



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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UBD.BPD.(PCB). MC.No:13 /13.01.000/2013-14

July 1, 2013

The Chief Executive Officers of  
All Primary (Urban) Co-operative Banks

Dear Sir,

**Master Circular on Maintenance of Deposit Accounts –  
Primary (Urban) Co-operative Banks**

Please refer to our [Master Circular UBD.BPD.\(PCB\).MC.No:13 /13.01.000/2012-13 dated July 2, 2012](#) on the captioned subject (available at RBI website [www.rbi.org.in](http://www.rbi.org.in)). The enclosed Master Circular consolidates and updates all the instructions/guidelines on the subject issued up to June 30, 2013 and mentioned in the Appendix.

Yours faithfully,

(A.K.Bera)  
Principal Chief General Manager

Encls: As above

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**हिंदी आसान है, इसका प्रयोग बढ़ाइए—**

चेतावनी: भारतीय रिज़र्व बैंक द्वारा ई-मेल, डाक, एसएमएस या फोन कॉल के जरिए किसी की भी व्यक्ति की जानकारी जैसे बैंक के खाते का ब्यौरा, पासवर्ड आदि नहीं मांगी जाती है। यह धन रखने या देने का प्रस्ताव भी नहीं करता है। ऐसे प्रस्तावों का किसी भी तरीके से जवाब मत दीजिए।  
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## **Master Circular Maintenance of Deposit Accounts**

### **1. Introduction**

Acceptance of deposits and maintenance of deposit accounts is the core activity in any bank. The very basic legal interpretation of the word "banking" as defined in the Banking Regulation Act, 1949 means accepting deposits of money, for the purpose of lending or investment, from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise. Thus, deposits are the major resource and mainstay of a bank and the main objective of a bank is to mobilise adequate deposits. Various instructions, guidelines, etc. issued from time to time to primary (urban) co-operative banks (UCBs) in regard to opening and conduct/monitoring of deposit accounts are detailed hereunder.

### **2. Opening of Deposit Accounts**

A large number of frauds are perpetrated in banks mainly through opening of accounts in fictitious names, irregular payment of cheques, manipulation of accounts and unauthorised operations in accounts. Considering the fact that opening of an account is the first entry point for any person to become a customer of the bank, utmost vigilance in opening of accounts and operations in the accounts is called for. Even the legal protection under the Negotiable Instruments Act, 1881 which governs payment and collection of negotiable instruments and provides certain rights, liabilities (obligations) and protections to the issuers/drawers, payees, endorsees, drawees, collecting banks and paying/drawee banks, will be available, only if the bank makes the payment or receives payment of a cheque/draft payable to order in due course. Any payment or collection of a negotiable instrument is deemed in due course only when the bank acts in good faith and without negligence and does so for a customer.

#### **2.1 Introduction not Mandatory for opening accounts**

Before implementation of the system of document-based verification of identity, as laid down in PML Act / Rules, introduction from an existing customer of the bank was considered necessary for opening of bank accounts. In many banks, obtaining of introduction for opening of accounts is still a mandatory part of customer acceptance policy even though documents of identity and address as required under our instructions are provided. This poses difficulties for prospective customers in opening accounts as they find it difficult to obtain introduction from an existing account holder.

Since introduction is not necessary for opening of accounts under PML Act and Rules or Reserve Bank's extant KYC instructions, banks

should not insist on introduction for opening bank accounts of customers.

## **2.2 Photographs of Account Holders**

### **2.2.1 Mandatory Obtention of Photographs**

- (i) The banks should obtain photographs of the depositors/account holders who are authorised to operate the accounts at the time of opening of all new accounts. The customers' photographs should be recent and the cost of photographs to be affixed on the account opening forms may be borne by the customers.
- (ii) Only one set of photographs need to be obtained and separate photographs should not be obtained for each category of deposit. The applications for different types of deposit accounts should be properly referenced.
- (iii) Photographs of persons authorised to operate the deposit accounts viz. S.B. and Current accounts should be obtained. In case of other deposits viz. Fixed, Recurring, Cumulative etc. photographs of all depositors in whose names the deposit receipt stands may be obtained, except in the case of deposits in the name of minor, where guardians' photographs could be obtained.
- (iv) The banks should also obtain photographs of '*Pardanashin*' women.
- (v) The banks should also obtain photographs of Non-Resident (External) (NRE), Non-Resident Ordinary (Rupee) (NRO), Foreign Currency Non-Resident (FCNR) account holders.

For operations in the accounts, banks should not ordinarily insist on the presence of account holder unless the circumstances so warrant. Photographs cannot be a substitute for specimen signatures.

### **2.2.2 Exceptions**

- (i) Banks, local authorities and Government departments (excluding public sector undertakings or quasi-Government bodies) are exempted from the requirement of photographs.
- (ii) The photographs need not be obtained for borrowal accounts viz. Cash Credit, Overdrafts accounts, etc.
- (iii) The banks may not insist for photographs in case of accounts of staff members (Single/Joint).

## **2.3 Address of Account Holders**

It is not proper for banks even unwittingly to allow themselves to be utilised by unscrupulous persons for the purpose of tax evasion.

Therefore, banks should obtain full and complete address of depositors and record these in the books and the account opening forms so that the parties could be traced without difficulty, in case of need. Independent confirmation of the address of the account holder should be obtained in all cases.

