

## POLICY FOR DEALING WITH FREQUENT DISHONOUR OF CHEQUES /ECS MANDATES

1. *The customer has to be informed at the time of delivery of cheque book about the procedure adopted by the Bank in dealing with the frequent dishonor of cheques.*
2. No fresh cheque book shall be issued to a account holder in the event of dishonour of cheques drawn on a particulars account of the drawer for want of funds on four occasions during a financial year.
3. Such accounts will be considered for closure at the discretion of the bank.
4. *However, in respect of borrowal accounts, such as cash credit account, over draft account, the need for continuance or otherwise of the cheque facility to these accounts shall be reviewed by appropriate authority, higher than the sanctioning authority. In case of borrowal accounts where the sanctioning authority is Management Committee of the Board (MC),the General Manager (Credit) shall be the authority to decide continuance or otherwise of the cheque facility.*
5. If cheques are returned for the third time in a financial year, a cautionary advice shall be issued to the constituent informing him/her about the consequential stoppage of cheque facility and closure of account in the event of cheque being dishonoured for the fourth occasion on the same account.
6. Cheque book will not be issued to such accounts where violations as regards the maintenance of the prescribed minimum balance is observed during two consecutive quarters in a financial year.
7. ECS mandates shall not be accepted in respect of the accounts where cheques/ ECS mandates have been returned for want of funds more than 4 occasions in a Financial Year and /or violation as regards to maintenance of the prescribed minimum balance has been noticed during two consecutive quarters in a " Financial Year".
8. Undertaking from the account holder that sufficient funds will be maintained in the account to honour the ECS mandates shall be obtained at the time of offering facility.
9. Higher charges as prescribed from time to time shall be levied for discouraging frequent returns if ECS mandates are returned more than 3 times in a financial year.

10. Approved Policy guidelines on frequent return of cheques/ECS mandates concerning the customers shall be brought to the notice of the customers by display of the same on Branch Notice Board/publishing in the Bank's web-site.
11. Branch Managers are authorized to issue cheque books to the customers in exceptional cases, where such irregularities in the operation of the accounts and frequent dishonour of cheques and ECS mandate are observed, if they are satisfied with the explanation given by such customers after obtaining a letter of undertaking to the effect that sufficient balance to honour cheques/ECS mandates will be maintained and deal satisfactorily.
12. *ECS mandate gets automatically cancelled on the dishonor of ECS mandate for the third time*
13. In case the branch decides to close such unsatisfactory Savings Bank/Current accounts the same shall be done as per the laid down procedure furnished in Savings Bank Manual under "Procedure for Closure of Undesirable Accounts" by giving the 30 days advance notice to the customers.
14. Copy of Policy documents shall be circulated amongst the staff members for ready reference and compliance.
15. As and when cheques/ECS mandates are returned, message through SMS shall be sent to the customer cautioning him/her about the consequential stoppage of cheque facility and closure of account in the event of cheque/ECS mandate being dishonoured for the fourth occasion on the same account during the financial year.
16. *Quarterly note in respect of the information on cheques for 1 crore and above dishonoured as well as the cheques favouring Stock Exchange has to be placed before the Audit Committee of the Board. Further, the note on the consolidated data in respect of the cheques / ECS dishonoured upto Rs. 1 core has to be placed before the Audit Committee of the Board on a quarterly basis.*

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