



उत्तराखण्ड
ग्रामीण बैंक

UTTARAKHAND GRAMIN BANK
Scheduled Bank Owned by Government

Frequent Dishonour of Cheque and Electronic Payment System Policy

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Frequent Dishonour of Cheque and Electronic Payment System Policy

1. Introduction

1.1. RBI vide Master Directions DOR.MCS.REC.No.89/01-01-032/2025-26 dated 28th November, 2025, directed the Banks to integrate Cheque Collection Policy with the deposit policy formulated by the bank in line with the model deposit policy of IBA or Association of which it is a member. IBA has also issued model policy on Collection of cheques/instruments. Accordingly, Cheque Collection Policy was put in place. The Policy also takes adequate care to ensure that the interest of small depositors is fully protected.

1.2. Frequent Dishonour of Cheque or failure of NACH (National Automated Clearing House)/ECS (Electronic Clearing System) is another important item which is covered under this policy.

a) RBI has, vide Master Directions DOR.MCS.REC.No.89/01-01-032/2025-26 dated 28th November, 2025, left it to the discretion of the banks to determine their response to dishonour of cheques of the account holders, steps to prevent misuse of the cheque drawing facility and also to avoid penalizing customers for unintended dishonour of cheques. RBI has also advised to include guidelines to deal with frequent dishonour of cheques of value less than ₹ 1 Crore and ECS/NACH mandates.

b) RBI has also advised, vide their Master Directions DOR.MCS.REC.No.89/01-01-032/2025-26 dated 28th November, 2025, guidelines for dealing with incidents of frequent dishonour of cheques of ₹ 1 Crore and above. RBI has directed banks to maintain data in respect of each dishonoured cheque for amount of ₹ 1 Crore and above and shall be made part of the bank's MIS on constituents and concerned branches shall report such data to their respective controlling office/Head Office. The consolidated data of reports shall be placed before bank's Audit/Management Committee every quarter.

c) RBI has, vide Master Directions DOR.MCS.REC.No.89/01-01-032/2025-26 dated 28th November, 2025, advised to cover inherent preventive measures and checks to prevent any scope for collusion of the staff of the bank or any other person, with the drawer of the cheque for causing delay in or withholding the communication of the fact of dishonour of the cheque to the payee/holder or the return of such dishonoured cheque to him/her.

2. Cheque Collection Process

The procedure for collection of domestic cheques/instruments has been included herein, which, inter alia, incorporates the following:

- a) Detailed procedure for collection of 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 upto which immediate credit is to be provided.

2.1. 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.

2.2. 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.

2.3. 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. Accordingly, payment will be made by the bank only in favor of the recipient. Clearing will not be done in third party accounts.

3. Cheque Truncation System (CTS)

- Printing of cheques will be in full conformity with CTS- 2010 Standards.
- The Reserve Bank of India vide its notification RBI/2025-26/73 CO.DPSS.RLPD.No.S536/04-07-001/2025-26 dated 13.08.2025, has announced the transition of CTS to continuous clearing and settlement.
- In case of cheque return due to technical issues, the cheques to be re-presented in the next session without customer request. Notification will be sent to the customers for such re-presentation by SMS or e-Mail.
- Dishonour /Return of cheques: Branch needs to mention the 'Date of Return' & sign/initial the Cheque Return Memo, 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.
- 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 account payee cheques for such societies drawn for an amount not exceeding ₹ 50,000/- on behalf of their constituents.

3.1 Time limit for deposit of Cheques:

- Cheques deposited at branch counters/CDK(Cheque Deposit Kiosk) and Cheques deposited in the drop box within the branch premises for CTS Clearing, before the specified cut-off time (before the end of days presentation time) i.e., 2.30 PM (at present) will be sent for clearance on same day, for which the clearance period will be same day. (e Circular No. R&DB/AGNYBKG-CTS/16/2025-26 dt 17.01.2026)
- Cheques deposited after this cut off time i.e. 2.30 PM will be sent for clearing on next day 1ST Session, for which clearance period will be next day.
- All drop-boxes/CDK shall clearly indicate the timeline as above up to which cheques dropped in the drop boxes would be sent for clearing on the same day.
- Cheques deposited after the cut-off time in Branch Drop Box will be presented in the next clearing cycle.

4. Collection of Cheques drawn on Foreign countries

Currently, Bank is not dealing with cheques drawn on foreign countries.

