

SHRI RAJKOT DISTRICT CO-OPERATIVE BANK LTD.

DRAFT ISSUING POLY

A. Nature of Demand draft:

A demand draft, also known as a banker's cheque, is a pre-paid instrument issued by a bank on its own behalf, guaranteeing payment to the recipient. Cheques can be issued by individuals, businesses, or other entities from their own bank accounts. Demand drafts are exclusively issued by banks themselves.

Demand Draft is a negotiable instrument issued by the bank on the behalf of a customer, containing an order to pay a certain sum to the payee from one branch to another branch of the same bank. The validity period of a demand draft is three months, but it can be re-validated against an application. It can never be dishonored because its payment is done in advance.

B. DD Amount Payment:

1. Demand Draft can be purchased by paying the Bank to issue Demand draft.
2. Demand Drafts for 50,000/-and above are issued by the Bank only to the debit to the customer's account or against cheque or other instrument tendered by the purchaser and not against cash payment. Beside this, StCBs/DCCBs should ensure that demand drafts of ₹ 20,000/- and above are issued invariably with account payee crossing.

C. Procedure for issue of DD:

1. The purchaser of the DD shall fill up the Demand Draft application form as prescribed by the Bank with all the details like in favour of whom the DD shall be issued, amount of DD in figures and words, payee branch and full address of the purchaser
2. The Purchaser shall acknowledge the receipt of DD overleaf of the application
3. As per RBI instruction, Name of the purchaser will be written on face of the demand draft issued.
4. Demand draft is issued on Bank's branches only. Where banker's cheque is issue to other bank where bank has arrangement with such bank.

D. Validity period of Demand Draft/Bankers Cheque

1. As per RBI guidelines the validity period of cheques, demand drafts, pay orders and Bankers' cheques will be reduced from six months to three months from the date of issue of demand Draft /banker's cheque..

E. Payment of Demand Draft:

1. If the Demand Draft is not crossed the payment would be made by the Bank to the holder of the instrument after his proper identification.
2. In case a Demand Draft is crossed, the payment shall be made only to the Bank Account of the customer to whom name written on the face of the demand draft/Banker' cheque.

F. Demand Drafts without commission:

1. No charges shall be levied for issuance of demand drafts /pay orders favouring beneficiaries on account of disbursement of term loans, Retail loans, Housing Loans, repayment payment of TDR and other bank use cases.

G. Pay orders and Banker cheques:

1. Pay orders or banker cheques are similar to demand drafts but usually issued within the city/town/the Branch location. These are also valid for 3 months
2. The bank may charge commission for issue of pay orders or Banker's cheques as per the rate applicable to Demand Drafts.

H. Revalidation of DD/BC:

1. Revalidation of demand draft drawn favouring an individual should normally be considered against request from purchaser of the Demand draft/Banker Cheque.
2. Revalidation of demand draft should be done against request from beneficiary, if the beneficiary is a Central/State Department or undertakings, university, educational institute etc. for drafts of smaller demonstrations issued for payment of registration charges, exam fees etc. A letter of indemnity from an authorized representative of the beneficiary undertaking should be taken.
3. Revalidation should be done only once in the normal
4. The period of such revalidation would be up to three years from the date of demand draft. Demand drafts, which are more than three years old cannot be revalidated and have to be
5. Revalidation is done on payment of charges, as prescribed by the bank from time to
6. No Revalidation charges shall be levied at the request of the Government

I. Cancellation of DD:

1. In case the purchaser of the DD wants to cancel the Demand Draft, he can submit the request for the same along with the DD to the Branch issued the demand draft.
2. The Branch would cancel the DD and pay the purchaser the amount of DD by crediting his account from whom demand draft was issued.
3. The draft cancellation charges, with Service Tax, will be payable by the purchaser as per the rates prescribed by the Bank

J. Issue of Duplicate Demand Draft:

1. Duplicate draft, in lieu of lost draft, up to and including ₹ 5,000/- may be issued to the purchaser on the basis of adequate indemnity and without insistence on seeking non-payment advice from drawee office irrespective of the legal position obtaining in this regard..
2. StCBs/DCCBs should issue duplicate demand draft to the customer within a fortnight from the receipt of such request. Further, for the delay beyond this stipulated period, StCBs/DCCBs are advised to pay interest at the rate applicable for fixed deposit of corresponding maturity in order to compensate the customer for such delay. The period of a fortnight prescribed would be applicable only in cases where the request for a duplicate demand draft is made by the purchaser or the beneficiary and would not be applicable in the case of third party endorsements.

Regarding the term "customer" used above and whether it would include only purchaser / beneficiary or also include any holder of the instrument other than the purchaser or the beneficiary, it is clarified that the above instructions would be applicable only in cases where the request for duplicate demand draft is made by the purchaser or the beneficiary and would not be applicable in the case of draft endorsed to third parties.

K. Unpaid demand Draft/Bankers cheque:

Since demand draft/bankers cheque is payable and presented within three months from the issued dated of such instruments. Hence, beneficiary customer has to credit this instrument before it's expired. If any demand draft /Banker's cheque is unpaid within three month, such amount to be transferred to unclaimed DD account at Branch maintain by the Branch for three year from the issue date of such instrument. After three year. branch has to transfer this amount to HO unclaimed DD account maintains at HO. Ho will keep and monitor this account on daily basis. On completion of ten years, (from the issue date of such instrument), such amount to be transfer to DEAF without fail.

L. Charges on Demand Drafts/BC:

1. The charges on Demand Draft/bankers cheque at present are furnished hereunder and same are subject to revision from time to time.

Sr No	PERTICULARS	CHARGES DETAILS	Remarks
1	Issue of a DD/bankers cheque	Minimum Rs. 30/- for up to Rs. 25000 of DD/ Banker/s Cheque Amount Above Rs.25000/- Rs.2/- per thousand. Maximum DD charges Rs. 1000/-	
2	Cancellation of draft/BC	Rs. 25/- per DD	
3	Issue of Duplicate draft/BC	No charges for issue of duplicate DD/Bankers cheque	
4	Re-validation of draft/BC	No charges for re-validation DD/Bankers cheque	