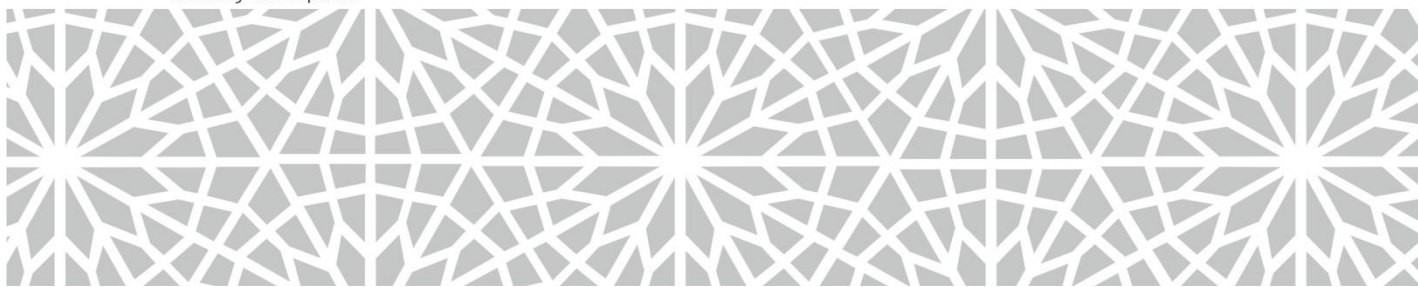


# **Policy for Collection of Cheques & Instruments**

**11-08-2026**

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### Table of Contents

| S.No | Contents                                                                                                              | Page No |
|------|-----------------------------------------------------------------------------------------------------------------------|---------|
| 1.   | Introduction                                                                                                          | 05      |
| 2.   | Objective                                                                                                             | 05      |
| 3.   | Scope/Applicability                                                                                                   | 06      |
| 4.   | Cheque Clearing Process                                                                                               | 06      |
| 5.   | Continuous Clearing                                                                                                   | 08      |
| 6.   | National Grid for Cheque Truncation System (CTS)                                                                      | 09      |
| 7.   | Dishonour / Return of Cheques                                                                                         | 10      |
| 8.   | Collection of Clearing Cheques                                                                                        | 10      |
| 9.   | Arrangements for Collection of Domestic Cheques                                                                       | 11      |
| 10.  | Instruments drawn on Outstation Branches of Other Banks                                                               | 12      |
| 11.  | Purchase of Local / Outstation Cheques                                                                                | 13      |
| 12.  | Cheques payable in Foreign countries                                                                                  | 13      |
| 13.  | Timeframe for Collection of Cheques                                                                                   | 13      |
| 14.  | Payment of Interest for Delayed Collection                                                                            | 13      |
| 15.  | Cheques / Instruments Lost in Transit / In clearing process or at Paying Bank's Branch                                | 14      |
| 16.  | Overseas Cheques / Instruments lost in transit / in clearing process                                                  | 14      |
| 17.  | Compensation for delay in overseas cheque collection                                                                  | 15      |
| 18.  | Miscellaneous                                                                                                         | 15      |
| 19.  | Service Charges                                                                                                       | 16      |
| 20.  | Force Majeure                                                                                                         | 16      |
| 21.  | Disclosure of the Policy                                                                                              | 16      |
| 22.  | Ownership & Review of the Policy                                                                                      | 16      |
| 23.  | <b>Annexures</b>                                                                                                      |         |
|      | Annexure I – Reasons for Return                                                                                       | 18      |
|      | Annexure II – Reason for Return (Illustrative but not exhaustive list of objections where customers are not at fault) | 20      |
|      | Annexure III- Positive Pay System for CTS                                                                             | 21      |
|      | Annexure IV- Reserve Bank of India circular on Continuous Clearing.                                                   | 22      |

## GLOSSARY

| Abbreviation/<br>Acronym | Explanation                                               |
|--------------------------|-----------------------------------------------------------|
| Alpha                    | Alpha code of the Branch e.g. APEXBR for Apex Branch      |
| CBS                      | CORE Banking Solution                                     |
| CCP                      | Cheque Collection Policy                                  |
| CTS                      | Cheque Truncation System                                  |
| ECCS                     | Express Cheque Clearing System                            |
| IBA                      | Indian Banks Association                                  |
| KYC                      | Know Your Customer                                        |
| MICR                     | Magnetic Ink Character Reader                             |
| NPCI                     | National Payments Corporation of India                    |
| PPS                      | Positive Pay System                                       |
| RCC                      | Regional Collection Centre                                |
| URRBCH                   | Uniform Rules and Regulations for Bankers' Clearing House |
| UV                       | Ultra-Violet                                              |

## 1. INTRODUCTION

Keeping in view the technological progress in payment and settlement systems and the qualitative changes in operational systems and processes that have been undertaken by a number of banks, the Reserve Bank of India had, with effect from 1st November 2004, withdrawn its earlier instructions to commercial banks on (i) Immediate Credit of local / outstation cheques, (ii) Time Frame for Collection of Local / Outstation Instruments and (iii) Interest Payment for Delayed Collection. The withdrawal of these mandatory guidelines was expected to enable market forces of competition to come into play to improve efficiencies in collection of cheques and other instruments. This collection policy of the Bank is a reflection of our on-going efforts to provide better service to our customers and set higher standards for performance. The policy is based on principles of transparency and fairness in the treatment of customer.