5. Payment of cheques/drafts/pay orders/banker's cheques

Banks should not make payment of Cheques/Drafts/Pay Orders/Banker's Cheques bearing that date or any subsequent date, if they are presented beyond the period of three months from the date of such instrument. Banks should ensure strict compliance of these directions and notify the holders of such instruments of the change in practice by printing or stamping on the cheque leaves, drafts, pay orders and banker's cheques issued on or after April 1, 2012, by issuing suitable instruction for presentment within the period of their three months from the date of the instrument.

5.1 Preliminary scrutiny of the cheques before payment:

- Bank's logo and name be checked under UV lamp.
- Cheque is within validity period.
- Amount in words and figures is same.
- Cheque leaf is from the cheque series issued to the customer concerned.
- Drawer's signature is available on the face of the cheque and tallies with the specimen signature recorded with the Bank.
- The instrument is duly discharged by the customer.
- All cheques above ₹ 25,000/- be subjected to fugitive ink / water droplet test to ascertain the genuineness of the instrument.
- All cheques above ₹ 50,000/- be subjected to ultraviolet lamp test to ascertain the genuineness of the instrument. A stamp confirming such verification "UV lamp verified" should be affixed on back of the cheque.
- Customer to be contacted over phone/mobile number registered with the Bank before making payment of cheque for amount of ₹ 2.00 lakh and above.

- In case of payment of Non-Home cheques of ₹ 5.00 lakh and above or any suspicious transactions irrespective of the amount involved, the drawer is to be contacted over registered mobile number to ascertain genuineness of the instrument/transaction.
- In case, the customer could not be contacted while making payment of Cheque presented in clearing/ over the counter, email is sent to Home Branch and also to the customer concerned on email ID registered with the Bank. Home Branch should accordingly take up the matter with the customer. Record of such calls be maintained.
- All cheques with reasons to any doubt on genuineness should be subjected to fugitive ink/water droplet test and ultraviolet lamp test, irrespective of amount.
- Physical verification of cheque is to be carried out in a meticulous manner, so as to avoid payment of cloned cheques.
- Discrete enquiries are to be made from the presenter of the cheque for payment over the counter.
- In case of Cheque presented at non-home branches, amount of the cheque should be within value cap as per instructions for Non-home branch.
- All high value instruments must be referred to the Branch Head and in case of suspicion, the drawer branch/ customer drawing the cheque should be referred before releasing payment.
- Branches to ensure seeding of correct and updated Mobile number/Email in the accounts to receive SMS/Email alerts and calls from Bank, to ascertain genuineness of the instrument/transaction.
- Cheques bearing a date as per National Calendar (Saka Samvat) should be accepted for payment if otherwise in order.
- Operating functionaries to ascertain the Gregorian calendar date corresponding to the National Saka calendar in order to avoid payment of stale cheques.

5.2 Positive Pay System (PPS) for cheque payment

As per Reserve Bank of India directives, Bank has implemented Positive Pay System (PPS) for all modes of cheque payments (Cash/Transfer/Clearing) effective from 14.06.2022.

Concept of Positive Pay involves a process wherein the customer who is issuing cheque informs the drawee bank the details of cheque issued like Cheque number, date of issue, amount, name of payee/beneficiary etc., which are stored in the system. When the said cheque is presented for payment, the details in respect of the cheque stored in the system are cross-checked with the corresponding details on the presented physical cheque/image of cheque.

5.3 Stop Payment of Cheques:

- a) Branches will accept stop payment instruction from the depositors in respect of Cheques issued by them, provided the cheque in question has not been paid by the Bank. Charges, as applicable, will be recovered.

- b) Account holders can request the Bank in writing to register Stop Payment instructions in respect of cheques issued or lost by them.

6. Issuance of Cheques

The bank will provide cheque book facility on demand of customers. All branches are authorized to issue cheque book. All customers having Cheque operated accounts, with valid registered mobile number are eligible for getting cheque book. Cheque book issue request should be accepted only in fully KYC compliant accounts.

7. Acceptance of Cheque

7(A) Arrangements for Collection of Domestic Cheques

INSTRUMENTS DRAWN ON OUR LOCAL AND OUTSTATION BRANCHES:

7A.1 Local Cheques

All cheques deposited and other Negotiable Instruments, payable locally in clearing, would be presented through the clearing system prevailing at the centre.

