



**STATE BANK OF
MAURITIUS LTD**

**POLICY/PROCEDURES RELATING TO COLLECTION
OF CHEQUES**

INDIAN OPERATIONS

(Not to be reproduced)

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1. PREAMBLE

There has been worldwide technological progress in payment and settlement systems. In addition to it qualitative changes in operational systems and processes have been undertaken by a number of banks.

This has prompted Reserve Bank of India to withdraw the earlier instructions issued on the following and give all the banks the freedom to formulate their own policy to provide efficient service to the customers.

Reserve Bank of India, further advised banks to essentially cover the following factors while formulating the Cheque Collection Policy for the bank.

- 1.1. Collection of cheques and other payable locally at centres within India and abroad
- 1.2. Our commitment regarding time norms for collection of instruments
- 1.3. Policy on payment of Interest in cases delayed collection
- 1.4. Our policy on dealing with collection lost in transit

2. IMMEDIATE CREDIT OF LOCAL/OUTSTATION CHEQUES

2.1. AMOUNT

Bank will extend the facility of immediate credit of local / outstation cheques upto a maximum of Rs.15,000/-

2.2. TO WHOM THE FACILITY IS TO BE EXTENDED

2.2.1. This facility will be extended to all individual depositors only

2.3. ELIGIBILITY CRITERIA

This facility will be extended only :-

- 2.3.1. If the account is properly introduced.
- 2.3.2. If the account is maintained for a period of 6 months or more prior to the date of credit.
- 2.3.3. If there is no occasions of cheques/withdrawal being returned/refused, or being in excess of the balance.
- 2.3.4. If there is no adverse experience in the past in that particular account, and

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2.3.5. Before extending this facility to the account holder, Bank is satisfied that all the KYC norms have been complied with, in the account.

2.4. **CHARGES/INTEREST**

2.4.1. Normal charges applicable to collection of cheques will be recovered in case of outstation cheques

2.4.2. No charges will be recovered for local cheques

2.4.3. In case where the instrument of face value exceeding Rs.15,000/- is received for clearing and the proceeds of the instruments are credited to the account, in whatever manner, in advance of the date of actual realization of the amount, interest at the rate as applicable for clean advances in addition to the usual service charges shall also be levied for the period for which outlay of funds is involved.

2.5. **CHEQUES RETURNED UNPAID**

In the event of cheque being returned unpaid, interest at the rate of BPLR will be recovered as detailed below for the period the bank is out of funds.

2.5.1. Interest will be levied @ BPLR in the event the cheque is dishonoured/ returned unpaid in Savings & Current account for the period the bank remained out of funds, wherever the facility of immediate credit of local/outstation cheques has been extended to the account holder.

2.5.2. In case of Cash Credit accounts, where the immediate credit of local/ outstation cheques has been resulted in reducing the debit balance, interest will be charged from the date of credit of the cheques till the amount is reimbursed.

2.5.3. Where the cheque is credited to the Savings Bank account, no interest will be payable on the amount so credited, if the cheque is returned unpaid.

2.5.4. In addition to interest, wherever applicable, charges for cheque returned unpaid will be recovered; currently Rs 100 for cheques received in clearing and Rs 50- for presented in clearing . These charges are subject to review from time to time

2.6. **OTHER STIPULATIONS/GUIDELINES**

2.6.1. Where more than one cheque and / or cheques for the value of more than Rs.15,000/- are deposited for collection in a day or on subsequent days, withdrawal as per above instructions will be allowed upto a maximum of

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Rs.15,000/- so that at any point of time, the collecting Bank will have an exposure for an amount not exceeding Rs.15,000/- against any individual customer.

2.6.2. For extending the facility there will not be any separate stipulation of minimum balance.

3. TIME FRAME FOR COLLECTION OF LOCAL/OUTSTATION INSTRUMENTS

Cheque Type	Pricing*	Value	Transaction mode	Conditions
Local Cheque - High Value	Free	Same day value	Cheques of high value clearing are cleared on same day if deposited within the defined time frame at branches.	Both the presenting bank and the drawee bank should be participants of High Value Clearing Session and the minimum value of the cheque should be Rs 0.1m .
Local Cheque - Non High Value	Free		Value for cheque drawn on drawee bank payable in Fort Area and Non Fort Area will be payable on third working day.	Both the presenting bank as well as the drawee bank should be located within the Local Clearing Network decided by RBI/SBI.
Outstation Cheque - payable at locations where SBM has a branch	Free	Within 8 working days	Collection basis	Currently SBM has a branch at 2 locations - Chennai and Hyderabad.
Outstation Cheque - payable at large commercial centres (through our correspondent Bank)	Rs. 100.00	Within 14 working days	Collection basis	Currently available for cheques drawn, where bank has correspondent relationship.
Outstation Cheque - payable at all other locations	1. Upto INR 10000 – INR 50.00 2. Upto INR 10000 to INR 100000 – INR 100.00 3. INR 100001 and above – INR 150.00	Within 1 working day of receipt of funds from the drawee bank , max 60 days	On Collection basis	Covers cheques drawn on all banks that are not covered under the above categories.

