



PHARMACEUTICALS EXPORT PROMOTION COUNCIL
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Cheque payments to get costlier from today:

Payments through cheques may become costlier from Friday, as the RBI has let banks to levy higher service charges for clearing, especially of high-value and outstation cheques. As per a RBI circular coming into effect from April 1, 2011, banks would be free to fix service charges on speed clearing of cheques of value above `1 lakh

RBI allows banks to levy higher service charges for high-value and outstation cheques

Rommel Rodrigues | ENS Mumbai, March 31 BE ready to shell out tad more on cheques that you deposit in your bank. Making payments through cheques is set to become costlier from Friday, as the Reserve Bank has allowed banks to levy higher service charges for their clearing, especially of high-value and outstation cheques.

As per a RBI circular, coming into effect from April 1, 2011, banks would be free to fix service charges on speed clearing of cheques of value above `1 lakh. For your normal local clearing right now RBI permits the banks to charge you nominal cost of `1 per cheque at present.

However, this will increase to `1.50 from Friday. For local clearing through cheque truncation system, which

Works electronically by processing the scanned image of the cheque, drawee bank can levy a service charge of `1, up from 50 paise at present.

At present, RBI does not allow banks to charge more than `150 per cheque for speed clearing of cheques worth over `1 lakh, while there are no charges for value up to `1 lakh. However, speed clearing of cheques with value up to `1 lakh would continue to remain exempt from any service charges.

Speed clearing refers to processing of outstation cheques electronically and w i t h o u t m o v e m e n t o f cheques from the presentation centre, the city where the cheque is presented to drawee centre from the city where the cheque is payable.

Besides, RBI has also given

a free hand to the banks to decide on the service charge on outstation cheques of over `1 lakh, as against a maximum limit of `150 per cheque allowed currently.



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However, RBI has decided to lower the service charge for outstation cheques up to `5,000, by allowing a levy of

`25, as against `50 currently.

The outstation cheques between `5,000 and `10,000 would continue to attract a fee of `50, while those between `10,000 and `1 lakh would also continue to be levied a charge of `100. While fixing service charges not mandated herein, banks have been told to get approval from their boards for service charge structure.

RBI has also given specific directions on the charges which it said should be fixed as reasonable and computed on a cost-plus-basis and not as an arbitrary percentage of the value of the instrument.

The service charges by banks should be inclusive of all charges (postal, courier, handling, etc.) other than service tax, RBI has specified.

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