## **2.4 Other Safeguards**

### **2.4.1 Permanent Account Number (PAN)/General Index Register (GIR) Number**

The banks are required to obtain PAN/GIR number of a depositor opening an account with an initial deposit of Rs.50,000/- and above.

### **2.4.2 Authorisation**

The opening of new accounts should be authorised only by the Branch Manager or by the Officer-in-Charge of the Deposit Accounts Department concerned at bigger branches.

### **2.4.3 Completion of Formalities**

The banks should ensure that all account opening formalities are undertaken at the bank's premises and no document is allowed to be taken out for execution. Where it is absolutely necessary to make exception of the above rule, banks may take precaution such as deputing an officer to verify the particulars, obtaining a signed photograph on a suitably formatted verification sheet, forwarding by registered Acknowledgement Due, mailing a copy of the account opening form and accompanying instructions to the client for necessary verification before any operations are conducted in the accounts.

### **2.4.4 Opening of current account – Need for discipline**

Keeping in view the importance of credit discipline for reduction in Non-Performing Assets (NPA) level of banks, banks should insist on a declaration from the account-holder to the effect that he is not enjoying any credit facility with any other bank or obtain a declaration giving particulars of credit facilities enjoyed by him with any other bank(s). The account-opening bank should ascertain all the details and should also inform the concerned lending bank(s). The account-opening bank should obtain No-objection Certificate from such banks.

However, in case no response is received from the existing bankers after a minimum period of a fortnight, banks may open current accounts of prospective customers.

Further, where the due diligence is carried out on the request of a prospective customer who is a corporate customer or a large borrower

enjoying credit facilities from more than one bank, the bank may inform the consortium leader, if under consortium, and the concerned banks, if under multiple banking arrangement.

Banks are advised to be guided by the need for effective due diligence in these matters as also the objective of customer satisfaction and ensure that suitable arrangements are in place for prompt and serious attention to references received from banks in this regard.

#### **2.4.5 Accounts of Proprietary Concerns**

In the case of proprietary concerns, at the time of opening of the account, the banks have to verify, in addition to the identity of the individual proprietors, the identity of the proprietary concern also. Accordingly, the banks may call for and verify the following documents:

- (i) Identity as also the address proof of the proprietor, such as passport, PAN card, Voter ID card, Driving licence, Ration card with photo, etc. – any of these documents is to be obtained.
- (ii) Proof of the name, address and activity of the concern, like registration certificate (in the case of a registered concern), certificate/licence issued by the Municipal authorities under Shop and Establishment Act, sales and income tax Returns, CST/VAT certificate, Licence issued by the Registering authority like Certificate of Practice issued by Institute of Chartered Accountants of India, Institute of Cost Accountants of India, Institute of Company Secretaries of India, Indian Medical council, Food and Drug Control Authorities, etc. – any two of the documents are to be obtained. These documents should be in the name of the proprietary concern. Apart from these documents, any certificate/registration document issued by Sales Tax/Service Tax/Professional Tax authorities may also be considered for verification of the proof of name, address and activity of the proprietary concern.
- (iii) With effect from May 11, 2012, it has been decided to include the following documents in the indicative list of required documents for opening accounts of proprietary concerns :
  - (a) The complete Income Tax Return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected duly authenticated /acknowledged by the Income Tax Authorities.
  - (b) Utility bills such as electricity, water and landline telephone bills in the name of the proprietary concern.

#### **2.4.6 Accounts of Multi Level Marketing Firms**

Certain firms posing as Multi Level Marketing agencies for consumer goods and services have been actually mobilising large amounts of deposits from the public with promise of high returns. The representatives of such firms had opened accounts at various bank branches to facilitate what was essentially a deposit taking activity and the funds used apparently for illegal or highly risky activities. Banks may, as advised vide our [circular UBD.CO.BPD.PCB.Cir.No.9/12.05.001/2009-10 dated September 16, 2009](#), be careful in opening such accounts/undertake review of such accounts and ensure strict compliance with Know Your Customer(KYC)/Anti-Money Laundering (AML) Guidelines.

#### **2.4.7 Financial Inclusion**

UCBs are advised to offer a 'Basic Savings Bank Deposit Account' which will offer following minimum common facilities to all their customers:-

- (i) The 'Basic Savings Bank Deposit Account' should be considered a normal banking service available to all.
- (ii) This account shall not have the requirement of any minimum balance.
- (iii) The services available in the account will include deposit and withdrawal of cash at bank branch as well as ATMs; receipt /credit of money through electronic payment channel or by means of deposit / collection of cheques drawn by Central / State Government agencies and departments;
- (iv) While there will be no limit on the number of deposits that can be made in a month, account holders will be allowed a maximum of four withdrawals in a month, including ATM withdrawals; and
- (v) Facility of ATM card or ATM-cum Debit Card;

The above facilities will be provided without any charges. Further, no charge will be levied for non-operation /activation of in-operative 'Basic Savings Bank Deposit Account'.

The UCBs would be free to evolve other requirements including pricing structure for additional value-added services beyond the stipulated basic minimum services on reasonable and transparent basis and applied in a non-discriminatory manner.

