credits will not be reckoned for interest purposes if the cheque is returned.
- c) If proceeds are credited in an overdraft/loan account, interest would be recovered at applicable rate/clean overdraft rate, whichever is higher, on the amount of returned cheques/instruments.

7.2.3 Time Frame for collection of instruments:

The time frame from the date of deposit of a cheque at a branch to the date of credit to the customer's account for USD, Euro, £ Sterling, Australian \$, Canadian \$ etc will be 10 days from the date of clear credit, including cooling period or 45 calendar days, whichever is earlier, and for all other instruments (i.e. for instruments drawn on

other countries) it will be 10 days from the date of clear credit or 60 calendar days, whichever is earlier. The time frame mentioned above is the outer limit and once the instruments are realized, subject to expiry of the relevant cooling period, if any, proceeds will be credited to the customer's account.

7.2.4 Interest payment for delayed collection:

- i. Delay in collection of cheques payable at foreign centres will be construed if the customer's account is not credited within 10 working days, excluding Saturdays, from the date of clear credit to the Bank's Nostro account, i.e. after taking into account the prescribed cooling period for that currency, with the correspondent.
- ii. The Bank however, will not compensate the customer for delays in collection of cheques drawn on banks in foreign countries as the bank would not be able to ensure timely credit from overseas banks. It is the bank's experience that time for collection of instruments drawn on banks in foreign countries differs from country to country and even within a country, from place to place. The time norms for return of instruments cleared provisionally also vary from country to country
- iii. For sake of uniformity and clarity, the date of Clear Credit is defined as the date on which clear funds are available in our Nostro Account after an actual or notional cooling period – for actual credit to customers' account as per Bank's agreement with the concerned Correspondent Bank. Wherever there is no specific agreement on the cooling period or the funds are directly collected from a paying bank, the Clear Credit Date will be after observing a cooling period, as per the discretion of the Bank, for that specific currency/country/clearing system, but not exceeding 21 calendar days from the date of actual credit to Bank's Nostro Account
- iv. The compensation on account of delay in collection of instruments in foreign currency will be paid in Indian Rupee, as detailed below:
 - a) At Savings Bank rate, if the period of delay is beyond prescribed collection period, i.e. after 10 days from the cooling period (as mentioned in Para 7.2.3 above) and up to 45 days, where proceeds of the instruments are to be credited to deposit accounts.
 - b) In case of abnormal delay, i.e. delays exceeding 45 days, interest will be paid at term deposit rate applicable for the period and for delays beyond 90 days, 2% above the applicable term deposit rate.

- c) In the event of the proceeds of cheque under collection being required to be credited to an overdraft / loan account of the customer, interest will be paid at the rate applicable to the loan account, if the delay is less than 45 days. For abnormal delays, i.e. beyond 45 days, interest will be paid at the rate of 2 % above the applicable interest rate to the loan account. Such interest shall be payable with a minimum of Rs. 25/-.
- d) Compensation as detailed above shall be paid without any formal demand from customers.
- e) No separate compensation is payable by the Bank on account of movement in the value of the respective currencies.

7.2.5 International Cheques/instruments lost in transit/in clearing process:

In the event an international cheque or an instrument accepted for collection is lost in transit or in the clearing process, the Bank shall, immediately on coming to know of the loss of an instrument, bring the same to the notice of the account holder so that the drawer can be informed to record stop payment. The Bank would also advise the correspondent/drawee bank all particulars of lost cheques/instruments for exercising caution and provide all assistance to the customer in obtaining a duplicate instrument from the drawer of the cheques, if required. The Bank will endeavor to get payment of the instrument based on the photocopy/scanned image of the instrument, wherever the practice is prevalent. The Bank will bear the actual charges of recording Stop Payment instructions levied by drawee bank. The Bank will also reimburse the customer with actual charges levied by the drawer/bank in issuing duplicate cheques/instrument, subject to a maximum of Rs.250/-.

8. FORCE MAJEURE:

Bank shall not be liable to compensate the customers for delayed credit if some unforeseen event (including, but not limited to civil commotion, sabotage, lockout, strike or other labour disturbances, accident, fire, natural disasters or other "Acts of God", war, damage to the Bank's facilities or of its correspondent bank(s), beyond the control of the bank) prevents it from performing its obligations within the specified service delivery parameters.

ANNEXURE-I

Code No.

Reason for Return

Funds

- 01 Funds insufficient
- 02 Exceeds arrangement
- 03 Effects not cleared, present again.

Reference to Drawer

- 04 Refer to drawer
- 05 Kindly contact Drawer/Drawee Bank and please present again.

