



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RPCD.No.BC.35/07.38.01/93-94

September 10, 1993

All State Co-operative Banks/
Central Co-operative Banks

Dear Sir,

**Delay in Crediting the Proceeds of
Outstanding Instruments - Rate of interest**

Please refer to our circular RPCD.No.BC.110/07.38.01/92-93 dated 11 May 1993, wherein we had advised the banks to pay interest at 2 per cent above the savings bank rate in case of delayed collection of instruments like cheques/drafts (bills etc., beyond, the stipulated period. It has been brought to our notice that unduly long time is taken by banks in crediting the proceeds of outstation instruments to the customers' accounts. Where the proceeds of outstation instruments are for credit to borrowal accounts, loss of interest to them for the delayed remittances is at the rate stipulated by the banks for the overdraft, cash credit or loan account. It has, therefore, been decided that banks should pay interest at the minimum lending rate stipulated by the Reserve Bank of India from time to time for the period of delay in collection of outstation instruments beyond the normal period as conveyed in our circular dated 11 May 1993 where the proceeds of instruments are to be credited to the cash credit, overdraft or loan accounts with a view to compensating such customers equitably. In all other cases, our existing stipulation for payment of interest at 2% above the savings bank rate will continue to apply.

2. Kindly acknowledge receipt to our concerned Regional Office.

Yours faithfully,

Sd/-

(S. D. Kadam)
Deputy Chief Office