The policy has been designed as a comprehensive document taking into account technological capabilities in payment and settlement system and processes adopted for clearing arrangements and other internal arrangements for collection through different methods. The policy covers, inter-alia, the following aspects:-

- i. Collection of cheques and other instruments payable locally, at centres within India and abroad.
- ii. Defining time norms for collection of instruments
- iii. payment of interest in cases where the bank fails to meet time norms for realization of proceeds of outstation instruments
- iv. Dealing with collection instruments lost in transit.

Besides the above, Reserve Bank of India announced introduction of Positive Pay System (PPS) for Cheque Truncation System (CTS) vide its notification No. DPSS.CO.RPPD. No.309/04.07.005/2020-21 dated 25th September, 2020, in order to ensure customer safety in cheque payments and reduce instances of frauds occurring on account of tampering of cheque leaves. PPS involves a process of re-confirming key details of large value cheques. The details of PPS is given in succeeding paras (para 4).

Reserve Bank of India vide their letter No S210/01.02.003/2022-23 dated 09.02.2023, advised the migration of Cheque Truncation System from the architecture of three Regional Grids to a single National Grid. Consequently, w.e.f. October 13th, 2023, National Grid has been formed and RCC Jammu has been designated as the Nodal Regional Office for Centralized CTS Operations under "One Nation-One Grid" Vision.

## 2. Objective of the Policy

The Policy for Collection of Cheques and Instruments has been designed to set out guidelines for dealing with the collection process of instruments in a fair and transparent manner.

The policy lays the guiding principles to deal with collection of instruments payable locally or abroad, their time norms, payment of interest for delay in collection of outstation cheques and instruments that are lost in transit.

The policy is in line with RBI Guidelines issued vide Circular No. RBI/DOR/2025-26/170 DOR.MCS.REC.No.89/01-01-032/2025-26 November 28, 2025 and the 'Model Policy on Cheque Collection' of IBA.

### **3. Scope / Applicability**

This policy shall cover domestic cheques/instruments as well as international instruments which shall, inter alia, include the following:

- i. Established procedure for collection of Bank's own cheques (local and outstation).
- ii. Immediate Credit for Local / Outstation cheques
- iii. Collection of cheques from our Branches and branches of other banks.
- iv. Time frame for collection of outstation/local cheques drawn on Branches of the Bank.
- v. Compensation/Payment of Interest for delayed collection for local/outstation cheques.

### **4. Cheque clearing process**

#### **a) Guidelines laid down by the Reserve Bank of India on Positive Pay System (PPS)**

In order to ensure customer safety in cheque payments and reduce instances of frauds occurring on account of tampering of cheque leaves, the Reserve Bank of India announced introduction of Positive Pay System for Cheque Truncation System (CTS) vide its notification No. DPSS.CO.RPPD.No.309/04.07.005/2020-21 dated 25th September, 2020, advising Banks to implement the same by January 01, 2021. The concept of Positive Pay involves a process of reconfirming key details of large value cheques. Under this process, the issuer of the cheque submits electronically, through channels like SMS, mobile app, internet banking, ATM, etc., certain minimum details of that cheque (like date, name of the beneficiary / payee, amount, etc.) to the drawee bank, details of which are cross checked with the presented cheque by CTS. Any discrepancy is flagged by CTS to the drawee bank and presenting bank, who would take redressal measures.

National Payments Corporation of India (NPCI) has developed the facility of Positive Pay in CTS and made it available to participant banks. Banks, in turn, shall enable it for all account holders issuing cheques for amounts of ₹50,000 and above. While availing of this facility is at the discretion of the account holder, banks may consider making it mandatory in case of cheques for amounts of ₹5,00,000 and above. Only those cheques which are compliant with above instructions will be accepted under dispute resolution mechanism at the National Grid.

#### **b) Regulatory instructions and steps initiated by the Bank on Positive Pay System (PPS):**

Reserve Bank of India vide its notification No. DPSS.CO.RPPD.No.309 /04.07.005/2020-21 dated 25<sup>th</sup> September, 2020 has introduced Positive Pay System in Cheque Clearing Process (CCP). The directives issued by RBI are under Section 10(2) read with Section 18 of Payment and Settlement (Act 51 of 2007). RBI, through NPCI, has laid down the broad

parameters for Positive Pay System, to benchmark various scenarios that could emerge upon the implementation of Positive Pay System.

Bank has issued detailed guidelines on Positive Pay System vide Circular No. 330 dated September 06, 2021. The instructions have also been made public on the Bank's Website. The link to the guidelines on Intranet and Bank's website is given below:-

1. Bank Circular [Positive Pay System for Cheque Truncation System](#)
2. <https://www.jkb.bank.in/transactions/services/positivepay.php>

### **c) Cheque Clearing Process under CTS based clearing system**

Cheque Truncation System is the process of stopping the flow of the physical cheque issued by a drawer at some point by the presenting bank en-route to the paying bank/ Drawee branch. In its place an electronic image of the cheque is transmitted to the paying branch through the clearing house, along with relevant information like data on the MICR band, date of presentation, presenting bank, etc. Cheque truncation thus obviates the need to move the physical instruments across bank branches, other than in exceptional circumstances for clearing purposes. This effectively eliminates the associated cost of movement of the physical cheques, reduces the time required for their collection and brings elegance to the entire activity of cheque processing.

