

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2569  
ANSWERED ON:08.12.2006  
COMPENSATION POLICY  
Paraste Shri Dalpat Singh

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Indian Banks Association has formed any Committee on the Compensation Policy to customers on account of poor services rendered by Banks;
- (b) if so, the details thereof;
- (c) whether there is any proposal to make changes in the cheque collection policy; and
- (d) if so, the details thereof?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

- (a) & (b) : Yes, Sir. Indian Banks` Association has set up a Working Group to draft Model Policy documents covering certain areas related to banker customer relationship, including compensation policy.
- (c) & (d) : No, Sir. Reserve Bank of India (RBI) has, vide its guidelines dated 1st November, 2004, advised all scheduled commercial banks to formulate a Board approved comprehensive and transparent policy covering issues relating to
- (i) immediate credit of local/outstation cheques,
  - (ii) time frame for collection of local /outstation cheques and
  - (iii) interest payment for delayed collection. While formulating their policies, the banks have been advised to take into account their technological capabilities, systems and processes adopted for clearing arrangements and other internal arrangements for collection through correspondents and ensure wide publicity of the policy so formulated.