

**COLLECTION OF ACCOUNT PAYEE CHEQUES - PROHIBITION ON
CREDITING PROCEEDS TO THIRD PARTY ACCOUNT**

CIRCULAR NO. DBOD.BP.BC.NO. 50/21.01.001/2011-12, DATED 4-11-2011

Please refer to our circular DBOD.BP.BC.No.56/21.01.001/2005-06, dated January 23, 2006 in terms of which banks are prohibited from crediting 'account payee' cheques to the account of any person other than the payee named therein.

2. In view of concerns raised that these instructions are not being adhered to, we reiterate that banks shall strictly adhere to the instructions contained in our circular referred to above and not collect account payee cheques for any person other than the payee constituent.

3. With a view to mitigate the difficulties faced by the members of co-operative credit societies in collection of account payee cheques, relaxation was extended *vide* our circular DBOD.BP.BC.No. 47/21.01.001/2010-11, dated October 1, 2010. In terms of the said circular, banks may consider collecting account payee cheques drawn for an amount not exceeding Rs.50,000/- to the account of their customers who are co-operative credit societies, if the payees of such cheques are the constituents of such co-operative credit societies. The above relaxation will continue as hitherto, subject to the conditions outlined in the circular dated October 1, 2010 referred to above.

4. Banks may note that the above prohibition and relaxation shall also extend to drafts, pay orders and bankers' cheques.