The following precautions are to be taken while collecting cheques under CTS clearing:-

- i. The printing of instruments shall be based on "CTS-2010 standard" platform.
  - ii. Due diligence should be exercised regarding the physical feel of the cheque.
  - iii. In case of high value cheques, necessary enquiries shall be made in case of suspicious dealings and factors like amount of cheque, history of the account in which given cheque is to be collected, antecedents of the customer and relationship between payee customer and drawer shall be taken into consideration.
  - iv. Branches shall make use of Ultra Violet (UV) lamps to help them to detect any material alteration on the cheques. Cheques of high value and / or cheques being collected in newly opened accounts, say accounts opened in the last six months, shall invariably be scrutinized with UV lamps.
  - v. All cheques of Rs 1.00 lakh and above, received for presentation in CTS centre, shall be invariably processed through UV Lamp. However in case of any suspicion, cheques for any amount may be scanned through the UV lamp.
- d)** Branches shall issue only payable at par CTS Standard-2010 cheques to Customers.
- e)** Non-CTS clearing sessions have been discontinued w.e.f. December 31, 2018. The CTS facility has been extended across the country by September 30, 2021.

**5. Continuous Clearing and Settlement on Realisation in Cheque Truncation System**

Reserve Bank of India vide their letter No RBI/2025-26/73 CO. DPSS. RLPD. No.S536 / 04-07-001/2025-2026 dated August 13, 2025 announced the transition of Cheque Truncation System (CTS) from the current approach of batch processing to continuous clearing with settlement on realisation. The banks shall present the cheques received from the customer in CTS clearing as soon as possible.

A cheque presented can be confirmed by a drawee bank any time before its Item Expiry Time during the confirmation session. Once a cheque is positively confirmed to the clearing house, the clearing house shall include it in the next settlement. After successful posting of settlement, the clearing house shall release the response files to the presenting bank based on which presenting banks will release the payment to the customers, within one hour of the successful settlement, subject to usual safeguard.

**Modalities for Continuous Clearing with Settlement On-realization in CTS:**

Single presentation session with continuous delivery:

- a) There shall be a single presentation session.
- b) Cheques received by the branches shall be scanned and sent to the clearing house by the banks immediately and continuously during the presentation session.
- c) The clearing house will in turn release the cheque images to drawee banks on a continuous basis.

Continuous inward processing and confirmation by banks:

- d) The confirmation session shall start at 10:00 AM and close at 7:00 PM in Phase-I.
- e) For every cheque presented, the drawee bank shall generate either positive confirmation (for honoured cheques) or negative confirmation (for dishonoured cheques).
- f) Each cheque will contain the 'Item Expiry Time' which indicates the latest time by which confirmation for the presented instrument needs to be provided by the drawee bank.
- g) Processing by drawee banks is to be done continuously throughout the day and on a real time basis as soon as cheque images are received.
- h) Information of positive/negative confirmation shall be sent by the drawee banks to the clearing house immediately after processing.

Settlement on realisation:



- i) No accounting entries (settlement) will be posted for presentation of cheques.
- j) Starting from 11:00 AM, settlement will be arrived every hour till the end of confirmation session, based on the positive confirmations received from drawee banks and cheques considered deemed approved.
- k) No accounting entries shall be passed for cheques with negative confirmation.

Releasing payment to customers:

- l) On completion of settlement, clearing house shall release the information of positive and negative confirmations to the presenting bank.
- m) The presenting bank shall process the same and release the payment to the customers immediately, but not later than 1 hour from successful settlement, subject to usual safeguards.

#### **6. National Grid for Cheque Truncation System (CTS):-**

The Reserve Bank of India vide their letter No S210/01.02.003/2022-23 dated 09.02.2023, advised the migration of Cheque Truncation System from the architecture of three Regional Grids to a single National Grid. Consequently, w.e.f. October 13th, 2023, National Grid has been formed and RCC Jammu has been designated as the Nodal Regional Office for Centralized CTS Operations under "One Nation-One Grid" Vision.

- 6.1 RBI has directed that no changes/corrections should be carried out on the cheques presented through clearing (other than for date validation purpose, if required). Any alteration made in the payee's name, courtesy amount (amount in figures) or legal amount (amount in words) etc., presented through image-based Cheque Truncation System (CTS) should not be accepted and customers should be advised to get a fresh cheque from the drawer
- 6.2 Validity of cheque / draft / pay order/Banker's cheque has been reduced from 6 months to 3 months w.e.f 01.04.2012, vide [Circular No. RBI/2011-12/251 DBOD.AML BC.No.47/14.01.001/2011-12 dated November 04, 2011.](#)
- 6.3 As per RBI circular under ref no. [RBI /2018-19/216 DGBA.GBD.No. 3136/42.01.035/2018-2019](#) dated June 20, 2019, it has been decided to dispense with the current requirement of forwarding the paid State Government Cheques in physical form (commonly known as P2F) to the State Government Departments/treasuries. The government cheques would be paid in CTS clearing solely based on their electronic images. The paid cheques in physical form would be retained by the presenting bank.

## **7. Dishonour / Return of cheque**

Bank needs to mention the 'Date of Return' & the Cheque Return Memo is to be signed, giving therein a definite and valid reason for refusing payment as prescribed in *Rule 6 of the Uniform Regulations and Rules for Bankers' Clearing Houses (URRBCH)*. This would enable the holder of the instrument to have legal recourse against the drawer of the cheque.

7.1 The list of objections for return of Instruments and Image based Cheque Clearing, as detailed in *Annexure D to Uniform Regulations and Rules for Bankers' Clearing House*, is appended as "**Annexure-I**" of this document.

7.2 Cheque return charges shall, however, be levied only in cases where the customer is at fault and is responsible for such returns. The list of reasons for return, where the customers are not at fault is given in "**Annexure-II**" of this document.

## **8. Collection of Clearing Cheques**

### **8.1 Third Party Cheques in clearing:**

RBI has prohibited Banks from crediting 'Account Payee' cheques to the account of any person other than the payee named therein. However, with a view to mitigate the difficulties faced by members of co-operative credit societies in the collection of account payee cheques, RBI has permitted banks to collect, for such societies, account payee cheques drawn for an amount not exceeding Rs.50,000/- on behalf of their constituents.

