

Policy and Procedure on Cheque Collection and Immediate Credit of Outstation Cheques

1) High Value Clearing

High value clearing facility is available for bank customers only at designated centres. These centres are identified by RBI, which offers this facility. Cheques of high value (not less than Rs.1 Lakh per instrument) are cleared on the same day if deposited within the defined time specific to the location & branch.

2) Local Cheques

All cheques and other negotiable instruments payable locally would be presented through the clearing system prevailing at the centres. Cheques deposited at branch counters and in collection boxes within the branch premises before the specified cut off time will be presented for clearing on the same day. The cut off timings varies from branch to branch. The applicable cut off timings is displayed on the cheque drop box and in branches for the benefit of customers.

Cheques deposited after the cut off time and in collection boxes outside the branch premises including off site ATMs will be presented in the next clearing cycle. We would give credit to the customer account on the same day clearing settlement takes place. Withdrawal of amounts so created would be permitted as per the cheque return of the clearing house.

Funds for cheques presented in normal clearing are available to the customer at the beginning of the second to fourth working day, subject to local clearinghouse arrangements. There however is a dependency on the clearing location and is subject to depositing of the cheques / instruments within the defined time.

3) Outstation Cheques

Proceeds of outstation cheques will be credited to customer account as per the norms outlined below.

1. Cheques drawn on Metro / Non-metro cities where HDFC Bank has a branch, credit will be given on receipt of clear funds in:

- a) 7 working days for collection between main metro locations (Mumbai, Chennai, Kolkata, New Delhi).
- b) Metro centres and state capitals (other than those of North Eastern states and Sikkim): Maximum period of 10 working days.
- c) In all other centres where we have branches: maximum period of 14 working days.

2. Cheques drawn on non-branch locations where we have a tie-up with correspondent bank, credit will be given on receipt of clear funds in 30 working days.

3. Cheques drawn on non-branch locations where we do not have a tie-up with correspondent bank, credit will be given on receipt of clear funds in 60 working days.

Charges will be applicable on the above as defined from time to time in the Schedule of Charges for each of the products.

*Working Days - Working Days means excluding Saturdays, Sundays and bank holidays at the respective centres.

4) Cheques payable in Foreign Countries

Cheques payable at foreign centres where the bank has branch operations (or banking operations through a subsidiary, etc.) will be collected through that office. The services of correspondent banks will be utilized in country/centres where the correspondent has presence. Cheques drawn on foreign banks at centres where the bank or its correspondents do not have direct presence will be sent directly to the drawee bank in certain cases to credit proceeds to the respective Nostro Account of the bank maintained with one of the correspondent banks.

Cooling period of major currencies which is in vogue is indicated below.

Currency	Normal Cooling Period
USD cheques	5 international working days from value date for cheques payable in New York
	16 international working days from value date for cheques payable outside New York
GBP Cheques	14 international working days from value date
EUR Cheques	2nd international working day from value date for cheques payable in Frankfurt
	15 international working days from value date for cheques payable outside Frankfurt
AUD Cheques	10 international working days from value date
CAD Cheques	11 international working days from value date

- Value date is the date of credit to our Nostro account.
- The card rate prevailing on the date of credit to customer account would be the applicable exchange rate.
- The due date is the value date of credit to Nostro account plus normal cooling period as stipulated above.

5) Compensation Policy - Payment of Interest for Delayed Collection

a) Saving Bank rate for the period of delay beyond the normal stipulated time of 7/10/14/30/60 days as the case may be in collection of outstation cheques.

b) Where such delay is beyond 14 days interest will be paid at the rate applicable to for term deposit for the respective period.

c) In case of extraordinary delay, i.e. delay exceeding 90 days interest will be paid at the rate of 2% above the corresponding Term Deposit rate.

As part of the compensation policy, interest will be paid to the customer on the amount of the collection instrument in case there is delay in giving credit beyond the time period mentioned above. The interest shall be paid without any demand from customers.

CMS will calculate compensation for the number of days delayed from the date of receipt of instrument at CMS locations. From the customer point of view, it would be from the day the customer has deposited the cheque at the branch. So generally it takes 1 day or more time for the instrument to reach CMS from the branch. So it has been discussed and agreed to take TAT of 6 / 9 / 13 / 29 / 59 working days by CMS for the purpose of calculating the compensation even though we publish the TAT as 7 / 10 / 14 / 30 / 60 days.

6) Immediate Credit of Outstation cheques.

As per the Bank's current policy, immediate credit is being provided against outstation collection instrument at the specific request of the customer or as per prior arrangement, which is as per the IBA Model Cheque Collection Policy.

BCSBI has made certain observations and suggestions on the Model Policy of IBA vide letter no D.O.BCSBI.NO.1585/03.01.001/2006-07 dated February 23, 2007 stating that Immediate Credit should be afforded to all eligible account holders upto a specified amount subject to satisfactory conduct of such accounts.

Immediate Credit will be provided for outstation cheques upto Rs 3000/- to the individual account holders subject to the below mentioned criteria.

Criteria:-

- a. Face value of cheque should not exceed Rs.3000/-.
- b. The account should be at least 6 months old.
- c. No cheque returns in the account issued by customer in the last 6 months.
- d. Average Quarterly Balance to be maintained for the last 2 quarters.
- e. Immediate credit facility will not be given to overdraft/loan account.
- f. No cheque purchased under immediate credit earlier should be outstanding/ pending for collection or returned.

Immediate Cheques Collection Charges

	Cheques drawn on metro/non metro cities (HDFC Bank branch locations)	Cheques (MICR) drawn on non-branch locations where we have tie-up with correspondent bank.	Cheques drawn on non-branch locations where we do not have tie-up with correspondent Bank/ Non-MICR cheques
Upto Rs. 1000/-	Rs. 10	Rs. 20	Rs. 50
Rs. 1001 to Rs. 3000/-	Rs. 25	Rs. 50	Rs. 100

In case of returns, recovery is the responsibility of the home branch.

Cheque returns and charging of interest on cheques returned unpaid where immediate credit was given:

- a). If the cheque is returned unpaid, the value of the cheque will be immediately debited to the account along with SB interest rate plus 2% for the period i.e. from the date of immediate credit to the date of debit to the account by CMS.
- b). 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
- c)Cheque return charges applicable for outstation cheques will be levied.

7) Purchase of local/outstation cheques

Bank may, at its discretion, purchase local/outstation cheque 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. All branches will follow the internal guidelines as per the extant delegation of authority given on purchase of cheques.

8) 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:

- 1)The bank shall immediately on coming to know of the loss bring the same to the notice of account holder.
- 2)The bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque like giving a certificate that it was lost etc.

The bank will compensate the customer in respect of instrument 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 (7/10/14/30/60 days as the case may be) 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 (upto Rs Five Hundred) that 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 that would charge a fee for issue of duplicate instrument.

9) Dishonor of Instruments

In case a cheque accepted for collection is returned unpaid, the bank will immediately debit the value of the cheque to customer account. As per various arrangements with the customer, bank shall recover interest for the period wherein bank was out of funds and/or per instrument rate which is applicable to customer as return charges.

The bank will hand over or dispatch the return cheque on the basis of the arrangement with the customer along with return memo and return statement containing the transaction level

details within two working days from the date of debit.

10) 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.

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