The 'Basic Savings Bank Deposit Account' would be subject to RBI instructions on Know Your Customer (KYC) / Anti Money Laundering (AML) for opening of bank accounts issued from time to time. If such account is opened on the basis of simplified KYC norms, the account



would additionally be treated as a 'Small Account' and would be subject to conditions stipulated for such accounts as indicated in paragraph 2.6 (iii) of [Master Circular UBD.BPD.\(PCB\).MC.No.16 /12.05.001/2013-14 dated July 1, 2013](#) on KYC Norms /AML Measures /CFT /Obligations of banks under PMLA, 2002.

Holders of 'Basic Savings Bank Deposit Account' will not be eligible for opening any other savings bank deposit account in that bank. If a customer has any other existing savings bank deposit account in that bank, he /she will be required to close it within 30 days from the date of opening a 'Basic Savings Bank Deposit Account'.

The existing basic banking 'no-frills' accounts should be converted to 'Basic Savings Bank Deposit account'. However, financial inclusion objectives would not be fully met if the banks do not increase the banking outreach to the remote corners of the country. This has to be done with affordable infrastructure and low operational costs with the use of appropriate technology. This would enable banks to lower the transaction costs to make small ticket transactions viable. Banks are, therefore, urged to scale up their financial inclusion efforts by utilising appropriate technology. Care must be taken to ensure that the solutions developed are highly secure, amenable to audit and follow widely accepted open standards to allow inter-operability among the different systems adopted by different banks.

## **2.5 Opening of NRO/NRE accounts**

2.5.1 UCBs may maintain NRO accounts arising from their redesignation as such, upon the existing resident account holders becoming non-resident and in such accounts only, periodical credit of interest will be permitted. UCBs are not permitted to open any fresh NRO accounts (with the exception of Category I Authorized Dealers).

2.5.2 UCBs registered in States that have entered into a Memorandum of Understanding (MOU) with Reserve Bank of India (Reserve Bank) for supervisory and regulatory co-ordination and those registered under the Multi State Co-operative Societies Act, 2002 and complying with the following norms are eligible for authorization to maintain NRE accounts.

- (i) Minimum net worth of Rs 25 crore.
- (ii) CRAR of not less than 9%.
- (iii) Net NPAs to be less than 10%
- (iv) Compliance with CRR/SLR requirements.
- (v) Net profit for preceding three years without any accumulated losses.
- (vi) Sound internal control systems.

- (vii) Satisfactory compliance with KYC/AML guidelines.
- (viii) Presence of at least two professional directors on the Board.

### **3. RESTRICTIONS ON OPENING OF CERTAIN TYPES OF DEPOSIT ACCOUNTS**

#### **3.1 Deposit schemes with lock-in period**

It has been brought to notice of the Reserve Bank that some banks are offering special term deposit products to customers, in addition to regular term deposits, ranging from 300 days to five years, with the following features:

- i. Lock-in periods ranging from 6 to 12 months;
- ii. Premature withdrawal is not permitted during the lock-in period. In case premature withdrawal is allowed during the lock-in period, no interest is paid;
- iii. Rates of interest offered on these deposits are not in tune with the rates of interest on normal deposits and
- iv. Part pre-payment is allowed by some banks subject to certain conditions.

Before launching new domestic deposit mobilisation schemes with the approval of their respective Boards, UCBs should ensure that the provisions of Reserve Bank's directives on interest rates on deposits, premature withdrawal of term deposits, sanction of loans/advances against term deposits, etc., issued from time to time, are strictly adhered to. Any violation in this regard will be viewed seriously and may attract penalty under the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies). It is clarified that the special schemes, with lock-in periods and other features referred to above, which have been floated by some banks, are not in conformity with Reserve Bank's instructions. Banks that have floated such deposit schemes are, therefore, advised to discontinue the schemes with immediate effect and report compliance to Regional Office concerned of Reserve Bank.

#### **3.2 Minor's Account with Mother as Guardian**

- 3.2.1 Generally, the banks are reluctant to open deposit account in the name of minor, with mother as a guardian. Presumably, reluctance to allow mother as a guardian when the father is alive, is based on section 6 of the Hindu Minority and Guardianship Act, 1956 which stipulates that, during his lifetime, father alone should be the natural guardian of a Hindu minor.
- 3.2.2 The legal and practical aspects of the problem have been examined by the Reserve Bank. If the idea underlying the demand for allowing

mothers to be treated as guardians related only to the opening of fixed, recurring deposit and savings banks accounts, notwithstanding the legal provisions, such accounts could be opened by banks provided they take adequate safeguards in allowing operations in the accounts by ensuring that minors' account opened with mothers as guardians are not allowed to be overdrawn and that they always remain in credit. In this way, the minor's capacity to enter into contract would not be a subject matter of dispute.

- 3.2.3 Further, in cases where the amount involved is large, and if the minor is old enough to understand the nature of the transaction, the banks could take his acceptance also for paying out money from such account.

