

Cheque Return Policy

DBR.RBI.No BC.3/09/07/005/2016-17 vide its circular on “Dishonour of Cheques – Modification in procedure” dated August 04, 2016 has advised of having granted freedom to banks, to determine their response to dishonor of cheques of the account holders. Banks have been advised to put in place an appropriate policy taking into consideration the need to prevent misuse of the cheque drawing facility and avoid penalizing customers for unintended dishonour of Cheques.

Cheques are returned for Financial and Non financial reasons ..The Bank as a conscious measure does not levy any penal charges for return of cheques for Non financial (technical) reasons, However charges are levied in case of cheque returns for Financial reasons .These penalties are not only a fee for handling the instrument but also as a deterrent for recurrence of such misconduct on part of the customer.

Incidentally, a higher percentage of return of cheques (including return of electronic payment instructions) is monitored and flagged by RBI as a matter of serious concern.

The Cheque Return Policy also forms a part of the Account Closure Policy wherein the criteria for defining returns is

Cheque Returns Inward – 2 inward cheques in a month

Cheque Return Outward – 20 Outward Cheques in a month.

In case a cheque valuing Rs.1 crore and above drawn on a particular account of the drawer is returned on four occasions during the financial year for insufficient funds no fresh cheque book will be issued and such accounts would be considered for closure.