7A.1.1 Cheques deposited at branch counters and in Drop-boxes, within the branch premises, before the specified cut-off time will be presented for clearing on the same day.

7A.1.2 The broad time-limit for receipt of cheques (say up to 3 hours after opening of branch, etc.), which may be fine-tuned for individual locations/branches, based on local practices, will be fixed by the Controllers of the respective branches.

7A.1.3 All the drop-boxes shall indicate clearly the time up to which cheques dropped in the drop boxes would be sent for the clearing on the same day.

7A.2 bank branches situated at centres where no clearing house exists, would present local cheques on drawee banks across the counter and proceeds would be credited, at the earliest, on realization.

7A.3 Outstation Cheques payable in India Cheques drawn on other banks at outstation centres in India, 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.

7(B) Arrangements for collection of cheques instruments drawn on UGB branch network SC/DDP automation

The cheques/instruments received at the branches for realization across the counter or through the Drop Box facility will be lodged as per process flow for all branches.

7B.1 Instruments Drawn on Local and Outstation Branches:

Cheques drawn on Bank's own branches, at local or at outstation centres, irrespective of amount and market/business segment, 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 but these instruments shall be disposed off at their end only. 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, as if these have been drawn on them and will afford credit directly to the payee's account using the CBS strength and recover applicable service charges as per RBI's instructions regarding collection of outstation cheques.

7B.2 Instruments drawn on Local Branches of Other Banks

7B.2.1 These instruments will be presented by the receiving branches in local clearing and credit afforded to the payee's account on realization or else arranges to send these instruments to the designated branch/service branch, which will in turn present these instruments in local clearing and afford credit directly to the payee's account using CBS strength.

7B.2.2 Instruments drawn on Outstation Branches of Other Banks

7B.2.3 The receiving branches will send such instruments to our own branches, for collection/realization through SC.

7B.2.4 The revised cheque collection instructions shall be universally applicable at all centres.

7B.2.5 The outstation cheques will be paid subject to recovery of usual service charges as per Bank's extant instructions, but in any case, such charges shall not be more than the service charges by the RBI for outstation collection charges. No additional charges, P&T, courier charges, etc. will be recovered. However, such charges will attract GST as per prescribed rate.

7B.3 Cheques drawn on any branch of 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, 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, exceeding limit in case of loan account.

7C). Collection of account payee cheque-prohibition on crediting proceeds to third party account

7C.1 In consonance with the legal requirements and in particular, the intent of the Negotiable Instruments Act, 1881 and with a view to protect the banks being burdened with liabilities arising out of unauthorised collections, and in the interest of the integrity and soundness of the payment and banking systems, and in order to prevent recurrence of deviations observed in the recent past, the Reserve bank has considered it necessary to prohibit the banks from

crediting 'account payee' cheque to the account of any person other than the payee named therein. Accordingly, Banks were directed that they should not collect '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 the drawer. This instruction would also apply with respect to the cheque drawn by a Bank payable to another bank.

7C.2 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.

7C.3 With a view to mitigate the difficulties faced by the members of cooperative credit societies in collection of account payee cheques, it is further clarified that collecting banks may consider collecting account payee cheques drawn for an amount not exceeding Rs. 50,000/- to the account of their customers who are co-operative credit societies, if the payees 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. This shall, however, be subject to the fulfilment of the requirements of the provisions of Negotiable Instruments Act, 1881, including Section 131 thereof.

7C.4 banks may note that the above instructions shall also extend to drafts, pay orders and bankers' cheque.

8. Validity of cheque

As per the instructions of Reserve Bank of India, from 01.04.2012, the validity of instruments/cheques will be 3 calendar months from the date of issue.

9. Timeline for collection of cheques

9.1 With the leverage of CBS and upgradation of technology and introduction of Speed Clearing System/CTS-grid based Clearing at MICR centre, the time frame for collection of outstations cheques for UGB 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:

	UGB Branches	Branches of other Banks
a) Cheque presented at CTS centres	8 days	10 days
b) Non- CTS centres	10 days	14 days

9.2 The timeframes mentioned above are the outer limits and once the instruments are realised, proceeds should be credited to the customer's account immediately.

9.3 Considering technology up gradation and faster communications modes, delays (in collection of cheques/instruments) beyond 45 days, from the notional date of credit as per time frame mentioned in paragraph 9.1 above, would be treated as abnormal delays.

