

# Rajasthan Marudhara Gramin Bank

Department of Planning & Development and  
Risk Management  
Head Office Jodhpur

## POLICY ON DISHONOUR OF CHEQUES



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### Rajasthan Marudhara Gramin Bank POLICY ON DISHONOUR OF CHEQUE



## **POLICY FOR DEALING WITH INCIDENTS OF FREQUENT DISHONOURED CHEQUES**

### **Formulation of policy for dealing with incidents of frequent dishonour of Cheques.**

Framing appropriate procedure for dealing with dishonoured cheques as a preventive measure and checks to prevent any scope for collusion of the staff of the bank with the drawer of the cheque for causing delay in or withholding the communication of the fact of dishonour of the cheque to the payee/holder or return of such dishonour cheque to him.

Provision for providing information on dishonoured cheques by making it part of MIS (Management Information System) for the purpose of reporting system as per RBI's guidelines.

### **A. PROCEDURE FOR DEALING WITH INCIDENTS OF FREQUENT DISHONOUR OF CHEQUES OF VALUE LESS THAN RS.1 CRORE**

#### **i) Returning time for dishonoured cheques.**

RRBs are required to implement the recommendations of the Goiporia Committee that dishonoured instruments are to be returned /dispatched to the customer promptly without delay, in any case within 24 hours.

#### **(ii) Procedure for return/dispatch of dishonoured cheques**

- a) The payee branch should return dishonoured cheques presented through clearing houses strictly as per the return discipline prescribed for respective clearing house in terms of Uniform Regulations and Rules for Bankers' Clearing Houses. The collecting branch on receipt of such dishonoured cheques should dispatch it immediately to the payees / holders.
- b) In relation to cheques presented direct to the paying bank for settlement of transaction by way of transfer between two accounts with that bank, it should be return such dishonoured cheques to payees /holders immediately.
- c) In case of dishonour /return of Cheques, the paying banks should clearly indicate the return reason code on the return memo /objection slip which should also bear the signature /initial of the bank officials as prescribed in Rule 6 of the uniform Regulations and Rules for Bankers' Clearing Houses ( URRBCH).



**(iii) Information on dishonoured cheques**

Data in respect of each dishonoured cheques for amount of Rs.25 lacs and above should be made part of RRBs MIS on constituents and concerned branches should report such data to their respective Regional Office/Head Office.

Data in respect of cheques drawn in favour of stock exchanges and dishonoured should be consolidated separately by RRBs irrespective of the value of such cheques as apart of their MIS relating to broker entities, and be reported to their respective Head Office.

**(iv) Dealing with incidents of frequent dishonour of cheques of value Rs.25 lacs and above**

- a) With a view to enforce the financial discipline among the customer, RRBs should introduce a condition for operation of accounts with cheque facility that in the event of dishonour of a cheque valuing rupees twenty five lacs and above 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 . However in respect of advances accounts such as cash credit account, over draft account the need for continuance or otherwise of these credit facilities and cheque facility relating to these accounts should be reviewed by appropriate authority higher than the sanctioning authority.
- b) For the purpose of introduction of the condition mentioned at (a) above in relation to operation of the existing accounts ,RRBs may , at the time of issuing new cheque book , issue a letter advising the constituents of the new condition.
- c) If a cheque is dishonoured for a third time on a particular account of the drawer during the financial year ,RRBs should issue a cautionary advice to the concerned constituent drawing his attention to the aforesaid condition and consequential stoppage of cheque facility in the event of cheque being dishonoured on fourth occasion on the same account during the financial year.. Similar cautionary advice may be issued if the RRB intends to close the account.

**(v) Dealing with incidents of frequent dishonour of cheques of value less than Rs.25 lacs.**

Since frequent dishonour of cheques of value of less than Rupees twenty five lacs is also a matter of concern. It is felt that RRBs need to take appropriate action in those accounts where such dishonour of cheques occurs. Further, it is also felt that though it may not be necessary to extend all the steps laid down by RBI to smaller cheques, we have adopted a system of collecting service charges on bounced cheques and withdrawing the cheque facility to the customer if frequent dishonour of cheques happened four times in a financial year.



## B. GENERAL

For the purpose of adducing evidence to prove the fact of dishonour of cheque on behalf of a complainant (i.e. payee / holder of a dishonoured cheque) in any proceeding relating to dishonoured cheque before a court, consumer forum or any other competent authority, branch should extend full co-operation, and should furnish him/her documentary proof of fact of dishonour of cheque(s).

### **Amendment/Modification to the policy**

The Bank reserves the right to amend/modify this Policy, as and when deemed fit and proper, at its sole discretion. Bank shall also endeavour, to review the Policy at annual intervals.

