

Cheque Return Policy

Scope: DBS Bank India Ltd. (DBIL)

Issuer: Saurabh Mittal, Head- Operations, DBIL

1 Guiding Principle

RBI vide its circular DBOD.BC.Leg.No.113/09.12.001/2002-03 dated June 26, 2003 and paragraph 11.4 (i) of RPCD.CO.RRB.BC.No.100/03.05.33/2013-14 dated May 12, 2014 had advised Banks to introduce a condition for operation of accounts with cheque facility that in the event of dishonour of a cheque valuing rupees one crore and above drawn 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. Further, the bank may consider closing current account at its discretion.

Now, RBI vide its circular No. DBR.No.Leg.BC.3/09.07.005/2016-17 dated August 04, 2016 have decided to leave it to the discretion of the banks to determine their response in account of dishonor of cheques by the account holder.

In that regard, DBS Bank India Ltd. (DBIL) has drafted the Cheque Return Policy as below.

2 Policy

Dealing with incidence of frequent dishonour

- i. At the time of issuance of cheque – book the customer would be intimated that it is their responsibility to ensure that adequate funds are maintained in the account to honour their commitment of payment.
- ii. For the purposes of introduction of the condition mentioned at (iv) below in relation to operation of the existing accounts, bank may, at the time of issuing new cheque book, issue a letter advising the constituents of the new condition. This is also mentioned on the 1st page of cheque book and enclosed requisition slip of cheque book issued to the customer.
- iii. If a cheque is dishonoured for a fifth time on a particular account of the drawer during the financial year, the bank may issue cautionary advice *to the concerned constituent drawing their attention to aforesaid condition and request to maintain sufficient balance in the account before issuing cheques.*
- iv. With a view to enforce financial discipline among the customers, the bank will introduce a condition for operation of accounts with cheque facility that in the event of dishonour of cheque drawn on a particular account of the drawer **on six occasions** during a year for want of sufficient funds in the account, the bank would disentitle the customer from availing facility of cheque – book.

Further the account shall be reviewed and closely monitored. The operations team will monitor return cheque data for all the branches and based on the instances of return in a financial year on account of insufficient funds in the same account, send letters as per the appended annexures to the customer.

- v. If considered appropriate, bank can give adequate notice of 15 days and close the account by recovering charges / dues if any and remitting the remaining balance by pay order / draft to the address on record of the Bank by registered post. Similar cautionary advice will be

issued if the bank intends to close the account with the permission of **sanctioning authorities / RM** in the accounts where the customer avails of credit facilities.

- vi. All cheque returns will be sent to the payee / holders along with the Cheque Return Memo indicating therein the reason for dishonour as "insufficient funds" by the next business day of the returns being handed over to the bank by the clearing house or Drawee bank.
- vii. Data with respect to each return cheque for INR 1 Crore and above and any amount for cheques returned which are drawn in favour of Stock Exchanges will be placed before the QSC (Quarterly Standing committee) for each financial quarter with details such as Party Name, Amount of Cheque, Return Reason, Facility granted and instances of return till date.

3 Key Responsibilities

Operations

- i. All cheque returns will be sent to the payee / holders along with the Cheque Return Memo indicating therein the reason for dishonour as "insufficient funds" by the next business day of the returns being handed over to the bank by the clearing house or Drawee bank.
- ii. The operations team will monitor return cheque data for all the branches and based on the instances of return in a financial year on account of insufficient funds in the same account, send letters as per the appended annexures to the customer.

4 Governance

4.1 Ownership and Approving Authority

This Policy is owned by T&O and approved by Board or delegated committee. Any changes that are not substantive, but incidental or administrative in nature, do not require a sign-off by the approving authority.

4.2 Deviations

NIL

4.3 Review

The Policy should be reviewed on an annual basis, unless otherwise required.

Appendix 1 Glossary

Not Applicable

Appendix 2 Related Policies and Standards

Cheque Return- Process Note

Appendix 3 Any Additional Information or Materials

NIL

Appendix 4 Deviations

Effective Date	Section	Endorsed by & Endorsement date	Approved by & Approval date	Deviation Description	Reason for deviation

Appendix 5 Version History

Version	Date of Issue	Summary of Key Changes
1.0		Policy Issued
2.0	29-Mar-2017	<p>RBI vide its circular DBOD.BC.Leg.No.113/09.12.001/2002-03 dated June 26, 2003 and paragraph 11.4 (i) of RPCD.CO.RRB.BC.No.100/03.05.33/2013-14 dated May 12, 2014 had advised Banks to introduce a condition for operation of accounts with cheque facility that in the event of dishonour of a cheque valuing rupees one crore and above drawn 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. Further, the bank may consider closing current account at its discretion.</p> <p>Now, RBI vide its circular No. DBR.No.Leg.BC.3/09.07.005/2016-17 dated August 04, 2016 have decided to leave it to the discretion of the banks to determine their response in account of dishonor of cheques by the account holder.</p>
3.0	29-Aug-2018	Change in letter formats.
4.0	26-June-2019	First issue (following incorporation of DBS India as a wholly-owned subsidiary).