



**Mizuho Bank, Ltd.
India**

Cheque Collection Policy

October 2024

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1. Introduction

This document covers the Cheque Collection Policy of the Bank, which is applicable to its branches operating in India. The policy is a reflection of the Bank's on-going efforts to provide better service to its customers and set higher standards for performance. The Policy is based on principles of transparency and fairness in the treatment of customers.

In terms of RBI guidelines, banks are required to introduce a condition for operation of accounts with cheque facility that, in event of dishonour of a cheque of INR 10 mn or above drawn on the 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. Also, banks are required to have board approved policy for dealing with frequent dishonour of cheques of less than INR 10 mn and ACH mandates in place.

This policy document covers following aspects:

- Collection of cheques and other instruments payable locally, at centres within India and abroad.
- Our commitment regarding time norms for collection of instruments.
- Policy on payment of interest in cases where the bank fails to meet time norms for realization of proceeds of outstation instruments.
- Our policy on dealing with collection instruments lost in transit.

2. Arrangements for Collection

2.1(a) Local Cheques

All CTS compliant cheques and other Negotiable Instruments payable under a grid system locally would be presented through the clearing system prevailing at the centre. Cheques deposited at branch counters cheque drop box in the premises before the specified cut-off time will be presented for clearing on the same day. Cheques deposited after the cut-off time will be presented in the next clearing cycle. As a policy, Bank would give credit to the customer account on the same day when clearing settlement takes place. Withdrawal of amounts so credited would be permitted as per the cheque return schedule of the clearing house.

The cheques would be processed under Cheque Truncation System (CTS). CTS is currently operational, under two grids: Southern Grid in Chennai and Western grid in Mumbai. Effective July 2023 – Northern Grid has been merged in Southern Grid and subsequently western grid will also be merged and there will be one uniform grid for CTS operations known as National Grid.

Details of States/Circles covered in Grid based CTS-2010 centres are as under:

Southern grid in Chennai covers Andhra Pradesh, North Eastern States, Orissa, Karnataka, Kerala, Tamilnadu & West Bengal states (covering Bangalore, Bhubaneswar, Chennai, Guwahati, Hyderabad, Kolkata and Thiruvananthapuram circles). Centres covered are Bangalore, Belgaum, Bhubaneswar, Calicut, Chennai, Coimbatore, Cuttack, Ernakulam, Erode, Guwahati, Hubli, Hyderabad, Kolkata, Madurai, Mangalore, Mysore,

Pondicherry, Salem, Thirunelveli, Tiruchirapalli, Tirupur, Trichur, Trivandrum, Vishakhapatnam and Vijayawada.

Below locations which were earlier covered under Northern grid are now operational under Southern Grid :

Bihar, Chandigarh, Delhi, Haryana, Jammu & Kashmir, Jharkhand, Rajasthan, Uttar Pradesh & Uttarakhand states (Covering Chandigarh, Delhi, Lucknow and Patna Circles). Centres covered are Agra, Amritsar, Allahabad, Bhilwara, Chandigarh, Dehradun, Delhi, Gorakhpur, Jaipur, Jalandhar, Jamshedpur, Jammu, Jodhpur, Kanpur, Kota, Lucknow, Ludhiana, Patna, Ranchi, Udaipur and Varanasi. **Western grid** in Mumbai covers Chhattisgarh, Goa, Gujarat, Madhya Pradesh, and Maharashtra states (covering Ahmedabad, Bhopal and Mumbai Circles). Centres covered are Ahmedabad, Anand, Aurangabad, Bhavnagar, Bhopal, Gwalior, Indore, Jabalpur, Jamnagar, Kolhapur, Mumbai, Nagpur, Nasik, Pune, Panaji, Rajkot, Raipur, Solapur, Surat and Vadodara.

All centres covered under the same grid will be treated as a single clearing zone and cheques drawn on these centres and presented at any of the grid centres are treated as locally drawn cheques in as much as no clearing charges would be applicable for such cheques.

2.1 (b) Non-CTS cheques are no longer accepted in clearing.