Signature

- 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

Stop Payment

- 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

Instrument

- 30 Instrument post dated
- 31 Instrument out dated/stale
- 32 Instrument undated/ without proper date
- 33 Instrument mutilated; requires Bank's guarantee
- 34 Cheque irregularly drawn/ amount in words and figures differs
- 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

Account

- 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 (situation covered in 21-25)

Crossing/Endorsement

- 60 Crossed to two banks
- 61 Crossing stamp not cancelled
- 62 Clearing stamp not cancelled
- 63 Instrument specially crossed to another bank
- 64 Amount in protective crossing incorrect
- 65 Amount in protective crossing required/illegible
- 66 Payee's endorsement required
- 67 Payee's endorsement irregular / requires collecting bank's confirmation
- 68 Endorsement by mark/ thumb impression requires attestation by Magistrate with seal

RBI /Government

- 70 Advice not received
- 71 Amount / Name differs on advice
- 72 Drawee bank's fund with sponsor bank insufficient
- 73 Payee's separate discharge to bank required
- 74 Not payable till 1st proximo
- 75 Pay order/ cheque requires counter signature
- 76 Required information not legible/ correct

Miscellaneous

- 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
- 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
- 87 'Payee's a/c credited'- Stamp required
- 88 Other reasons (Please specify)
- 92 Bank Excluded

ANNEXURE-II

Illustrative but not exhaustive list of objections where customers are not at fault.

(Applicable for instrument and image-based Cheque Clearing as detailed in Annexure D to Uniform Regulations and Rules for Bankers' Clearing Houses)

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 1 st proximo
75	Pay order/cheque 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-III

BRIEF DESCRIPTION OF DIFFERENT TYPES OF SETTLEMENT PROCESSES IN OTHER COUNTRIES

1. Collection of Clean Instruments Denominated in GBP and Payable in United Kingdom (UK):
 - 1.1 Clean Instruments drawn in GBP on banks in UK, which are purchased or received for collection by branches are sent to International Service Cell (ISC), New Delhi for further submitting it to SBI Global Link Services for collection through National Westminster Bank PLC, London.
 - 1.2 For instruments sent under Collection Under Usual Reserve (CUR), the proceeds are credited to our Account on third working day but same can be debited by NATWEST in case of return of any instrument through London Clearing House with in the agreed guaranteed period of 14 UK business days.
2. Collection of Clean Instruments Denominated in USD and Payable in United States of America (USA):
 - 2.1 Priority Remittance Cash Letter Service (PRCLS) – (DEUTSCHE BANK):
 - i. Availability of funds T + 2 business days from the date of receipt of instrument to Deutsche Bank in USA. However, branches must adhere to the cooling period of 21 days from the date of credit to our Nostro account before releasing the payment to the customer.
 - ii. Eligible Instruments - USD cheques and FCTCs drawn on and payable at banks in USA.
 - iii. Any amount.
 - iv. No protection against fraud or returns for any reason whatsoever. Our account may get debited at any time and such amounts to be passed on to the customers.

It is to be noted that as per US Law, instruments payable in USA which turn out to be forged or which bear material alterations or mutilations or fraudulent endorsements etc. may be returned any time. Hence, a debit may be raised in customer's account subsequently or the Bank will have the authority to recover the amount from customer, if the instrument lodged turns out to be of the above nature.

3. Collection of Clean Instruments Denominated in CAD and Payable in Canada

All CAD cheques are to be sent to Canadian Imperial Bank of Commerce (CIBC) Toronto, Canada through ISC, New Delhi. CIBC afford the credit on same day after receipt of instrument. ISC/Branches must adhere to the cooling period of 21 days from the date of credit to our Nostro account before releasing the payment to the customer.

4. Collection of Clean Instruments Denominated in Euro

All EUR cheques are to be sent to Royal Bank of Scotland (RBS), Frankfurt through ISC, New Delhi. RBS afford the credit to Nostro account on same day after receipt of instrument. ISC/Branches must adhere to the cooling period of 21 days from the date of credit to our Nostro account before releasing the payment to the customer.

10. Dispute Resolution Mechanism:

As per the RBI directive on Dispute Resolution Mechanism issued under the Payment and Settlement Systems Act, 2007 (PSS Act), vide, Circular dated 24th September 2010 (ref no. RBI/2010-2011/213 DPSS.CO.CHD.No.654 / 03.01.03 / 2010-2011).

- a. "Panel for Resolution of Disputes" (PRD) consisting of five members – four member banks from the Standing Committee of the Chennai Bankers' Clearing House and the President of the Clearing House will be formed - to look into all the clearing-related disputes.
- b. The PRD shall be chaired by the President of the Clearing House.
- c. In case of specific disputes involving system participants (member banks) that are members of the PRD, the members concerned shall be replaced by other system participants for the limited purpose of looking into the specific dispute.
- d. The PRD shall dispose of the dispute within 15 working days of submitting the dispute.
- e. If any of the aggrieved parties to the dispute are not satisfied with the decision of the PRD, the dispute shall be referred to the Appellate Authority at the Reserve Bank of India who shall be the Officer-in-Charge of the Department of Payment and Settlement Systems at the Central Office of the Reserve Bank of India as provided under Sub-section (3) of Section 24 of the PSS Act.
- f. The Appellate Authority shall dispose of the appeal within 15 working days of submitting the appeal.
- g. Any dispute between the member banks and the Clearing House as provided under Sub-section (3) of Section 24 of the PSS Act, shall be referred to the Reserve Bank of India as indicated above. The dispute shall be disposed of within 15 working days of submitting the dispute.
- h. In case of disputes where the Reserve Bank of India is an involved party (either as a system participant or as a system provider), the dispute shall be referred to the Central Government which will authorise an officer not below the rank of Joint Secretary for settlement of the dispute and the decision of such officer shall be final and binding on all parties.
