

# JCCB POLICY ON COLLECTION OF CHEQUES/INSTRUMENTS



## **“JCCB POLICY ON COLLECTION OF CHEQUES/INSTRUMENTS”**

### **1. Introduction:**

This Cheque/Instruments collection policy 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.
- Our commitment regarding time norms for collection of instruments.
- Payment of interest in cases where the Bank fails to meet time norms for realization of proceeds.
- Dealing with collection instruments lost in transit.

### **2. Arrangements for Collection:**

#### **2.1 Local Cheques/instruments:**

All cheques and other Negotiable Instruments payable locally would be presented through the clearing system. Cheques deposited at branch counters before the specified cut-off time will be presented for clearing on the same day. Cheques deposited after the cut-off time will be presented in the next clearing cycle. As a policy, Bank would give credit to the customer account on the same day the clearing settlement takes place or at the most the next working day of their presentation in clearing. Withdrawal of amounts so credited would be permitted as per the cheque return schedule of the clearing house. Cheques would be accepted during customer banking hours of the Bank branch. The cutoff time for local cheques drawn on other banks (local clearing) would be displayed at the Branches.

#### **2.2 Cheque Truncation System (CTS):**

To enhance the efficiency of paper based clearing system, the Cheque Truncation system (CTS) has been implemented by all Banks. With the introduction of the imaging and truncation of cheques, the physical movement of instruments is stopped. The electronic movement of images and data of cheques has increased the speed of the process of settlements and ultimately reduced the clearing cycles.

#### **2.3 Outstation Cheques/instruments:**

Cheques drawn on other banks at outstation centres, will normally be collected through bank's 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 a correspondent bank.

Cheques drawn on bank's own branches at outstation centres will be collected using the inter-branch arrangements in vogue. Branches are connected through a centralized processing arrangement and are offering anywhere banking services to its customers hence, will provide same day credit to its customers in respect of outstation instruments drawn on any of its branches in the CBS network.

#### **2.4 Cheque Return and Levy of charges on such returns**

- a) The Bank will levy cheque return charges as prescribed from time to time only in cases where the customer is at fault and responsible for such returns.
- b) Further, in cases where the cheques need to be re-presented without any recourse to the payee, such re-presentation shall be made in the immediate next clearing presentation not later than 24



hours (excluding holidays) with due notification to the customers of such representation through SMS alerts, email etc.

c) 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., excepting change in the date of validation period, fresh cheque forms should be used by customers. This will help the bank to identify and control fraudulent alterations.

d) Dishonour/Return of cheques. Bank needs to mention the 'Date of Return' and sign/initial the Cheque Return Memo and the Objection Slip, 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.

**e) Reasons for Return**

<b>(01-03)</b>	<b>FUNDS</b>
1	Funds insufficient
2	Exceeds arrangement
3	Effects not cleared, present again
<b>(04-05)</b>	<b>REFERENCE TO DRAWER</b>
4	Refer to drawer
5	Kindly contact Drawer/Drawee Bank and please present again
<b>(10-17)</b>	<b>SIGNATURE</b>
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	Signature to operate account not received
16	Authority to operate account not received
17	Alteration requires drawer's authentication
<b>(20-29)</b>	<b>STOP PAYMENT</b>
20	Payment stopped by drawer
21	Payment stopped by attachment order
22	Payment stopped by court order
23	Withdrawn owing to death of account holder
24	Withdrawal owing to lunacy of account holder
25	Withdrawal owing to insolvency of account holder
<b>(30-42)</b>	<b>INSTRUMENT</b>
30	Instrument post-dated
31	Instrument outdated/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
<b>(50-55)</b>	<b>ACCOUNT</b>
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)
<b>(60-68)</b>	<b>CROSSING/ENDORSEMENT</b>
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/Government
<b>(70-76)</b>	<b>RBI/GOVERNMENT</b>
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/cheque requires counter signature
76	Required information not legible/correct
<b>(80-92)</b>	<b>MISCELLANEOUS</b>
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

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



(Applicable for instrument and image-based Cheque Clearing to Uniform Regulations and Rules for Bankers' Clearing Houses)

Code No.	Reason for Return
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**g) Miscellaneous**

Cheques which are deposited with the wrong account number mentioned on the pay-in slip will be returned to the customers on the address mentioned within 48 working hours. However, in cases with incomplete address, phone number or no phone number mentioned on the pay-in slip, the bank will be responsible to keep these instruments for a maximum period of 3 months. Cheque received back unpaid will be returned by post/courier etc. to the customer within 48 working hours on the address recorded in Bank's database. However, these will be kept in the



Bank for returning to the customer over the counter if he/she makes a request for the same. If not collected by the customer within 15 days, bank will send back at the recorded address by post or courier.