2.1 (c) Bank branches situated at centres which are not members of any CTS Grid or where no clearing house exists, would present local cheques on drawee banks across the counter and it would be the bank's endeavour to credit the proceeds at the earliest but not later than 3rd working day from the date of deposit by customer.

2.2 Outstation Cheques

Cheques drawn on other banks at outstation centres other than those covered under 2.1 above, will normally be collected through correspondent bank with whom Bank is having collection arrangement. In case of cheques drawn on other banks where Bank is having branch, such cheques will be collected through our Bank's branches at those centres. Where neither Bank nor the correspondent bank have a branch, the cheque would be directly sent to drawee bank for collection.

Cheques drawn on Bank's own branches at outstation centres will be collected using the inter-branch arrangements in vogue. Bank will provide same day credit to its customers in respect of outstation instruments drawn on any of its branches within India.

2.3 Cheques payable in Foreign Countries

Cheques payable at foreign countries where the Bank has branch operation (or banking operations through a subsidiary; etc.) will be collected through that office. The services of correspondent banks will be utilized in country where the correspondent has presence. Cheques drawn on foreign banks at location where the Bank or its correspondents do not have direct presence will be sent directly to the drawee bank with instructions to credit proceeds to the respective Nostro Account of the Bank maintained with one of the correspondent banks.

2.4 Immediate Credit of Local/ Outstation Cheques/ Instruments:

Branches of the Bank will consider providing immediate credit for outstation cheques/ instruments up to the aggregate value of INR 15,000/- tendered for collection by individual account holders provided the account is fully KYC compliant for a period not less than 6 months. Immediate credit will be provided against such collection instruments at the specific request of the customer or as per prior arrangement.

Under the Policy, prepaid instruments like Demand Drafts, Interest/ Dividend warrants shall be treated at par with cheques.

In the event of dishonour of cheque against which immediate credit was provided, interest shall be recoverable from the customer for the period the Bank remained out of funds at the rate applicable for overdraft limits sanctioned for individual customers.

For the purpose of this Policy, a satisfactorily conducted account shall be the one:

- a) Opened at least six months earlier and fully complying with KYC norms.
- b) Conduct of which has been satisfactory and Bank has not noticed any irregular dealings.

- c) Where no cheques/ instruments for which immediate credit was afforded returned unpaid for financial reasons
- d) Where the Bank has not experienced any difficulty in recovery of any amount advanced in the past including cheques returned after giving immediate credit.

Bank shall levy normal collection charges and out of pocket expenses while providing immediate credit against outstation instruments tendered for collection. Exchange charges applicable for cheque purchase will not, however be charged.

2.5 Purchase of local/outstation cheques

Presently, the Bank is not providing any cheque purchase facility for local/ outstation cheques.

3. Time Frame for collection of local/ outstation cheques/ instruments

For local cheques presented in clearing, the credit will be afforded as on the date of settlement of funds in clearing and the account holder will be allowed to withdraw funds as per return clearing norms.

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

- a) Cheques presented at any of the four major Metro Centres (New Delhi, Mumbai, Kolkata and Chennai) and payable at any of the other three centres: Maximum period of 7 working days.
- b) Other Metro Centres and State Capitals (other than those of North Eastern States and Sikkim): Maximum period of 10 working days.
- c) In all other Centres: Maximum period of 14 working days.
- d) Cheques drawn on foreign countries: Such instruments are accepted for collection on the 'best effort' basis. Bank may enter into specific collection arrangement with its correspondent bank for speedy collection of such instrument. Bank would give credit to the customer on receiving proceeds to the Bank's Nostro Account with the correspondent after taking into account cooling periods as applicable to the countries concerned.

The above time norms are applicable irrespective of whether cheques/ instruments are drawn on the Bank's own branches or branches of other banks.

4. Payment of Interest for delayed collection of local/ outstation cheques

Please refer to Bank's "Policy on Compensation to customers" available on Bank's website (<https://www.mizuhibank.com/india>) in this regard.

5. Cheques/Instruments lost in transit/ in clearing process or at paying bank's branch

Please refer to Bank's "Policy on Compensation to customers" available on Bank's website (<https://www.mizuhibank.com/india>) in this regard.