INTEREST PAYMENT FOR DELAYED COLLECTION:

It is the responsibility of the Bank to collect the instruments within the time frame prescribed for the purpose and to compensate the customers for delays due to non-adherence to time schedule. Following guidelines are, therefore, laid down for cheques/instruments payable in India:

- a) For collection of Cheques drawn on UGB, Saving Bank rate for the period of delay beyond 8/10 days 9.1 (a) & (b), (interest will be payable) from 9th/11th day for the centres (a) & (b).
- b) Saving Bank rate for the period of delay beyond 10/14 days, as the case may be, in collection of outstation cheques drawn on other banks, i.e. [the interest will be payable] from 11th /15th day.
- c) Where the period of 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.
- d) 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.
- e) 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.

Such interest shall be payable with a minimum of Rs. 25/- (Rupee twenty five only) Such interest shall be paid without any demand from customers in all types of accounts.

10. Cheques/instruments lost in transit / in clearing process or at paying bank's branch:

10.1 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 dishonoured 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. The onus of such loss lies with the collecting banker and not the account holder. It may however be noted that the probability of losing the physical instrument in the hands of paying bank is remote in the locations covered by CTS as clearing is undertaken on the basis of images. If the instrument is lost after lodging with the collecting bank but before truncating the same for sending through image based clearing, the presenting bank should follow the procedure indicated above.

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.

10.2 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 cannot 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 Uttarakhand Gramin Bank Compensation Policy.

10.3 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/- .

11. Return of cheques and reasons thereof:

11.1 The list of objections for return of Instruments and Image based Cheque Clearing, as detailed in Annexure D to Uniform Regulations and Rules for Bankers' Clearing House, has been placed as Annexure-I of this document.

11.2 Cheque return charges shall be levied, at applicable rates, only in cases where the customer is at fault and is responsible for such returns. The list of reasons for return, where the customers are not at fault is as per Annexure-II. Charges will not be levied in such cases.

11.3 Dishonour /Return of cheques: Branch needs to mention the 'Date of Return' & sign/initial the Cheque Return Memo, 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.

POLICY FOR DEALING WITH INCIDENTS OF FREQUENT DISHONOUR OF CHEQUES AND FAILED NACH (NATIONAL AUTOMATED CLEARING HOUSE)

A. PROCEDURE FOR DEALING WITH INCIDENTS OF FREQUENT DISHONOUR OF CHEQUES OF VALUE RS.1 CRORE AND ABOVE AS WELL AS BELOW Rs. 1 Crore.

(i) Returning time for dishonoured cheques

The dishonoured instruments are required to be returned / dispatched to the customer promptly without any delay, in any case within T+1 working days of the dishonour.

(ii) Procedure for return/dispatch of dishonoured cheques

- a) The payee branch should return dishonoured cheques presented through clearing houses, strictly as per the return discipline prescribed for respective clearing house in terms of Uniform Regulations and Rules for Bankers' Clearing Houses. The collecting branch on receipt of such dishonoured cheques should dispatch it immediately to the payees/ account holders within T+1 working days of receipt of the instruments.
- b) In relation to cheques presented directly to the payee branch across the counter for settlement of transaction by way of transfer between two accounts of the same branch / inter – branch, branch should return such dishonoured cheques to the payees/ holders same day/or next day, in case of dishonour due to insufficiency of fund.
- c) Cheques dishonoured for want of funds in respect of all accounts should be returned along with a memo indicating therein the reason for dishonour as "insufficient funds".

(iii) Dealing with incidents of frequent dishonour

- a) With a view to enforce financial discipline among the customers, branch should introduce a condition for operation of Savings Bank/ Current Account (SB/CA) account with cheque facility that in the event of dishonour of a cheque/NACH due to lack of funds/insufficient funds drawn on a particular account of the drawer on 4 occasions during the financial year, no fresh cheque book would be issued and branch may close the account after issuing 30 days notice to the customer on subsequent dishonour.
- b) The branch may consider closing Savings Bank account/Current account at its discretion, after proper notice to the customer recording the reason of closure of account. However, 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 should be reviewed by appropriate authority, i.e., the sanctioning authority.