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- Pricing mentioned above is market driven and subject to change at the sole discretion of the bank.

3.2 Cheques payable in Foreign Countries

Cheques payable in Foreign Centres where the bank has branch operations (or banking operations through a subsidiary. Etc) will be collected through that office. The services of correspondent banks will be utilised in country/centres where the correspondent has presence. Cheques drawn on foreign banks at centres where the correspondent bank or its correspondent do not have direct presence will be send directly to the drawee bank in certain cases to credit proceeds to the respective Nostro Account of the bank maintained with one of the Correspondent banks.

Currency – Normal Cooling Period

1	USD	10 international working days from value for cheques in NY- USA
2	GBP	15 international working days from value for cheques in LON-GBP
3	EUR	10 international working days from value for cheques in FRT-GER
4	JPY	10 international working days from value for cheques in TOK-JAPAN
5	MUR	10 international working days from value for cheques in SBM- MAU

- a) Value date is the date of credit to our Nostro account
- b) The card rate prevailing on the date of credit to customers account would be the applicable exchange rate.
- c) The due date is the value date of credit to Nostro account plus normal cooling period as stipulated above
- e) Foreign currency cheques sent for collection – service charges Commission – INR 1000.00

4. Payment of Interest for delayed Collection of Outstation Cheques:

- 4.1. As part of the compensation policy of the bank, the bank will pay interest to its customer on the amount of collection instruments in case there is delay in giving credit beyond the time period mentioned above. Such interest shall be paid without any demand from customers in all types of accounts. There shall be no distinction between instruments drawn on the bank's own branches or on other banks for the payment of interest on delayed collection.

Interest for delayed collection shall be paid at the following rates.

- 4.1.1. Savings bank rat for the period of delay beyond 14 days as the case may be in collection of outstation cheques.
- 4.1.2. Where the delay is beyond 14 days interest will be paid at the rate applicable to for term deposit for the respective period.
- 4.1.3. In case of extraordinary delay, i.e. delays exceeding 90 days interest will be paid at the rate of 2% above the corresponding Term Deposit Rate.

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- 4.1.4. In the event the proceeds of cheque under collection was to be credited to an overdraft/loan account of the customer, interest will be paid at the rate applicable to the loan account. For extraordinary delays, interest will be paid at the rate of 2% above the rate applicable to the loan account.

It may be noted that interest payment as given above would be applicable only for instruments sent for collection in India.

5. CHEQUE LOST IN TRANSIT

- 5.1 In respect of cheques lost in transit or in the clearing processor at the paying bank branch, the bank shall immediately bring it to the notice of the Account holder so that the Account holder can inform the drawer to record stop payment and can also take care that other cheques issued by him are not dishonored due to non-credit of the lost cheques / instruments
- 5.2 The bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque like giving a certificate that it was lost.
- 5.3 The bank will compensate the customer in respect of instrument lost in transit in the following way.
- 5.3.1 In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection interest will be paid for the period exceeding the stipulated collection period at the rates specified above.
- 5.3.2 In addition, bank will pay interest on the amount of the cheque for likely further delay in obtaining duplicate cheques/instrument and collection thereof.
- 5.3.2 The bank would also compensate the customer for any reasonable charges that he/she incurs in getting duplicate cheque upon production of receipt, in the event the instrument is to be obtained from a bank that would charge a fee for issue of duplicate instrument.
- 5.3.3 In line with Uniform rules for collection (URC)522, article 14 bank assume no liability or responsibility for the consequences arising out of delay and /or loss in transit of instruments or for delay, mutilation or other error(s) arising in transmission of any telecommunication or for error(s) in translation and/or interpretation of technical terms. Further bank bank will not be liable or responsible for any delays resulting from the need to obtain clarification of any instructions received.
- 5.4 The Bank shall reimburse the account holder related expenses for obtaining duplicate instruments and also interest for reasonable delays occurred in obtaining same

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5.5 If the Cheque/ instrument has been lost at the paying bank branch , the collecting banker should have a right to recover the amount reimbursed to the customer for the loss of cheque / instrument from the paying banker

6 Force Majeure

6.1 The bank shall not be liable to compensate customers for delayed credit if some, unforeseen event (including but not limited to civil commotion, sabotage, lockout, strike or rather labour disturbances, accident, fires, natural disasters or other “ Act of God”, war, damage to the bank facilities or its correspondent banks, absence of the usual damage to the banks facilities or of its correspondent banks, absence of the usual means of communication or all types of transportation. etc beyond the control of the bank prevents it from performing its obligation within the specified service delivery parameters.