8.2 Cheques tendered at Branches for collection and those deposited in the drop-box within the branch premises, before the specified cut-off time, will be sent for clearance on the same day, for which the clearance period will be same day. Cheques deposited after the cut off time will be presented in next clearing cycle.

8.3 The broad time-limit for receipt of cheques which may be fine-tuned for individual locations/Branches, based on local practices, as fixed by respective Zonal Offices of the respective Branches/ RCC Jammu.

8.4 All drop-boxes shall clearly indicate the timeline as above upto which cheques dropped in the drop boxes would be sent for clearing on the same day. The customers should not be compelled to drop the cheques in the Drop-Box and as such the Branches should invariably display on the Cheque Drop-Box itself that "**Customers can also tender the cheques at the counter and obtain acknowledgement on the pay-in-slips**".

8.5 Cheques deposited after the cut-off time and in drop-boxes outside the Branch premises including off-site ATMs, if any, will be presented in the next clearing cycle.

- 8.6 As a policy, Bank would give credit to the customer account immediately, but not later than 1 hour from successful settlement.
- 8.7 Branches situated at centres where no clearing house exists, would present local cheques on drawee banks across the counter and proceeds thereof would be credited, at the earliest, on realization.
- 8.8 Irrespective for the amount of cheques, normal collection charges will be levied for local cheques not collected through clearing.
- 8.9 Negotiation of local cheques/instruments drawn on other banks will not be encouraged. However, Branch Managers may use their discretion in exceptional circumstances (business exigencies) to permit drawals against uncleared effects up to Rs. 30,000/- (Rupees thirty thousand only), in deposit accounts. The facility can be provided only on well conducted, KYC compliant accounts.
- 8.10 In case of outstation cheques, the drawal facility will be restricted to one or more cheques for aggregate amount not exceeding Rs. 15,000/- at a time. However, it is to be ensured that the liability on account of outstanding cheques purchased does not exceed Rs. 15,000/- at any time, except in cases where credit facility against cheques to be purchased has been duly sanctioned by the competent authority.
- 8.11 If a cheque/instrument for which immediate credit has been afforded is returned unpaid, Bank shall recover interest at clean overdraft rate for the period Bank remained out of funds as well as cheque return charges, subject to the following :-
- Bank will charge interest from the date of credit of proceeds of the cheque in the account till reimbursement/realization of the amount to/by the Bank.
  - Where the cheque is credited to a Savings Bank account, such credits will not be reckoned for interest purposes if the cheque is returned unpaid.
  - If the proceeds are credited in an overdraft/loan account, interest would be recovered at applicable rate/clean overdraft rate, whichever is higher, on the amount of returned cheque/instrument.

## **9. Arrangements for Collection of Domestic Cheques**

### **9.1 Instruments Drawn on our own Local and Outstation Branches:**

All CTS compliant cheques and other Negotiable Instruments drawn on Bank's own Branches, at local or at outstation centres, irrespective of amount and market/business segment, except Govt. Cheques, Banker's Cheques, RBI cheques, received across the counter or through Drop-Box are not required to be presented in clearing or purchased as DD/ sent out on collection for credit. These instruments shall be disposed of at their end only, subject to ceiling for non-base payment as decided by the Bank. The instruments will be paid by the receiving Branches at their end by affording credit directly to the payees' account after verifying the genuineness of the instruments and observing all necessary precautions for payment of instruments.

- i) Since the Bank is offering anywhere banking services to its customers, same day credit will be provided in respect of cheques drawn on any Branch of the Bank in the CBS network, whether local or outstation. Further local/outstation cheques drawn on any Branch of our Bank for payment, will normally be paid on the same day if received in the Branch upto specified time barring a few exceptional circumstances, for example – insufficient funds, non-availability of drawing power, un-cleared balance, cheque number not matching with the cheque range in the system, same cheque number already paid, difference in signature, any lien stop/hold restrictions (statutory, regulatory or otherwise), marked on the account, limit exceeding in case of loan account.
- ii) The facility of immediate credit for outstation cheques sent for collection, drawn on any of our Branches only to the satisfactorily conducted accounts.
- iii) For the purpose of this Policy, a satisfactorily conducted account shall be one with following features:-
  - a) Opened at least six months before and fully complying with KYC requirements.
  - b) Is not inoperative.
  - c) No irregular dealings/ suspicious transactions noticed by Branches in last 6 months.
  - d) Branch has not experienced any difficulty in recovery of any amount advanced in the past, including cheques returned unpaid after giving credit for other than financial reason.
  - e) No adverse features attached to the account/account holders have been brought to the notice of the Bank by internal auditors/external agency.
  - f) No cheques/ instruments for which immediate credit was afforded returned unpaid for financial reason.
- iv) The facility of immediate credit will be available to all individual deposit account holders, without making a distinction between the types of their accounts, i.e. Savings Bank/Current Account etc. It will also be available at all Branches/extension counters of the Bank.
- v) Branches will, on their own, afford immediate credit of outstation cheques of other banks too up to and inclusive of Rs.15000/- (Rupees Fifteen thousand only) tendered for collection by their customers.
- vi) The facility of immediate credit would not be applicable to cheques collected under speed clearing arrangements.

