

Accept EMI Cheques only where ECS not Available, Banks told

Banks have been directed by the Reserve Bank of India to not accept any fresh post-dated equated monthly instalment (EMI) cheques at locations where the facility of electronic clearing service/Regional Electronic Clearing Service is available.

The central bank has also advised banks to convert existing cheques in such locations into ECS/RECS (Debit) by obtaining fresh mandates.

Cheques complying with the CTS-2010 standard formats alone should be collected, at locations where the facility of ECS/RECS is not available.

The new 'CTS 2010' standard cheque has been introduced on account of several developments in cheque clearing — growing use of multi-city and payable-at-par cheques at any branch of a bank, popularity of speed-clearing for local processing of outstation cheques and implementation of grid-based cheque truncation system for image-based cheque processing.

ECS is an electronic mode of payment / receipt for transactions that are repetitive and periodic in nature. Essentially, ECS enables bulk transfer of money from one bank account to several other bank accounts, or vice-versa.

Under ECS (debit), an account-holder with a bank branch can authorise an ECS user to recover an amount at a prescribed frequency by raising a debit to his / her bank account.

Regional ECS currently operates at nine centres / locations across the country.

RECS facilitates the inclusion of all core-banking-enabled branches in a State, or group of States, and can be used by institutions to reach beneficiaries easily.

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