#### **2.2.6. Service Charges**

The Bank will recover appropriate service charges for all collection services as decided by the Bank from time to time and communicate to the customers by displaying the same on the Bank's website.

#### **2.2.7. Positive Pay System**

The facility of Positive Pay System for Cheque Truncation System is available in the bank. Under this system, issuer of the cheque submits certain details such as Cheque Number, Cheque Amount, Cheque Date, Payee/Beneficiary Name to the drawee bank. The submitted details are checked with the presented cheque by the CTS system. Any discrepancy found in the presented cheque is flagged by CTS system to the drawee bank and the Presenting bank, who would take redressal measures.

This facility is available for all account holders issuing cheques of Rs. 50,000/- and above. The customers may avail this facility by submitting the desired details of the cheque issued by them through J-Mudra (mobile app of the Bank). Availing this facility will be mandatory for cheque amounts of Rs. 5.00 Lakhs and above and it will be at the discretion of the account holder for cheque amounts below Rs. 5.00 Lakhs.

However, only those cheques which are compliant with instructions of Positive Pay System shall be accepted under dispute resolution mechanism at the CTS grids.

### **3. Issue of Cheque Books**

- Before issuing cheque Books, branches have to ensure that printing and binding of cheque books are up to the mark so as to avoid any inconvenience to the customers.
- Branches are advised to issue only "payable at par"/" multi-city"/ CTS 2010 standard cheques to all eligible customers.
- Printing Department to conduct regular checks to ensure the quality of cheque/draft books. Due care is taken that binding of cheque books are upto the mark to avoid inconvenience to customers.

### **4. Time Frame for Collection of Local / Outstation Cheques or Instruments:**

- For local cheques presented in clearing credit will be afforded as on the date of settlement of funds in clearing and the account holder will be allowed to withdraw funds as per return clearing norms in currently applicable.
- For cheques and other instruments sent for collection to all other centres within the country the following time norms shall be applied.(i.e State capitals / Major cities / Other locations shall be 7 / 10 / 14 days respectively.)
- The collection period of outstation cheques and interest payable thereon in case of delay will be displayed on the notice board.

### **5 Payment of Interest for delayed Collection:**

As part of the compensation policy of the Bank, the Bank will pay interest to its customer on the amount of collection of instruments (Outstation / Local Cheques and Cheques Payable within India) in case there is delay in giving credit beyond the time period specified in Bank's cheque collection policy. 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:



a) Collection of outstation cheques:

- Savings Bank rate for the period of delay beyond 14 days as the case may be in collection of outstation cheques.
- 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.

b) 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 overdraft/loan account. For extraordinary delays, interest will be paid at the rate of 2% above the rate applicable to the loan account.

c) In the event the proceeds of cheque under collection was to be credited to an saving account of the customer, interest will be paid at the rate applicable to the savings account. For extraordinary delays, interest will be paid 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:

- Dispatch of Cheques
- Presentation of Cheque of drawees
- Remittance of proceeds to the lodger's bank
- Crediting the proceeds to drawees account

It may be noted that interest payment as given above would be applicable only for instruments sent for collection within India

In case, no rate is specified in the (Cheque Collection Policy) compensation at saving bank interest rate shall be paid for the corresponding period of delay.

#### **6 Additional Measures for Quicker Collection of Outstation Instruments**

The following additional measures should be initiated to reduce the time taken for realization of cheques;

- Cheques drawn on MICR centres should be presented through National Clearing Cell.
- Extensive use should be made of modern telecommunication technology for networking Service branches and between service branches and other branches.
- The concept of Quick/Fast collection service for collection of outstation instruments should be streamlined.
- Separate registers should be maintained for local cheques and outstation cheques to enable the branch Heads to exercise better supervision to speed up the collection of outstation instruments.
- Monitoring the implementation of these instructions at the time of internal inspection.
- In order to make the customers aware of the above facilities the same may be displayed on the Notice Board at the Branches.

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

In the event a cheque or an instrument accepted for collection is lost in transit or in the clearing process or at the paying bank's branch, the bank 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 dishonoured due to non-credit of the amount of the lost cheques 'instruments. The bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.

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, 14 days interest will be paid for the period exceeding the stipulated collection period at the rates specified above.
- 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 likely further delay in obtaining duplicate cheque /instrument and collection thereof.
- c) The bank would also compensate the customer for any reasonable charges 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.

#### **8. Delay in Re-presentation of Technical return Cheques and levy of Charges for such returns**

- a) The bank will levy cheque return charges only in cases where the customer is at fault and is responsible for such returns.
- b) Taxes such as GST, applicable on charges will also be recovered from the customer.
- c) Further in cases where the cheques need to be re-presented without any recourse to the payee, such re-presentation will be made in the immediate next clearing presentation.