#### **4. NOMINATION FACILITIES**

##### **4.1 OPERATIONAL INSTRUCTIONS**

- (i) Nomination facility should be made available to all types of deposit accounts, irrespective of the nomenclature used by different banks.
- (ii) Unless the customer prefers not to nominate, (this may be recorded, without giving scope for conjecture of non-compliance) nomination should be a rule, to cover all existing and new accounts.
- (iii) Nomination facility is available for saving bank accounts opened for credit of pension. However, Co-operative Societies (Nomination) Rules, 1985, are distinct from the Arrears of Pension (Nomination) Rules, 1983, and the nomination exercised by the pensioner under the latter Rules for receipt of arrears of pension will not be valid for the purpose of deposit accounts held by the pensioners with banks for which a separate nomination is necessary in terms of Co-operative Societies (Nomination) Rules, 1985, in case a pensioner desires to avail of nomination facility.
- (iv) Banks are advised to generally insist that the person opening a deposit account makes a nomination. In case the person opening an account declines to fill in nomination, the banks should explain the advantages of nomination facility. If the person opening the account still does not want to nominate, the banks should ask him to give a specific letter to the effect that he does not want to make nomination. In case the person opening the account declines to give such a letter, the bank should record the fact on the account opening form and proceed with opening of the account if otherwise found eligible. Under no circumstances, a bank should refuse to open an account solely on the ground that the person opening the account refused to nominate. This procedure should be adopted in respect of deposit accounts in the name of Sole Proprietary Concerns also.

- (v) It is clarified that the various nomination forms (DA1, DA2, and DA3 for Bank Deposits, Forms SC1, SC2 and SC3 for articles in safe custody and Forms SL1, SL1A, SL2, SL3 and SL3A for Safety Lockers) prescribed under the Co-operative Banks (Nomination) Rules, 1985, only Thumb-impression(s) shall be attested by two witnesses. The signatures of the account holders need not be attested by witnesses. Banks are advised to ensure strict compliance of the said instructions

## **4.2 The Act Provisions**

Sections 45 ZA to 45 ZF of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) provide, *inter alia*, for the following matters:

- (i) to enable a co-operative bank to make payment to the nominee of a deceased depositor, of the amount standing to the credit of the depositor.
- (ii) to enable a co-operative bank to return the articles left by a deceased person in its safe custody to his nominee, after making an inventory of the articles in the manner directed by the Reserve Bank.
- (iii) to enable a co-operative bank to release the contents of a safety locker to the nominee, of the hirer of such locker, in the event of the death of the hirer after making an inventory of the contents of the safety locker in the manner directed by the Reserve Bank.

## **4.3 The Rules**

The Co-operative Banks (Nomination) Rules, 1985 provide for:

- (i) Nomination forms for deposit accounts, articles kept in safe custody and the contents of safety lockers,
- (ii) Forms for cancellation and variation of the nomination,
- (iii) Registration of nominations and cancellation and variation of nominations, and matters related to the above.

The Nomination Rules in respect of Deposit Accounts provide as under:

- (a) The nomination to be made by the depositor or, as the case may be, all the depositors together in respect of a deposit held by a co-operative bank to the credit of one or more individuals.
- (b) The said nomination may be made only in respect of a deposit, which is held in the individual capacity of the depositor and not in any representative capacity as the holder of an office or otherwise.

- (c) Where the nominee is a minor, the depositor or, as the case may be, all the depositors together, may, while making the nomination, appoint another individual not being a minor, to receive the amount of the deposit on behalf of the nominee in the event of the death of the depositor or, as the case may be, all the depositors during the minority of the nominee.
- (d) In the case of a deposit made in the name of a minor, the nomination shall be made by a person-lawfully entitled to act on behalf of the minor.
- (e) The cancellation of the said nomination to be made by the depositor or, as the case may be, all the depositors together.
- (f) A variation of the said nomination to be made by the depositor or, as the case may be all the depositors together.
- (g) The said nomination shall be made in favour of only one individual.
- (h) A nomination, cancellation of nomination or variation of nomination may be made as aforesaid at any time during which the deposit is held by a co-operative bank to the credit of the depositor or depositors, as the case may be.
- (i) In the case of a deposit held to the credit of more than one depositor, the cancellation or variation of a nomination shall not be valid unless it is made by all the depositors surviving at the time of the cancellation or variation of the nomination.
- (j) The co-operative bank shall acknowledge in writing, to the depositor or depositors concerned the filing of the relevant duly completed Form of nomination or cancellation of nomination or variation of nomination, as the case may be, in respect of a deposit.
- (k) The relevant duly completed Form of Nomination or cancellation of nomination or variation of nomination filed with the co-operative bank shall be registered in the books of the co-operative bank.
- (l) A nomination or cancellation of nomination or variation of nomination shall not cease to be in force merely by reason of the renewal of the deposit.

#### **4.4 Record of Nomination**

##### **4.4.1 Acknowledgement of Nomination**

In terms of Rules 2 (9), 3 (8) and 4 (9) of the Co-operative Banks (Nomination) Rules 1985, banks are required to acknowledge in writing to the depositor(s) / locker hirers (s) the filing of the relevant duly completed Form of nomination, cancellation and / or variation of the nomination. Banks are advised to strictly comply with the provisions of Banking Regulation Act, 1949 (As Applicable to Co-operative

Societies) and Co-operative Banks (Nomination) Rules, 1985 and devise a proper system of acknowledging the receipt of the duly completed form of nomination, cancellation and / or variation of the nomination. Such acknowledgement should be given to all the customers irrespective of whether the same is demanded by the customers. Further, in addition to the legend “Nomination Registered”, they should also indicate the name of the Nominee in the Pass Books / Statement of Accounts / Fixed Deposit Receipts, in case the customer is agreeable to the same.