#### **10. Instruments Drawn on Outstation Branches of Other Banks**

- a) Cheques drawn on other banks at outstation centres in India will normally be collected through our own Branches/RCCs. Where the Bank does not have a Branch/ RCC of its own, the instrument would be directly sent for collection to the drawee bank or collected through a correspondent bank.
- b) All outstation "CTS-2010 Standard" Cheques and other Negotiable Instruments (CTS compliant), drawn on any bank, would be presented by the Branches to the National Grid.

### **11. Purchase of Local / Outstation Cheques**

Branches may, at its discretion, purchase local / outstation cheque tendered for collection at the specific request of the customer for credit to Govt. Deptt. / Central or State Govt. Undertakings only.

### **12. Cheques payable in Foreign Countries**

Cheques payable at 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 utilized in country/centres where the correspondent has presence. Cheques drawn on foreign banks at centres where the bank or its correspondents do not have direct presence will be sent direct to the drawee bank with instructions to credit proceeds to the respective Nostro Account of the bank maintained with one of the correspondent banks.

### **13. Timeframe for collection of cheques:**

For cheques and other instruments sent for collection to centres within the country the following time norms shall be applied:

- a) Cheques payable at National Grid: Maximum period of 7 days.
- b) Cheques drawn on foreign countries: Such instruments are accepted for collection on the "best of efforts" basis. The Bank may enter into specific collection arrangements with its correspondent banks in those countries for speedy collection of such instrument/s. Bank would give credit to the party upon realization credit of proceeds into the bank's NOSTRO Account with the correspondent bank after taking into account cooling periods as applicable to the countries concerned.

### **14. Payment of Interest for Delayed Collection**

As part of the Compensation Policy of the bank, the bank will pay interest to its customers 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 purpose of payment of interest on delayed collection. Interest for delayed collection shall be paid at the following rates:

- a) Savings Bank rate for the period of delay beyond 3 working days in case of local cheques.
- b) Saving Bank rate for the period of delay beyond 7 days in collection of outstation cheques payable National Grid.
- c) Where the delay is beyond 14 days interest will be paid at the rate applicable for term deposit for the respective period.
- d) 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.
- e) 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 within India. The minimum interest payable shall be Rs.10/-.

However, Bank shall not be liable to compensate for delayed credit if some unforeseen event (including, but not limited to civil commotion, sabotage, lockout, strike or other labour disturbances, accident, fire, natural disasters or other "Acts of God", war, damage to the Bank's facilities or of its correspondent bank(s), beyond the control of the bank) prevents it from performing its obligations within the specified service delivery parameters.

**15. Cheques / Instruments Lost In Transit / In Clearing Process Or At Paying Bank's Branch:**

In the event of a cheque or an instrument accepted for collection being lost in transit or in the clearing process or at the paying Bank's branch, the Bank shall immediately, on coming to know about the loss, bring the same to the notice of the account holder so that the account holder can inform the drawer to record stop payment and also take care that cheques, if any, issued by him/her are not dishonoured due to non-credit of the amount of the lost cheques/instruments. The bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.

In case an international cheque is lost, the Bank shall also advise the correspondent/ drawee Bank all particulars of lost cheques/ instruments for exercising caution. The Bank shall arrange to get payment of the international cheque based on the photocopy/ scanned image of the cheque wherever the practice is prevalent.

In respect of cheques lost in transit, the following procedure shall be followed by Bank to compensate the account holder as per the Compensation Policy of the Bank:

- i. In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection (7/10/14 days as the case may be), interest shall be paid for the period exceeding the stipulated collection period at the rates specified above.
- ii. In addition, bank shall pay interest on the amount of the cheque for a further period of 15 days at Savings Bank rate to provide for likely further delay in obtaining duplicate cheque/instrument and collection thereof.
- iii. The bank would also compensate the customer for any reasonable charges he/she incurs in getting duplicate cheque/instrument upon production of receipt, in the event the instrument is to be obtained from a bank/ institution that would charge a fee for issuance of a duplicate instrument.

**16. Overseas Cheques/instruments lost in transit/in clearing process:-**

In the event of an international cheque or an instrument, accepted for collection being lost in transit or in the clearing process, the Bank shall, immediately on learning about the loss of an instrument, bring the same to the notice of the account holder so that the drawer can be informed to record stop payment. The Bank will bear the actual charges, levied by Drawee



Bank, of recording Stop Payment instructions levied by drawee bank. All the particulars of lost cheques/ instruments for exercising caution shall be shared with the correspondent/drawee bank and all the assistance required by the customer in obtaining a duplicate instrument from the drawer of the cheques, if required, shall be extended by the bank. The actual charges levied by the drawer/ bank in issuing duplicate cheques/instrument, subject to a maximum of Rs.250, shall be reimbursed to the customer.

The Bank will endeavour to get payment of the instrument based on the photocopy/scanned image of the instrument, wherever the practice is prevalent.

**17. Compensation for delay in overseas cheque collection:**

The Bank would not compensate the customer for delays in collection of cheques designated in foreign currencies sent to foreign countries, as the bank would not be able to ensure timely credit from overseas banks. It is a known fact that time for collection of instruments drawn on banks in foreign countries differs from country to country and even from place to place, within a country. The time norms for return of instruments cleared provisionally also vary from country to country. Bank however, at its discretion, would consider upfront credit against such instrument by purchasing the cheque/instrument provided the Bank, is satisfied with the credit worthiness of the party/beneficiary and the conduct of the account has been satisfactory in the past. For Nostro credits of collection items with unclear details / particulars, the Bank shall seek a clarification from the remitting / correspondent bank. If the proceeds are not applied (due to unclear/insufficient beneficiary details) within seven days, the same shall be repatriated to the remitting bank on the following working day, without any liability on the part of the Bank. However, the bank will compensate the customer for undue delays in affording credit (despite clear collection details) once proceeds are credited to the Nostro Account of the bank with its correspondent. Such compensation will be given for delays beyond the value date of the credit received in the Nostro Account after observing a cooling period, as per the discretion of the Bank, for that specific currency/country/clearing system, but not exceeding 10 calendar days from the date of actual credit to Bank's Nostro Account.