#### **9. Collection of account payee cheques – Prohibition on crediting proceeds to third party account**

Branches should not collect 'account payee' cheques for any person other than the payee constituent, Where the drawer/ payee instructs the branch 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, the branch should ask the drawer/ payee to have the cheque or the account payee mandate thereon withdrawn by the drawer. This instruction will also apply with respect to the cheque drawn by a bank payable to another bank. Branches should ensure that 'A/c Payee' cheques should be credited to the account of the person whose name appears as payee and not to the account of any person other than the payee named therein.

#### **10. Rounding off cheques to the nearest rupee**

Branches are advised to ensure that cheques / drafts issued by clients containing fractions of a rupee are not rejected or dishonoured by them, Branch Managers to ensure that the concerned staff is well versed with these instructions so that the general public may not suffer. Branch Managers should also ensure that appropriate action is taken against members of their staff who are found to have refused to accept cheques / drafts containing fractions of a rupee.

#### **11. Issue of Duplicate Draft and Compensation for delays**

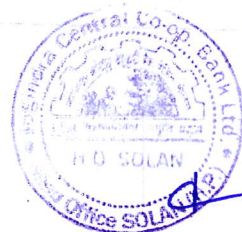
Duplicate draft will be issued within a fortnight from the receipt of such request from the purchaser thereof. For delay beyond the above stipulated period, interest at the rate applicable for Fixed Deposit of corresponding period will be paid as compensation to the customer for such delay. These instructions will be applicable only in cases where the request for duplicate demand draft is made by the purchaser or the beneficiary and will not apply in the case of third party endorsements.

#### **12. Dishonoured Instruments**

Branches should ensure that dishonoured instruments are returned / dispatched to the customer promptly without delay on the same day but in any case within 24 hours, against acknowledgement.

#### **13. Reimbursement of interest by paying bank**

Delay beyond two days on the part of paying bank in dispatching the proceeds to the collecting bank may be treated as delay attributable to that bank and interest paid on delayed credit by the



collecting bank may be reimbursed by the paying bank. Responsibility for payment of interest to the depositor of the cheque, however, should continue to remain that of the collecting bank.

#### **14. Cheque Related Fraud Cases - Preventive Measures**

Following are the preventive measures to be followed by all branches;

1. Ensuring the use of 100% CTS-2010 compliant cheques.
2. Ensuring that the beneficiaries are KYC compliant.
3. Examination under UV lamp for all outward cheques and checking at multiple levels, of all cheques above a threshold above Rs. 5.00 lacs.
4. Close monitoring of credits and debits in newly opened transaction accounts based on risk categorization
5. To ask the customer to avail SMS alert facility so that the customers are aware of their debits and credits in their accounts.
6. Alerting the customer by phone call and getting the confirmation from payer/borrower in case of large value cheques.
7. To take appropriate precautionary measures to ensure that the confidential information viz., customer name/account number/signature, cheque serial numbers and other related information are neither compromised nor misused either from the Bank or from the vendors. (printers, couriers etc.) Due care and secure handling is to be exercised in the movement of cheques from the time it is tendered over the counter.

#### **15. Implementation and Accountability**

- All time schedules with reference to collection of cheque is scrupulously followed by the branches.
- A register to be maintained to record the delayed collections for necessary action.
- It should be ensured that where delays occur, the account holders are paid penal interest without them making requests.
- The Branch Heads should make it a point to check implementation of the above Instructions.

#### **16. Charging of Interest on cheques returned unpaid where Instant Credit was given.**

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 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.

#### **17. Service Charges**

For all collection services the bank will recover appropriate service charges as decided by the Bank from time to time and communicated to customer as indicated in the Code of Banks Commitment to customers adopted by the bank. The Service Charges are displayed at the Branch & on Bank's website.

#### **18. 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, strike or other labour disturbances, accident, fires, natural disasters or other "Acts of God", war, damage to the bank's facilities or of its correspondent bank(s), absence of the usual means of communication or all types of transportation, etc beyond the control of the bank prevents it from performing its obligations within the specified service delivery parameters.

**19. Review of Policy**

The Policy will be reviewed by the Board through the Directors' Planning, Business Development, Communications and Marketing Committee, once in two years or as and when there is a major change in the Master Circular issued by RBI.

**20. Interpretation of the Policy Clauses:**

The Managing Director would be the competent authority to interpret the meaning of various clauses/subject matter contained in this policy and his interpretation would be final.

**(Approved vide BoD Resolution No. 33 dated 13/08/2024)**

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