



RBI/2016-17/33

DBR.No.Leg.BC.3/09.07.005/2016-17

August 04, 2016

All Scheduled Commercial Banks
(Including RRBs)

Dear Sir/ Madam,

Dishonour of cheques – Modification in procedure

Please refer to our [circular DBOD.BC.Leg.No.113/09.12.001/2002-03 dated June 26, 2003](#) and paragraph 11.4 (i) of [RPCD.CO.RRB.BC.No.100/03.05.33/2013-14 dated May 12, 2014](#) wherein banks were advised to introduce a condition for operation of accounts with cheque facility that in the event of dishonour of a cheque valuing rupees one crore and above drawn on a particular account of the drawer on four occasions during the financial year for want of sufficient funds in the account, no fresh cheque book would be issued. Also, the bank may consider closing current account at its discretion.

2. The above instructions have been reviewed and it has been decided to leave it to the discretion of the banks to determine their response to dishonour of cheques of the account holders. Banks should put in place an appropriate policy approved by the Board or its Committee taking into consideration the need to prevent misuse of the cheque drawing facility and avoid penalising customers for unintended dishonour of cheques.

3. This policy should be transparent, made known to every customer upfront and implemented fairly.

Yours faithfully,

(Rajinder Kumar)
Chief General Manager