

RBI / 2008-09 / 378
RPCD.CO.RF.BC.No. 88 / 07.06.00 / 2008-09

February 6, 2009
17 Magha, Saka 1930

All State Co-operative Banks (StCBs) and
Central Co-operative Banks (DCCBs)

Dear Sir / Madam,

Delays in Cheque Clearing - Case No. 82 of 2006 before
National Consumer Disputes Redressal Commission

As you may be aware, during August 2006, a case was filed before National Consumer Disputes Redressal Commission, New Delhi (the Commission) under the Consumer Protection Act, 1986 inviting attention to the delays in cheque clearing and, specifically, to the issue of float in local and inter-city clearing. Admitted in public interest as Case No. 82 of 2006, the complaint had named Reserve Bank of India (the Bank) and all Scheduled Commercial Banks (the banks) as respondents and sought adequate compensation by way of interest for delay in collection.

2. A number of affidavits were filed by the Bank and by the banks at various points of time and the case was finally disposed of by the Commission on August 27, 2008, with the Commission observing that the Bank with its wide range of powers under the Payment and Settlement Systems Act, 2007 would try to control the float, if any, arising due to delay in collection of outstation cheques. During the course of hearings, orders were passed by the Commission culminating in the final order on 'timeframe for collection of outstation cheques' which is available on the website [@http://www.ncdrc.nic.in/CC820605.htm](http://www.ncdrc.nic.in/CC820605.htm).

3. Notwithstanding the above, in the interest of better clarity as also to ensure compliance with the orders of the Commission, we reiterate the following:-

- i) StCBs and DCCBs shall frame/ reframe their Cheque Collection Policies (CCPs) covering local and outstation cheque collection as per the timeframe prescribed by the Commission.

- ii) For local cheques, credit and debit shall be given on the same day or at the most the next day of their presentation in clearing. Ideally, in respect of local clearing, banks shall permit usage of the shadow credit afforded to the customer accounts immediately after closure of relative return clearing and in any case withdrawal shall be allowed on the same day or maximum within an hour of commencement of business on the next working day, subject to usual safeguards.
- iii) Timeframe for collection of cheques drawn on state capitals / major cities / other locations should be 7 / 10 / 14 days respectively. If there is any delay in collection beyond this period, interest at the rate specified in the CCPs of the bank, shall be paid. In case the rate is not specified in the CCP, the applicable rate shall be the interest rate on Fixed Deposits for the corresponding maturity. The timeframe for collection specified by the Commission shall be treated as outer limit and credit shall be afforded if the process gets completed earlier.
- iv) StCBs and DCCBs shall give wide publicity to the CCP by prominently displaying salient features thereof in bold and visible letters on the notice board at their branches.
- v) A copy of the complete CCPs shall be made available by the branch manager, if the customers require so.

3. Please treat the matter as urgent and advise our concerned Regional Office (RO) the action taken within a month's time from the date of this letter.

Yours faithfully

Sd/-
(B.P.Vijayendra)
Chief General Manager