

April 11, 2007

All Regional Rural Banks

Dear Sir,

Rounding off amounts of cheques to the nearest rupee

We advise that recently a case involving refusal by a bank to accept a draft drawn in fraction of a rupee lodged for collection to the credit of Government account came up before the High Court of Gujarat, Ahmedabad. The High Court of Gujarat, taking a serious view in the matter, has directed Reserve Bank of India to take appropriate steps in the matter in accordance with law, in the light of the extant instructions and, if required, issue fresh notifications/ notices to all the banks who have issued internal circulars not to receive such cheques, etc., and see that stern action is taken against the persons who refuse to receive the cheques / drafts, which are drawn in fractions of a rupee. Regional Rural Banks (RRBs) are, therefore, advised to ensure that cheques / drafts issued by clients containing fractions of a rupee are not rejected or dishonoured by them. RRBs may also review the practice being followed by them in this regard and take necessary steps, including through issue of internal circulars, etc, to ensure that the concerned staff are well versed with these instructions so that the general public does not suffer. RRBs may 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.

2. Please note that any RRB violating the aforesaid instructions would be liable to be penalised under the provisions of the Banking Regulation Act, 1949.
3. Please acknowledge receipt to our Regional Office concerned.

Yours faithfully,

(C.S.Murthy)
Chief General Manager-in-charge