The compensation for such delays shall be worked out as follows:

- i. Interest for the delay in crediting proceeds shall be paid as per the interest payment clause applicable to domestic cheques.
- ii. Compensation for any loss on account of adverse movement in foreign exchange rates shall be provided to the extent of actual loss suffered by the customer due to delayed application of funds.

**18. Miscellaneous:**

- a) Cheque which are deposited with wrong account number mentioned on the pay-in slip, Bank will return such cheques to the customer on the address mentioned within 48 working hours. However, in cases with incomplete address, incomplete phone no. or no phone number mentioned on the pay-in slip, the bank will be responsible to keep these instruments for a maximum period of 3 months.

- b) Cheque received back unpaid will be returned by post/courier etc. to the customer within 24 working hours on the address recorded in Bank's database. However, these will be kept in the Bank for returning to the customer over the counter if he/she makes a request for the same. If not collected by the customer within 15 days, bank will send back at the recorded address by post or courier.
- c) **Grievance Redressal:** If any customer has a complaint against any Branch due to non-payment or inordinate delay in the payment or collection of cheques, complaint can be lodged with the bank concerned. If the bank fails to respond within 30 days, a complaint with the Banking Ombudsman may be lodged. The awards given by Banking Ombudsman, in such matter, shall be placed before the Customer Service Committee of the Board for perusal by the Customer Service Department of the Bank.

**19. Service Charges**

For all collection services, the bank shall recover appropriate service charges as per Service Charges Schedule communicated to operative levels through Service Charges Schedule from time to time and communicated to customers by displaying the same on Bank's Website.

**20. Force Majeure:**

Bank shall not be liable to compensate the customers for delayed credit if some unforeseen event (including, but not limited to civil commotion, sabotage, lockout, strike or other labour disturbances, accident, fire, natural disasters or other "Acts of God", war, damage to the Bank's facilities or of its correspondent bank(s), beyond the control of the bank) prevents it from performing its obligations within the specified service delivery parameters.

**21. Disclosure of the Policy**

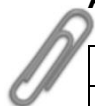
The policy shall be available on Bank's Intranet Homepage under policies section as well as on Bank's Website for the information of Customers in compliance to RBI's Master Circular on Customer Services.

**22. Ownership & Review of the Policy**

The ownership of this policy shall be with Customer Service Department. The periodicity of review of policy shall be Biennial. In the event of any amendment to the statutes/rules/regulatory guidelines applicable to the policy, same shall be deemed to be part of the policy from the effective date of the amendment. Such changes shall be incorporated in the policy immediately with the approval of MD & CEO and brought to the notice of Board and/or its relevant Committee (s), in the form of an information item, in the meeting that immediately follows. The responsibility for updating the policy shall be that of the owner Department. Where a change in policy is necessitated by exigencies like developments in industry practice, market needs etc., same shall be placed before the Board and/or its relevant Committee(s) for review and approval, before they become a part of the policy.



**Annexures**



| <b>Annexures</b> | <b>Detail</b>                                                                       | <b>Page No</b> |
|------------------|-------------------------------------------------------------------------------------|----------------|
| Annexure- I      | Reasons for Return                                                                  | 17-19          |
| Annexure- II     | Illustrative but not exhaustive list of objections where customers are not at fault | 20             |
| Annexure- III    | Reserve Bank of India circular on Positive Pay System                               | 21             |
| Annexure- IV     | Reserve Bank of India circular on Continuous Clearing.                              | 22             |

**(Annexure I)**
**REASON FOR RETURN**

| <b>CODE NO.</b> | <b>REASON FOR RETURN</b>                                      |
|-----------------|---------------------------------------------------------------|
| <b>(01-03)</b>  | <b>Funds</b>                                                  |
| 01              | Funds insufficient                                            |
| 02              | Exceeds arrangement                                           |
| 03              | Effects not cleared, present again.                           |
| <b>(04-05)</b>  | <b>Reference to Drawer</b>                                    |
| 04              | Refer to drawer                                               |
| 05              | Kindly contact Drawer/Drawee Bank and please present again.   |
| <b>(10-17)</b>  | <b>Signature</b>                                              |
| 10              | Drawer's signature incomplete                                 |
| 11              | Drawer's signature illegible                                  |
| 12              | Drawer's signature differs                                    |
| 13              | Drawer's signature required                                   |
| 14              | Drawer's signature not as per mandate                         |
| 15              | Drawer's signature to operate account not received            |
| 16              | Drawer's authority to operate account not received            |
| 17              | Alteration requires drawer's authentication                   |
| <b>(20-29)</b>  | <b>Stop Payment</b>                                           |
| 20              | Payment stopped by drawer                                     |
| 21              | Payment stopped by attachment order                           |
| 22              | Payment stopped by court order                                |
| 23              | Withdrawal stopped owing to death of account holder           |
| 24              | Withdrawal stopped owing to lunacy of account holder          |
| 25              | Withdrawal stopped owing to insolvency of account holder      |
| <b>(30-42)</b>  | <b>Instrument</b>                                             |
| 30              | Instrument post dated                                         |
| 31              | Instrument out dated/stale                                    |
| 32              | Instrument undated/ without proper date                       |
| 33              | Instrument mutilated; requires Bank's guarantee               |
| 34              | Cheque irregularly drawn/ amount in words and figures differs |
| 35              | Clearing House stamp/ date required                           |
| 36              | Wrongly delivered/ Not drawn on us                            |
| 37              | Present in proper zone                                        |
| 38              | Instrument contains extraneous matter                         |
| 39              | Image not clear, present again with paper                     |
| 40              | Present with document                                         |
| 41              | Item listed twice                                             |
| 42              | Paper not received                                            |
| <b>(50-55)</b>  | <b>Account</b>                                                |