- c) If a cheque is dishonoured for a 3rd time during a financial year in respect of cheques mentioned in para (a) above on a particular account of the drawer during the financial year, branch should issue a Cautionary Advice to the concerned constituent drawing his/her/their attention to aforesaid conditions and consequential stoppage of cheque facility in the event of cheque being dishonoured on next occasion on the same account during the financial year.
- d) If an account is having cheque book facility and NACH mandate is also registered, then the incidents of dishonour will be taken into account for both dishonour of cheque and failed NACH for computing the number of dishonour of cheques and failed NACH.
- e) Branch may consider for closing the account after serving 30 days-notice to the customer in the event of subsequent dishonour of cheque/ NACH mandate in the account.

B. DISHONOUR OF NACH (DEBIT) MANDATE: SECTION 25 OF THE PAYMENT AND SETTLEMENT SYSTEM ACT, 2007

i) National Automated Clearing House (NACH) is a payment system operated by National Payments Corporation of India (NPCI) on the lines of ECS, where Corporations and Banks are members. The physical mandates are obtained by Corporates/ Sponsor Banks and sent to NPCI through Mandate Management System (MMS). The destination Banks receive the mandates through MMS and authorise the same in their CBS. On the strength of the mandates, the future debits are raised by Sponsor Banks. Acceptance of ECS mandates is now stopped by Banks and only NACH mandates are accepted. ECS system is now being migrated to NACH by RBI.

ii) As per Section 25 of the Payment and Settlement Systems Act, 2007, where an electronic funds transfer initiated by a person from an account maintained by him cannot be executed on the ground that the amount of money standing to the credit of that account is insufficient to honour the transfer instruction or that it exceeds the amount arranged to be paid from that account by an agreement made with a bank, there is provision to prosecute such person as per the above act.

iii) The above Act accords the same rights and remedies to the payee (beneficiary) against dishonour of electronic fund transfer instructions under insufficiency of funds as are available under Section 138 of Negotiable Instruments Act, 1881. Considering the protection available, there is no need to obtain additional cheques, if any, from customers in addition to ACH Debit mandates.

iv) Procedure for handling failed NACH

a) If a Destination Branch (the bank branches where the Destination Account holders maintain their bank account from which NACH utility payments are debited.) is not in a position to debit a particular transaction for insufficiency of funds, it should report the

same with a Return Memo to the Main Branch on the same day with the details of failed NACH, in any case not later than T+1 working days of the returned /undebited processed in the Clearing House.

b) NACH transactions are presently processed centrally at Main Branch Dehradun. In case of return of NACH transaction, a return file is generated at NPCI and the Sponsor Bank will give the return memo to customer on the strength of return reason code in return file.

c) It would be the responsibility of the Sponsor Bank (Branch) (refer to the bank/branch which had agreed to act as the agent of the User company i.e. utility-companies, insurance/corporations/Collection Service Provider/ Govt. departments, or any institution receiving/collecting payments from a large number of branches/ credit banker etc) to advise the User regarding failed NACH debit.

d) If a User makes use of NACH mechanism for receiving payment from the same set of beneficiaries every quarter/month or at more frequent intervals, and there is frequent return of debit NACH, in such cases, after return of the NACH, the Sponsor Bank has the responsibility to intimate the User in addition to the Destination Account Holders regarding termination of NACH mandate.

e) In case of failed NACH due to insufficiency of funds, a communication from the Destination branch is to be sent to the customer (Destination Account Holder) intimating him that in case of failed NACH for 4 times in a financial year or otherwise, the branch at its sole discretion may advise the sponsor bank/branch for cancellation of all mandates given for the particular account in case of SB/CA, whereas for Cash Credit accounts, a review may be put up to appropriate authority higher than the sanctioning authority in the matter. The branch should also send the caution memo after 3rd NACH failure in a financial year to the concerned User of NACH for whom the NACH was registered.

f) If an account is having cheque book facility in addition to NACH mandate, then the incidents of dishonour will be taken into account for both dishonour of cheques and failed NACH for computing the number of dishonour of cheques/NACH mandate. On reaching the threshold, no cheque book will be issued from any channels and no NACH mandate will be allowed to be registered in the CBS.

g) Branch may consider for closing of account after serving 30 days notice to the customer after subsequent NACH failure, even though the account is not having any cheque book facility and only NACH has been registered.

h) The Controller of the branch has to ensure compliance of above procedure so that no laxity is allowed in delayed reporting of such failed NACH. In case of any findings of such circumstances and non- compliance / non-adherence of instructions/ guidelines stated hereinabove, suitable disciplinary action will be initiated against the erring staff as per the service conditions governing to them.

i) Information / documentary proof of failed NACH should be provided, if requisitioned by any court/consumer forum.