6. Force Majeure

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 other labour disturbances, accident, fires, natural disasters or other “Acts of God”, war, damage to the Bank’s facilities or of its correspondent bank(s), absence of the usual means of communication or all types of transportation, etc.) beyond the control of the Bank prevents it from performing its obligations within the specified service delivery parameters.

7. Charging of Interest on cheques returned unpaid where instant credit was given

If a cheque sent for collection for which immediate credit was provided by the Bank is returned unpaid, the value of the cheque will be immediately debited to the account. The customer will not be charged any interest from the date immediate credit was given to the date of return of the instrument unless the Bank had remained out of funds on account of withdrawal of funds. Interest where applicable would be charged on the notional overdrawn balances in the account had credit not been given initially.

If the proceeds of the cheque were credited to the Savings Bank Account and were not withdrawn, the amount so credited will not qualify for payment of interest when the cheque is returned unpaid. If proceeds were credited to an overdraft/loan account, interest shall be recovered at the rate of 2% above the interest rate applicable to the overdraft/loan from the date of credit to the date of reversal of the entry if the cheque/ instrument were returned unpaid to the extent the Bank was out of funds.

8. Foreign Currency Denominated Instrument payable outside India

Mizuho Bank- India presently deals in following foreign currencies:

- US Dollar (USD)
- Pound Sterling (STG)
- Euro (EUR)
- Japanese Yen (JPY)
- Singapore Dollars (SGD)
- Thai Baht (BAHT)
- Australian Dollar (AUD)
- Swiss Francs (CHF)
- Arab Dirhams (AED)
- Chinese Yuan (RMB)
- Canadian Dollar (CAD)
- Ruble (RUB)

The foreign currency instrument deposited by the customer payable at foreign location shall be handled as below:

1. If the instrument is payable in the country where Mizuho Bank has branch operations (or banking operations through a subsidiary, etc.), it will be sent generally to our branch (e.g. instrument in USD payable in US to be collected through MHBK New York, or through correspondent bank JP Morgan chaseNY).
2. If the instrument is payable in the country where Mizuho Bank does not have a branch, then it will be sent to the correspondent bank where we are maintaining Nostro Account (e.g. instrument in EURO payable at a European country will be sent to Deutsche Bank AG, Frankfurt).
3. If the instrument is drawn & payable at a place different from those mentioned in point 1 & 2 above, the same will be presented directly to the drawee bank for payment.

Guidelines for arrangement of collection & payment:

1. In case of individual customer, immediate credit for foreign currency collection instrument may be given up to equivalent of USD 100/- at the specific request from the Customers.
2. The time frame for collection of foreign currency Instruments payable outside India where the Bank is having branch is 21 working days, in case the instrument are collected through the correspondent bank where the Bank is not having branch or sent directly to drawee bank, 30 workingdays.
3. The customer account will be credited on the Forex business day when the credit is confirmed in Nostro statement.
4. No time frame for collection of foreign currency instrument sent to foreign countries (where Bank does not have a branch) can be given, as the Bank would not be able to ensure timely credit from overseas banks. It is the Bank's experience that time for collection of instruments drawn on banks in foreign countries differ from country to country and even within a country, from place to place. The time norms for return of instruments cleared provisionally also vary from country to country.
5. Bank Charges & GST: Bank shall recover charges as per schedule of charges revised annually from the Customer. Applicable GST shall be recovered from the Customer.

9. Return of Cheques for technical reason and levy of charges

1. Bank shall levy cheque return charges only in cases where the customer is at fault and is responsible for such returns. If any cheque is returned due to technical reason for which customer is not responsible, Bank shall not debit the customer with cheque return charges.
2. Bank shall re-present the cheques which do not require recourse to the payee in the immediate next presentation clearing but not later than 24 hours (excluding holidays) with due notification to the customer of such representation through email.

10. Cut-off time for depositing the cheques

Days	All branches
Monday to Saturday- Local MICR cheques 2nd & 4th Saturday Closed	2.30 pm
Week days- outstation cheques	11.00 am
Working Saturday- Outstation cheques	11.00 am

End