|                |                                                                                                                                                                                                        |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 50             | Account closed                                                                                                                                                                                         |
| 51             | Account transferred to another branch                                                                                                                                                                  |
| 52             | No such account                                                                                                                                                                                        |
| 53             | Title of account required                                                                                                                                                                              |
| 54             | Title of account wrong/ incomplete                                                                                                                                                                     |
| 55             | Account blocked (situation covered in 21-25)                                                                                                                                                           |
| <b>(60-68)</b> | <b>Crossing/Endorsement</b>                                                                                                                                                                            |
| 60             | Crossed to two banks                                                                                                                                                                                   |
| 61             | Crossing stamp not cancelled                                                                                                                                                                           |
| 62             | Clearing stamp not cancelled                                                                                                                                                                           |
| 63             | Instrument specially crossed to another bank                                                                                                                                                           |
| 64             | Amount in protective crossing incorrect                                                                                                                                                                |
| 65             | Amount in protective crossing required/illegible                                                                                                                                                       |
| 66             | Payee's endorsement required                                                                                                                                                                           |
| 67             | Payee's endorsement irregular / requires collecting bank's confirmation                                                                                                                                |
| 68             | Endorsement by mark/ thumb impression requires attestation by Magistrate with seal                                                                                                                     |
| <b>(70-76)</b> | <b>RBI /Government</b>                                                                                                                                                                                 |
| 70             | Advice not received                                                                                                                                                                                    |
| 71             | Amount / Name differs on advice                                                                                                                                                                        |
| 72             | Drawee bank's fund with sponsor bank insufficient                                                                                                                                                      |
| 73             | Payee's separate discharge to bank required                                                                                                                                                            |
| 74             | Not payable till 1st proximo                                                                                                                                                                           |
| 75             | Pay order/ cheque requires counter signature                                                                                                                                                           |
| 76             | Required information not legible/ correct                                                                                                                                                              |
| <b>(80-92)</b> | <b>Miscellaneous</b>                                                                                                                                                                                   |
| 80             | Bank's certificate ambiguous/ incomplete/ required                                                                                                                                                     |
| 81             | Draft lost by issuing office/ confirmation required from issuing office                                                                                                                                |
| 82             | Bank/Branch blocked                                                                                                                                                                                    |
| 83             | Digital Certificate Validation failure                                                                                                                                                                 |
| 84             | Other reasons-connectivity failure                                                                                                                                                                     |
| 85             | Alterations on instrument- Other than "Date" field (Alteration/correction on instruments are prohibited under Cheque Truncation System. Return reason code applicable to instruments presented in CTS) |
| 86             | Fake/Forged/Stolen-draft/cheque/cash order/interest warrant/dividend warrant                                                                                                                           |
| 87             | 'Payee's a/c credited'- Stamp required                                                                                                                                                                 |
| 88             | Other reasons (Please specify)                                                                                                                                                                         |
| 92             | Bank Excluded                                                                                                                                                                                          |

**(Annexure-II)**

**Illustrative but not exhaustive list of objections where customers are not at fault:  
 (Applicable for instrument and image-based Cheque Clearing as detailed in Annexure D  
 to Uniform Regulations and Rules for Bankers' Clearing Houses)**

| <b>Code No.</b> | <b>Reason for Return</b>                                                           |
|-----------------|------------------------------------------------------------------------------------|
| 33              | Instrument mutilated; requires bank's guarantee                                    |
| 35              | Clearing House stamp/date required                                                 |
| 36              | Wrongly delivered/ not drawn on us                                                 |
| 37              | Present in proper zone                                                             |
| 38              | Instrument contains extraneous matter                                              |
| 39              | Image not clear ; present again with paper                                         |
| 40              | Present with document                                                              |
| 41              | Item listed twice                                                                  |
| 42              | Paper not received                                                                 |
| 60              | Crossed to two banks                                                               |
| 61              | Crossing stamp not cancelled                                                       |
| 62              | Clearing stamp not cancelled                                                       |
| 63              | Instrument specially crossed to another bank                                       |
| 67              | Payee's endorsement irregular/ requires collecting bank's confirmation             |
| 68              | Endorsement by mark/ thumb impression requires attestation by Magistrate with seal |
| 70              | Advice not received                                                                |
| 71              | Amount/ Name differs on advice                                                     |
| 72              | Drawee bank's fund with sponsor bank insufficient(applicable to sub-members)       |
| 73              | Payee's separate discharge to bank required                                        |
| 74              | Not payable till 1st proximo                                                       |
| 75              | Pay order/cheque requires counter signature                                        |
| 76              | Required information not legible/correct                                           |
| 80              | Bank's certificate ambiguous/ incomplete/required                                  |
| 81              | Draft lost by issuing office; confirmation required from issuing office            |
| 82              | Bank/ Branch blocked                                                               |
| 83              | Digital Certificate validation failure                                             |
| 84              | Other reasons-connectivity failure                                                 |
| 87              | 'Payee's a/c Credited'-Stamp required                                              |
| 92              | Bank excluded                                                                      |

**ANNEXURE-III**

**Positive Pay System for Cheque Truncation System**

RBI/2020-21/41

DPSS.CO.RPPD.No.309/04.07.005/2020-21

September 25, 2020

The Chairman and Managing Director / Chief Executive Officer  
All Scheduled Commercial Banks including Regional Rural Banks /  
Urban Co-operative Banks / State Co-operative Banks /  
District Central Co-operative Banks / Local Area Banks / Payment Banks /  
Small Finance Banks / National Payments Corporation of India

Madam / Dear Sir,

**Positive Pay System for Cheque Truncation System**

Please refer to the [Statement on Developmental and Regulatory Policies dated August 6, 2020](#) wherein Reserve Bank of India (RBI) had announced introduction of Positive Pay System for Cheque Truncation System (CTS).