C. INFORMATION ON DISHONOURED CHEQUES/FAILED NACH

(i) Data in respect of each dishonoured cheque for amount of Rs.1 crore and above, and below Rs.1 crore should be made part of bank's MIS on constituents and concerned branches should report such data cheque wise & account wise to their respective controller separately.

(ii) Data in respect of all failed NACH should be made part of Bank's MIS on constituents and concerned branch should report to their respective controllers.

(iii) Reporting: The information is to be reported to the Controller on respective format as per Annexure- III & IV.

D. FRAMING APPROPRIATE PROCEDURE FOR DEALING WITH DISHONOURED CHEQUES

(i) The appropriate procedure for dealing with dishonoured cheques have been devised with inherent preventive measures and checks to prevent any scope for collusion of the staff of the bank or any other person, with the drawer of the cheque for causing delay in or withholding the communication of the fact of dishonour of the cheque to the payee/holder or the return of such dishonoured cheque to him.

(ii) For the purpose of recording dishonour status of the cheque, every cheque received at the paying branch /clearing branch must be recorded in the system, whether balance is available in the account or not and in no case, it should be returned without referring cheques to the "Cheque referred & returned Register" where cheque is being returned for insufficient balance in the account.

(iii) In no case, the cheques at paying branch/Clearing Branch should be withheld to ensure deposit of sufficient balance in the account by the account holder /party concerned to meet the fund requirement of the cheque.

(iv)The Controller of the branch has to ensure compliance of above procedure so that no laxity is adopted / no internal collusion of staff in concealing the dishonour of the cheque or delayed reporting/returning of the cheque. In the event of finding of any such circumstance, the internal guidelines for dealing with staff accountability for dereliction in duty by the staff will be dealt with. Accordingly, Officers and staff should be cautious enough to adhere to such guidelines and ensure strict compliance thereof to achieve aforesaid objective of effective communication and delivery of dishonoured cheque to the payee.

E. Recovery of Service Charges on dishonour of Cheque/NACH

Recovery of such charges will be ensured as per extant instructions on Service Charges enforce. Returning of Cheque over the counter will also be recorded in the system as rejected transaction and applicable service charges will be levied.

12. Provisions for e-manadate and NACH

Bank will provide E-manadet facility through NPCI NACH to customers. Through E-mandate, the customer can authorize the bank one time to send or receive recurring funds electronically.

13. Service Charges:

The Bank will charge reasonable service charges and postage for all collection services as decided by the Bank from time to time. The Bank will inform the customers about the applicable service charges through the Bank's website/branch notice board/on demand from the customers.

14. 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(s) prevents it from performing its obligations within the specified service delivery parameters. Claims, if any in this regard will be dealt with as per Bank's Compensation Policy.

15. Amendment/Modification of the Policy:

The Bank reserves the right to amend/modify this Policy, as and when deemed fit and proper, at its sole discretion. However, the Bank shall endeavour to review the Policy at biannual intervals.

ANNEXURE -I

List of Reasons for dishonour of cheque:

(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
01	Funds insufficient
02	Exceeds arrangement
03	Effects not cleared, present again.
04	Refer to drawer
05	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
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

Code No.	Reason for Return
42	Paper not received
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)
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
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

ANNEXURE -II

Illustrative but not exhaustive list of objections where customers are not at default

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/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**INFORMATION ON DISHONoured CHEQUES****RETURN FOR THE QUARTER ENDED****A. DISHONOUR OF CHEQUES OF ₹1 CRORE AND ABOVE WITH THE REASON
'INSUFFICIENT FUNDS'.**

Sl. No.	Date of Return	Cheque No.	Amount	Drawer Name/AC.No.	Payee	Collecting Bank/Branch	Paying Bank/Branch	Remarks

**B. DISHONOUR OF CHEQUES OF BELOW ₹.1 CRORE WITH THE REASON
'INSUFFICIENT FUNDS'**

Sl. No.	Date of Return	Cheque No.	Amount	Drawer Name/AC.No.	Payee	Collecting Bank/Branch	Paying Bank/Branch	Remarks

Annexure -IV**INFORMATION ON FAILED NACH TRANSACTIONS FOR THE QUARTER
ENDED**

Sl. No.	Date of Return	Customer Account No.	Amount	Drawer Name/AC.No.	Payee	Sponsor Bank/Branch	Destination Branch	Remarks