

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:352
ANSWERED ON:05.09.2012
CHEQUE COLLECTION POLICY
Chitthan Shri N.S.V.;Paranjpe Shri Anand Prakash

Will the Minister of FINANCE be pleased to state:

- (a) whether cases of delayed cheque clearance by banks resulting in loss to the customers, have been reported;
- (b) if so, the details thereof for the last three years and the current year;
- (c) whether the Reserve Bank of India (RBI) has asked the banks to reframe their cheque collection policy and include provisions for compensation to the customers in case of delay in cheque clearance;
- (d) if so, the details thereof and the reaction of the banks thereto; and
- (e) whether the rate of compensation has been worked out and if so, the details of the rate of compensation fixed?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI P. CHIDAMBARAM)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PART (A) TO (E) OF LOK SABHA STARRED QUESTION NO. 352 FOR 5th SEPTEMBER, 2012 TABLED BY SHRI N.S.V. CHITTHAN AND SHRI ANAND PRAKASH PARANJPE REGARDING CHEQUE COLLECTION POLICY.

(a) and (b): Reserve Bank of India (RBI) has informed that non-payment or inordinate delay in payment or collection of cheques, drafts, bills, etc. is one of the grounds of complaints under the Banking Ombudsman Scheme. The 15 offices of Banking Ombudsman situated across the country resolve complaints received on this ground. As all complaints related to these grounds are clubbed together, the total number of complaints regarding non-payment or inordinate delay in payment or collection of cheques, drafts, bills, etc. received in respect of commercial banks during the last three years and the current year are as under:-

July, 2009 -June, 2010 July, 2010-June, 2011 July, 2011 -June, 2012

4,054 3,354 2,951

(c) to (e): RBI has issued a Master Circular on Customer Service on 02.07.2012 whereby the banks are required to formulate a comprehensive and transparent Cheque Collection Policy (CCP), which should include provisions on immediate credit for local / outstation cheques, time-frame for collection of cheques and interest payment for delayed collection. While formulating such a policy, the banks are also required to take into account their technological capabilities, system and process adopted for clearing arrangements and other internal arrangements for collection through correspondents; and obtain specific approval of the Board on the reasonableness of the policy and the compliance with the spirit of RBI guidelines. Further, on noticing that the CCPs of various banks did not include a provision on compensation in respect of the delay in realisation of local cheques, vide its recent circular dated 13.08.2012, RBI has advised the banks to reframe their CCPs to include compensation payable for the delayed period in the case of collection of local cheques also. RBI guidelines also provide that in case no rate is specified in the CCP for delay in realisation of local cheques, compensation at savings bank interest rate shall be paid for the corresponding period of delay.