2. The concept of Positive Pay involves a process of reconfirming key details of large value cheques. Under this process, the issuer of the cheque submits electronically, through channels like SMS, mobile app, internet banking, ATM, etc., certain minimum details of that cheque (like date, name of the beneficiary / payee, amount, etc.) to the drawee bank, details of which are cross checked with the presented cheque by CTS. Any discrepancy is flagged by CTS to the drawee bank and presenting bank, who would take redressal measures.

3. National Payments Corporation of India (NPCI) shall develop the facility of Positive Pay in CTS and make it available to participant banks. Banks, in turn, shall enable it for all account holders issuing cheques for amounts of ₹50,000 and above. While availing of this facility is at the discretion of the account holder, banks may consider making it mandatory in case of cheques for amounts of ₹5,00,000 and above.

4. Only those cheques which are compliant with above instructions will be accepted under dispute resolution mechanism at the CTS grids. Member banks may implement similar arrangements for cheques cleared / collected outside CTS as well.

5. Banks are advised to create adequate awareness among their customers on features of Positive Pay System through SMS alerts, display in branches, ATMs as well as through their web-site and internet banking.

6. Positive Pay System shall be implemented from January 01, 2021.

7. This directive is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

Yours faithfully

(P Vasudevan)  
Chief General Manager

**ANNEXURE-IV**

**RBI/2025-26/73**

**CO.DPSS.RLPD.No.S536/04-07-001/2025-2026**

**August 13, 2025**

The Chairman / Managing Director / Chief Executive Officer of  
Banks participating in Cheque Truncation System/  
National Payment Corporation of India

Dear Sir / Madam,

Introduction of Continuous Clearing and Settlement on Realization in Cheque Truncation System

Please refer to the Statement on Developmental and Regulatory Policies dated August 8, 2024, announcing the transition of Cheque Truncation System (CTS) from the current approach of batch processing to continuous clearing with settlement on realisation.

2. It has been decided to transition CTS to continuous clearing and settlement on realisation in two phases. Phase 1 shall be implemented on October 4, 2025 and Phase 2 on January 3, 2026. The modalities for the same are given in Annex.

3. All banks are advised to make their customers adequately aware of the changes in the cheque clearing process.

4. Banks are also advised to be in readiness to participate in continuous clearing in CTS on the above dates.

5. This directive is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

Yours faithfully,

(Saurabh Nath)

Chief General Manager

**Customer Service Department**

### **Modalities for Continuous Clearing with Settlement On-realisation in CTS**

#### **1. Single presentation session with continuous delivery:**

- a) There shall be a single presentation session from 10:00 AM to 4:00 PM.
- b) Cheques received by the branches shall be scanned and sent to the clearing house by the banks immediately and continuously during the presentation session.
- c) The clearing house will in turn release the cheque images to drawee banks on a continuous basis.

#### **2. Continuous inward processing and confirmation by banks:**

- a) The confirmation session shall start at 10:00 AM and close at 7:00 PM.
- b) For every cheque presented, the drawee bank shall generate either positive confirmation (for honoured cheques) or negative confirmation (for dishonoured cheques).
- c) Each cheque will contain the 'Item Expiry Time' which indicates the latest time by which confirmation for the presented instrument needs to be provided by the drawee bank.
- d) Processing by drawee banks is to be done continuously throughout the day and on a real time basis as soon as cheque images are received.
- e) Information of positive/negative confirmation shall be sent by the drawee banks to the clearing house immediately after processing.

#### **3. Time available for inward processing:**

During phase 1 (From October 4 to January 2, 2026), drawee banks shall be required to confirm (positively / negatively) cheques presented on them latest by end of confirmation session (i.e. 7:00 PM) else those will be deemed to have been approved and included for settlement. Item expiry time for all cheques shall be set as 7:00 PM in phase 1.

- a) In Phase 2 (from January 3, 2026), the item expiry time of cheques shall be changed to T+3 clear hours. For example, the cheques received by drawee banks between 10:00 AM and 11:00 AM will have to be confirmed positively or negatively by them by 2:00 PM (3 hours from 11:00 AM). Cheques for which confirmation is not provided by the drawee



bank in the prescribed 3 hours shall be treated as deemed approved and included for settlement at 2:00 PM.

**4. Settlement on realisation:**

- a) No accounting entries (settlement) will be posted for presentation of cheques.
- b) Starting from 11:00 AM, settlement will be arrived every hour till the end of confirmation session, based on the positive confirmations received from drawee banks and cheques considered deemed approved.
- c) No accounting entries shall be passed for cheques with negative confirmation.

**5. Releasing payment to customers:**

- a) On completion of settlement, clearing house shall release the information of positive and negative confirmations to the presenting bank.
- b) The presenting bank shall process the same and release the payment to the customers immediately, but not later than 1 hour from successful settlement, subject to usual safeguards.



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