#### **4.4.2 Registration of Nomination**

The Rules 2(10), 3(9) and 4(10) require a bank to register in its books the nomination, cancellation and/or variation of the nomination. The banks should accordingly take action to register nominations or changes therein, if any, made by their depositor(s) hirer(s) of lockers.

The following aspects may be adhered to while recording nominations:

- (i) In addition to obtaining nomination form, banks may provide for mentioning name and address of the nominee in the account opening form. Publicity about nomination facility is needed, including printing compatible message on chequebook, passbook and any other literature reaching the customer as well as launching periodical drives to popularise the facility.
- (ii) In case of joint deposits, after the death of one of the depositors, the banks may allow variation/cancellation of a subsisting nomination by other surviving depositor (s) acting together. This is also applicable to deposits having operating instructions “either or survivor”. It may be noted that in the case of a joint deposit account, the nominee’s right arises only after the death of all the depositors.
- (iii) The banks may introduce a practice of recording on the face of the pass book the position regarding availment of nomination facility with the legend ‘Nomination Registered’. This may be done in the case of term deposit receipts also.

#### **4.5 Nomination Facility in respect of Articles in Safe Custody**

##### **4.5.1 Legal Provisions**

The legal provisions providing for nomination and return of articles kept in safe custody to the nominee and protection against notice of claims of other persons are detailed in Sections 45 ZC and 45 ZD of Banking Regulation Act, 1949 (As Applicable to Co-operative Societies).

#### **4.5.2 Nomination Rules in respect of Articles in Safe Custody**

The Nomination Rules in respect of articles kept in safe custody provides as under:

- (a) The nomination to be made by an individual (hereinafter referred to as the “depositor”) in respect of articles left in safe custody with a co-operative bank.
- (b) Where the nominee is minor, the depositor may, while making the nomination, appoint another individual not being a minor, to receive the said articles on behalf of the nominee in the event of the death of the depositor during the minority of the nominee.
- (c) Where the articles are left in safe custody with a co-operative bank in the name of a minor, the nomination shall be made by a person lawfully entitled to act on behalf of the minor.
- (d) The nomination should be made in favour of only one individual.
- (e) A nomination, cancellation of nomination or variation of nomination may be made by the depositor at any time during which the articles so deposited are held in safe custody by the co-operative bank.
- (f) The co-operative bank should acknowledge in writing, to the depositor, the filing of the relevant duly completed Form of nomination or cancellation of nomination or variation of nomination, as the case may be, in respect of the articles so deposited.
- (g) The duly completed Form of nomination or cancellation of nomination or variation of nomination filed with the co-operative bank should be registered in the books of the co-operative bank.

#### **4.5.3 Operational Instructions**

- (i) Nomination facilities are available only in the case of individual depositors and not in respect of persons jointly depositing articles for safe custody.
- (ii) While returning articles kept in safe custody to the nominee or nominees and surviving hirers, banks are not required to open sealed/closed packets left with them for safe custody while releasing them.
- (iii) In the matter of returning articles left in safe custody by the deceased depositor to the nominee, the Reserve Bank, in pursuance of sections 45 ZC(3) and 45 ZE(4), read with section 56, of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies), has specified the formats for the purpose.
- (iv) In order to ensure that the articles left in safe custody are returned to the genuine nominee, as also to verify the proof of death, co-operative banks may devise their own claim formats or

follow the procedure, if any, suggested for the purpose either by their own federation/association or by the Indian Banks' Association (IBA). As regards proof of death of depositor, the IBA has advised its member banks to follow the procedures as prevalent in banks viz. production of the death certificate or any other satisfactory mode of proof of death.

#### **4.6 Nomination in respect of Safe Deposit Locker Accounts**

##### **4.6.1 Legal Provisions**

The legal provisions providing for nomination and release of contents of safety lockers to the nominee and protection against notice of claims of other persons are detailed in Sections 45 ZE and 45 ZF of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies).

##### **4.6.2 The Nomination Rules in respect of Safety Locker**

The Nomination Rules in respect of Safety Lockers provide as under:

- (a) Where the locker is hired from a co-operative bank by two or more individuals jointly, the nomination to be made by such hirers.
- (b) In the case of a sole hirer of a locker, nomination shall be made in favour of only one individual.
- (c) Where the locker is hired in the name of a minor, the nomination shall be made by a person lawfully entitled to act on behalf of the minor.
- (d) The cancellation of the said nomination to be made by the sole hirer or, as the case may be, joint hirers of a locker.
- (e) A variation of the said nomination to be made by the sole hirer of a locker.
- (f) A variation of the said nomination to be made by the joint hirers of a locker.
- (g) A nomination, cancellation of nomination or variation of nomination may be made as aforesaid at any time during which the locker is under hire.
- (h) A co-operative bank shall acknowledge in writing to the sole hirer or joint hirers, the filing of the relevant duly completed Form of nomination or cancellation of nomination or variation of nomination, as the case may be, in respect of the locker so hired.
- (i) The relevant duly completed Form of nomination or cancellation of nomination or variation of nomination filed with the co-



operative bank shall be registered in the books of the co-operative bank.

