



**THE SURAT DIST. CO-OP. BANK LTD.**  
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## **CHEQUE COLLECTION POLICY**

### **Introduction :-**

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

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

### **Scope :-**

This policy document covers the following ;

- 1) Collection of local cheques / outstation cheques and other instruments
- 2) Time frame for collection of local / outstation cheques and cheques payable abroad
- 3) Interest payment for delayed collection
- 4) Cheques/Instruments lost in transit
- 5) Procedure for dishonored cheques
- 6) Service Charge
- 7) Force Majeure

## **1. Collection of local cheques/outstation cheques and other instruments**

### **1.1 Local Cheques**

- a. All CTS (Cheque Truncation System) Compliant cheques and other negotiable instruments payable under a grid system would be presented through the clearing system prevailing at the centre.
- b. Cheques deposited at branch counters, before the specified cut-off time will be presented for clearing on the same day.
- c. Cheques deposited after the specified cut-off time will be presented in the next clearing cycle.
- d. Cut-off time for deposit of cheques will be branch-specific, depending on location and based on local practices and fixed by the Registered Offices.



- e. Cut-off time will be displayed on the collection counter in all branches and prospective branches.
- f. Bank branches situated at centers which are not members of any CTS Grid or where no clearing-house exists, will present local cheques on drawee banks across the counter and proceeds would be credited at the earliest on realization.
- g. Eligible branches of CTS will take full precautions to ensure the smooth services of CTS clearing and will adhere to the time schedule prescribed by the bank or as per RBI guidelines.

## **1.2 Outstation Cheques**

- a. Cheques drawn on Bank's own branches at outstation centers are NOT required to be presented in clearing. Same day credit will be given to its customers in respect of cheques drawn on Bank's own branches covered under CBS network provided cheques/instruments are presented within business hours of both branches and they are otherwise in order as per bank's requirements.
- b. Cheques drawn on other Banks at outstation centers will normally be collected through SDC Bank's branches at those centers.
- c. Cheques drawn on other Banks at outstation centers where SDC 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.

## **1.3 Cheques payable in Foreign Countries**

- a. For collection of cheques payable in foreign countries, the services of correspondent banks will be utilized where the correspondent banks have presence.
- b. Where correspondent banks do not have presence, cheques drawn on foreign banks will be sent directly to the drawee bank with instructions to credit proceeds to the respective Collection Account of the bank maintained with one of the correspondent banks. Customer account will be credited after receiving intimation from the correspondent Bank regarding receipt of credit in Collection Account, after taking into account cooling periods as applicable to the countries concerned.
- c. Applicable service charges as per the tariff schedule notified by the Bank will be recovered for the above services within the frame of guidelines as issued by RBI.

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

Bank may, at its discretion, purchase local/outstation cheques tendered for collection at the specific request of the customer or as per prior arrangement. Besides satisfactory conduct of account, the standing of the drawer of the cheque will also be a factor considered while purchasing the cheque.

However bank will permit it only rarely and that too on case to case basis on the genuity of the transaction.



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

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

- (a) Cheques payable at CTS centers : Maximum period of 7 to 10 working days.
- (b) Non CTS centers : Maximum period of 10 to 15 working days.

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

It is the responsibility of the Bank to collect the cheques /instruments within the time frame prescribed for the purpose and to compensate the customers for delay due to non-adherence to time schedule.

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

- a. Saving Bank interest Rate for the period of delay beyond 3 working days in case of local cheques.
- b. Savings Bank interest rate for the period of delay beyond 10 working days in collection of outstation cheques payable at CTS Centers and 15 working days in non CTS Centers.
- c. Where the delay is beyond 14 days and up to 90 days, interest will be paid at the rate applicable for 0.5% above Saving Bank Rate for the respective period. In case of delay beyond 90 days, interest will be paid at the rate of 1% p.a. above Saving Bank Rate for the respective period.
- d. In the event the proceeds of cheque under collection were to be credited to an overdraft/loan account of the customer, interest will be paid at the rate applicable to the overdraft/loan account.

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

- a. In the event of a cheque or an instrument accepted for collection is lost in transit or in the clearing process or at the paying bank's branch, the Bank shall immediately on knowledge about the loss, bring the same to the notice of the account holder so that the account holder can inform the drawer to record stop payment and also take care of the required precautions about that cheques, if any, issued by him/her are not dishonored due to non-credit of the amount of the lost cheques/instruments.
- b. In case an international cheque is lost, the Bank shall also advise the correspondent/ drawee bank all particulars of lost cheques/instruments for exercising caution.
- c. If the Bank loses the cheque, the Bank will bear the stop payment charges on customer producing relevant documents. The Bank may use its discretionary powers to reimburse reasonable expenses incurred by the customer in connection with the lost cheque.



## 5. Procedure for dishonored cheques

- a. Branches shall return/ dispatch the dishonored instruments to the customer at his / her last recorded address available with the branch through courier / post, promptly without delay, in any case within 2 working days. Cheque returning charges as specified in the Schedule of Service Charges of the bank in force at the time of return of the cheque would be levied. However, bank will also take pain to inform over phone.

Detailed procedure to be followed by branches for returning dishonored instruments to the customer has been outlined by way of an internal circular.

- b. With respect to cheques presented across the counter for settlement of transaction by way of transfer between two accounts within the Bank, the Bank shall return such dishonored cheques to the payees/holders immediately with cheque returned memo duly signed by officials.
- c. Cheques which are deposited with wrong account number mentioned on the Pay-in slip, Bank will return such cheques to the customers on the address mentioned within 2 working days. However in cases with incomplete address, incomplete phone no., no phone number mentioned on the Pay-in slip, The bank will put sincere efforts including postal correspondences.
- d. The bank will be responsible to keep these instruments for a maximum period of 3 months.

## 6. Service Charge

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

## 7. Force Majeure:

- a. This is a common clause which essentially frees the bank from liability or obligation when extraordinary events or circumstances beyond the control of bank arises.  
(eq. War, Riots, Hurricane, Earthquake, Terrorist Attacks etc.)
- b. The bank shall not be liable to compensate customers for delayed credit if some unforeseen event (including but not limited to civil commotion, sabotage, lockout/strike/other labour disturbances, due notice whereof is given in advance to the customers through media, accident, fires, natural disasters or other "Acts of God", war, damage to bank's facilities or of its correspondent bank(s), absence of all types of usual modes of transportation, etc.) beyond the control of the bank prevents it from performing its obligation within the specified service delivery parameters.