

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:187

ANSWERED ON:03.07.2009

CLEARING OF CHEQUES

Jagannath Dr. M.;Rao Shri Nama Nageswara

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Reserve Bank of India (RBI) has; issued instructions to all banks to clear all intra-city cheques on the same day and out-station cheques on the next day;
- (b) if so, the details thereof;
- (c) whether there is any proposal to impose penalty in case of failure in clearing the cheques within the specified period;and
- (d) if so, the details thereof?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (d): No such instructions have been issued by Reserve Bank of India (RBI) to the banks. However, RBI vide its circulars dated 09.02.2007 and 19.07.2007 has advised banks to frame their own Cheque Collection Policies (CCPs) in respect of local and outstation cheques mentioning explicitly the time frame for collection of both local and outstation cheques. The policy would have to, inter-alia, indicate the time up to which cheques received at the bank's branch counters would be sent for same day collection, the time when the customer's account would be credited and when the customer would be able to utilize the proceeds. Banks have also been advised that the cut-off time for sending cheques for local clearing should have a relation to the closing business hours of branches to enable customers to have a transparent picture of the clearing process.

Further, subsequent to orders of the National Consumer Disputes Redressal Commission in a case related to 'Delays in Cheque Clearing', RBI, in November 2008, advised banks to modify their CCPs to ensure that for local cheques, debit and credit is given on the same day or at the most the next day of their presentation in clearing. The timeframe for collection of cheques drawn on State capitals/major cities/other locations has also been fixed to be 7/10/14 days, respectively, as the outer limit. For any delay in collection beyond the timeframe, banks would have to pay interest at the rate specified in COP. In case no rate has been specified in the CCP, the applicable rate shall be the interest rate on Fixed Deposits for the corresponding maturity. Banks would also have to pay compensation without any demand being raised by the customer.