#### **4.6.3 Operational Instructions**

- (i) In the matter of allowing the nominee(s) to have access to the locker and permitting him/them to remove the contents of the locker, the Reserve Bank, in pursuance of sections 45 ZC(3) and 45 ZE (4), read with section 56, of the Banking Regulation Act, 1949, has specified the Formats for Banking Regulation Act, 1949.
- (ii) In order to ensure that the amount of deposits, articles left in safe custody and contents of lockers are returned to the genuine nominee, banks may take action as indicated in paragraph 4.5.3 (iv) above.
- (iii) While releasing contents of lockers to the nominee or nominees and surviving hirers, banks are not required to open sealed/closed packets found in locker.
- (iv) As regards locker hired jointly, on the death of any one of the joint hirers, the contents of the locker are only allowed to be removed (jointly by the nominee and the survivors) after an inventory is taken in the prescribed manner. In such a case, after such removal preceded by an inventory, the nominee and surviving hirer(s) may still keep the entire contents with the same bank, if they so desire by entering into a fresh contract of hiring a locker.
- (v) Section 45 ZE, read with section 56 of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies), does not preclude a minor from being a nominee for obtaining delivery of the contents of a locker. However, the responsibility of the banks in such cases is to ensure that when the contents of a locker are sought to be removed on behalf of the minor nominee, the articles are handed over to a person who, in law, is competent to receive the articles on behalf of the minor.

### **5. OPERATIONS IN ACCOUNTS**

#### **5.1 Joint Accounts**

##### **5.1.1 Modes of Operations in Joint Accounts**

- (i) A copy of the letter No. LA.C/19-96-29 dated 28 August 1980, received from the IBA is given in the Annex I. Banks may consider the desirability of issuing suitable instructions to their branches for their information and necessary guidance on the subject.
- (ii) If fixed/term deposit accounts are opened with operating instructions 'Either or Survivor', the signatures of both the

depositors need not be obtained for payment of the amount of the deposits on maturity. However, the signatures of both the depositors may have to be obtained, in case the deposit is to be paid before maturity. If the operating instruction is 'Either or Survivor' and one of the depositors expires before the maturity, no pre-payment of the fixed /term deposit may be allowed without the concurrence of the legal heirs of the deceased joint holder. This, however, would not stand in the way of making payment to the survivor on maturity.

- (iii) In case the mandate is 'Former or Survivor', the 'Former' alone can operate /withdraw the matured amount of the fixed term deposit, when both the depositors are alive. However, the signature of both the depositors may have to be obtained, in case the deposit is to be paid before maturity. If the former expires before the maturity of the fixed /term deposit, the 'Survivor' can withdraw the deposit on maturity. Premature withdrawal would however require the consent of both the parties, when both of them are alive, and that of the surviving depositor and the legal heirs of the deceased in case of death of one of the depositors.
- (iv) If the joint depositors prefer to allow premature withdrawals of fixed / term deposits also in accordance with the mandate of 'Either or Survivor' or 'Former or Survivor', as the case may be, it would be open to banks to do so, provided they have taken a specific joint mandate from the depositors for the said purpose.

### **5.1.2 Precautions in Opening Joint Accounts**

- (i) In the case of too many joint account holders, the banks should keep the following guidelines in view, while opening joint accounts and permitting operations thereon:
  - (a) While there are no restrictions on the number of account holders in a joint account, it is incumbent upon the banks to examine, every request for opening joint accounts very carefully. In particular, the purpose, nature of business handled by the parties and other relevant aspects relating to the business, and the financial position of the account holders, need to be looked into before opening such accounts. Care has also to be exercised when the number of account holders is large.
  - (b) The account payee cheques payable to third parties should not be collected.
  - (c) Cheques that are "crossed generally" and payable to "order" should be collected only on proper endorsement by the payee.
  - (d) Care should be exercised in collection of cheques for large amounts.

- (e) The transactions put through in joint accounts should be scrutinised by the banks periodically and action taken as may be appropriate in the matter. Care should be exercised to ensure that the joint accounts are not used for *benami* transactions.
- (ii) The internal control and vigilance machinery should be tightened to cover the above aspects relating to the opening and operation of joint accounts.

## **5.2 Monitoring Operations in New Accounts**

- 5.2.1 A system of maintaining a close watch over the operations in new accounts should be introduced. While at branches, primarily the responsibility for monitoring newly opened accounts would rest with the in-charges of the concerned Department/Section, the Branch Managers or the Managers of Deposit Accounts Department at larger branches should at least for the first six months, from the date of opening of such accounts, keep a close watch, so as to guard against fraudulent or doubtful transactions taking place therein. If any transaction of suspicious nature is revealed, banks should enquire about the transaction from the account holder, and if no convincing explanation is forthcoming, they should consider reporting such transactions to the appropriate investigating agencies.
- 5.2.2 Caution should be exercised whenever cheques/ drafts for large amounts are presented for collection, or Telegraphic Transfers (TTs)/Mail Transfers (MTs) are received for credit of new accounts immediately/within a short period after opening of account. In such cases, genuineness of the instruments and the account holder should be thoroughly verified. If necessary the paying bank should check with the collecting bank about the genuineness of any large value cheques/drafts issued. Demand Drafts (DDs)/Cheques for large amounts presented for collection should be verified under ultra violet lamps to safe guard against chemical alterations.

## **5.3 Monitoring Operations in all Accounts**

- 5.3.1 A system of close monitoring of cash withdrawal for large amounts should be put in place. Where third party cheques, drafts, etc. are deposited in the existing and newly opened accounts followed by cash withdrawals for large amounts, the banks should keep a proper vigil over the requests of their clients for such cash withdrawals for large amounts.
- 5.3.2 The banks should introduce a system of closely monitoring cash deposits and withdrawals for Rs. 5 lakh and above not only in deposit accounts but also in all other accounts like cash credit/overdraft etc. The banks/branches should also maintain a separate register to record details of individual cash deposits and withdrawals for Rs. 5 lakh and

above. The details recorded should include, in the case of deposits, the name of the account holder, account number, amount deposited and in the case of withdrawals, the name of the account holder, account number, amount of withdrawal and name of the beneficiary of the cheque. Further, any cash deposits or withdrawals of Rs. 5 lakh and above should be reported by the Branch Manager to the Head Office on a fortnightly basis along with full particulars, such as name of the account holder, account number, date of opening the account, etc. On receipt of these statements from branches, the Head Office should immediately scrutinise the details thereof and have the transactions looked into by deputing officials, if the transactions prima facie appear to be dubious or giving rise to suspicion. The inspecting officials from the Reserve Bank during the course of their inspections will also be looking into the statements submitted by the branches.

5.3.3 The other important areas in the payment of cheques wherein due caution need to be exercised are verification of drawer's signature, custody of specimen signature cards, supervision over issue of cheque books and control over custody of blank cheque books/leaves. While need for examining cheques for large amounts under Ultra Violet Ray Lamps is recognised by all banks, in practice it is rarely done as there is often a tendency to be lax in the matter resulting in avoidable loss. In addition, due care should be exercised in regard to issue and custody of tokens, movement of cheques tendered across the counter and custody of all instruments after they are paid by the banks. Depositors/ Customers should be asked to surrender unused cheque books before closing/transferring the accounts. Also safe custody of specimen signature cards is of utmost importance, especially when operating instructions are changed, the change should be duly verified by a senior official in the branch.

#### **5.4 Issue of Cheque Books**

Fresh cheque books should be issued only against production of duly signed requisition slips from previous cheque book issued to the party. In case the cheque book is issued against a requisition letter, the drawer should be asked to come personally to the bank or cheque book should be sent to him under registered post directly without being delivered to the bearer. Loose cheques should be issued to account holder only when they come personally with a requisition letter and on production of passbooks.

#### **5.5 Unclaimed Deposits and Inoperative/ Dormant Accounts**

In view of the increase in the amount of unclaimed deposits with banks year after year and the inherent risk associated with such deposits, it is felt that banks should play a more pro-active role in finding the whereabouts of the account holders whose accounts have remained inoperative. Moreover, there is a feeling that banks are undeservedly

enjoying the unclaimed deposits, while paying no interest on it. Keeping these factors in view, UCBs may follow the instructions detailed below while dealing with inoperative/dormant accounts:

- (i) UCBs should carry out an annual review of accounts in which there are no operations (i.e. no credit or debit other than crediting of periodic interest or debiting of service charges) for more than one year. The banks may approach the customers and inform them in writing that there has been no operation in their accounts and ascertain the reasons for the same. In case the non-operation in the account is due to shifting of the customers from the locality, they may be asked to provide the details of the new bank accounts to which the balance in the existing account could be transferred.
- (ii) If the letters are returned undelivered, they may immediately be put on enquiry to find out the whereabouts of customers or their legal heirs in case they are deceased.
- (iii) In case the whereabouts of the customers are not traceable, banks should consider contacting the persons who had introduced the account holder. They could also consider contacting the employer / or any other person whose details are available with them. They could also consider contacting the account holder telephonically in case his telephone number / Cell number has been furnished to the bank. In case of Non Resident accounts, the bank may also contact the account holders through email and obtain their confirmation of the details of the account.
- (iv) A savings as well as current account should be treated as inoperative / dormant if there are no transactions in the account for over a period of two years.
- (v) In case any reply is given by the account holder giving the reasons for not operating the account, banks should continue classifying the same as an operative account for one more year within which period the account holder may be requested to operate the account. However, in case the account holder still does not operate the same during the extended period, banks should classify the same as inoperative account after the expiry of the extended period.
- (vi) For the purpose of classifying an account as 'inoperative' both the type of transactions i.e. debit as well as credit transactions induced at the instance of customers as well as third party should be considered. However, the service charges levied by the bank or interest credited by the bank should not be considered. There may be instances where the customer has given a mandate for crediting the interest in Fixed Deposit account to the Savings Bank account and there are no other operations in the Savings Bank account. Since the interest on

Fixed Deposit account is credited in the Savings Bank accounts as per the mandate of the customer, the same could be treated as a customer induced transaction and the account should be treated as operative account as long as the interest on Fixed Deposit account is credited to the Savings Bank account. The Savings Bank account can be treated as inoperative only after two years from the date of the last credit entry of the interest on Fixed Deposit account.

- (vii) Further, the segregation of the inoperative accounts is from the point of view of reducing risk of frauds etc. However, the customer should not be inconvenienced in any way, just because his account has been rendered inoperative. The classification is there only to bring to the attention of dealing staff, the increased risk in the account. The transaction may be monitored at a higher level both from the point of view of preventing fraud and making a Suspicious Transactions Report. However, the entire process should remain un-noticeable by the customer.
- (viii) Operation in such accounts may be allowed after due diligence as per risk category of the customer. Due diligence would mean ensuring genuineness of the transaction, verification of the signature and identity etc. However, it has to be ensured that the customer is not inconvenienced as a result of extra care taken by the bank.
- (ix) There should not be any charge for activation of inoperative account.
- (x) Banks are also advised to ensure that the amounts lying in inoperative accounts ledger are properly audited by the internal auditors / statutory auditors of the bank.
- (xi) Interest on savings bank accounts should be credited on regular basis whether the account is operative or not. If a Fixed Deposit Receipt matures and proceeds are unpaid, the amount left unclaimed with the bank will attract savings bank rate of interest.

## **5.6 Use of electronic mode of payment for large value transactions**

Recognizing the importance of ensuring the safety and security of the payment systems, Reserve Bank has put in place three modes of electronic payments i.e. Real Time Gross Settlement (RTGS) System, National Electronic Fund Transfer (NEFT) System and Electronic Clearing Service (ECS). Payments through these modes have been steadily growing in the last few years.

An internal Working Group set up by the Reserve Bank had examined various issues related to migration from paper-based systems to electronic systems and had recommended a phased approach of encouraging, monitoring and mandating. Based on the

recommendations of the Group, an approach paper was placed on Reserve Bank's website inviting comments from the members of public on the need for making the payment transactions of Rs. 1 crore and above between Reserve Bank regulated entities through electronic payment systems mandatory. The comments received from the stake holders were examined. As the proposal has been found to be generally acceptable, it has been decided that large value payments of Rs.1 crore and above be mandatorily routed through electronic payment mechanism with time frame, as under:

| Sl. No. | Type of transactions   | Time frame    |
|---------|--|---------------|
| (i)     | All payment transactions of Rs. 1 crore and above between the Reserve Bank regulated entities such as banks, Primary Dealers and NBFCs                 | April 1, 2008 |
| (ii)    | All payments of Rs. 1 crore and above in Reserve Bank regulated markets such as money market, Government Securities market and foreign exchange market | April 1, 2008 |

Considering the level of comfort that the electronic payment systems and its users have achieved, it has since been decided to reduce the threshold limit mandated from Rs 1 crore to Rs.10 lakh with effect from August 1, 2008.

## **5.7 Operation of Bank Accounts by Old/Sick/Incapacitated Customers**

5.7.1 In order to facilitate old/sick/incapacitated bank customers to operate their bank accounts, procedure as laid down in paragraph 5.7.2 below may be followed. The cases of sick/old/incapacitated account holders fall into the following categories:

- (i) an account holder who is too ill to sign a cheque/cannot be physically present in the bank to withdraw money from his bank account but can put his/her thumb impression on the cheque/withdrawal form, and
- (ii) an account holder who is not only unable to be physically present in the bank but is also not even able to put his/her thumb impression on the cheque/withdrawal form due to certain physical defect/incapacity.

5.7.2 The banks may follow the procedure as under:

- (i) Wherever thumb or toe impression of the sick/old/incapacitated account holder is obtained, it should be identified by two independent witnesses known to the bank, one of whom should be a responsible bank official.
- (ii) Where the customer cannot even put his/her thumb impression and also would not be able to be physically present in the bank, a

mark obtained on the cheque/withdrawal form which should be identified by two independent witnesses, one of whom should be a responsible bank official.

- 5.7.3 In such cases, the customer may be asked to indicate to the bank as to who would withdraw the amount from the bank on the basis of cheque/withdrawal form as obtained above and that person should be identified by two independent witnesses. The person who would be actually drawing the money from the bank should be asked to furnish his signature to the bank.
- 5.7.4 In this context, according to an opinion obtained by the IBA from their consultant on the question of opening of a bank account of a person who had lost both his hands and could not sign the cheque/withdrawal form, there must be physical contact between the person who is to sign and the signature or the mark put on the document. Therefore, in the case of the person who has lost both his hands, the signature can be by means of a mark. This mark can be placed by the person in any manner. It could be the toe impression, as suggested. It can be by means of mark which anybody can put on behalf of the person who has to sign, the mark being put by an instrument which has had a physical contact with the person who has to sign.
- 5.7.5 Reserve Bank has been advised by the National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities (the Trust) that a question had been raised as to whether the banks and the banking sector could accept the guardianship certificates in regard to persons with disabilities issued by the Local Level Committees set up under the National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999. The Trust has mentioned that the above Act was specifically passed by the Parliament in order to provide for appointment of legal guardians for persons with disability that is covered under the said Act. The above Act provides for appointment of legal guardians for persons with disability by the Local Level Committees set up under the Act. The Trust has opined that a legal guardian so appointed can open and operate the bank account as long as he remains the legal guardian. It may also be noted that the provisions of Mental Health Act, 1987 also allows appointment of Guardian by District Courts. Banks are therefore advised to rely upon the Guardianship Certificate issued either by the District Court under Mental Health Act or by the Local Level Committees under the above Act for the purposes of opening / operating bank accounts. Banks may also ensure that their branches give proper guidance so that the parents / relatives of the disabled persons do not face any difficulty in this regard.



## **5.8 Receipt of Foreign Contributions by various Associations / Organisations in India under Foreign Contribution (Regulation) Act, 1976**

5.8.1 The Foreign Contribution (Regulation) Act, requires that the associations having a definite cultural, economic, educational, religious and social programme and receiving foreign contribution should get themselves registered with the Ministry of Home Affairs, Government of India and receive foreign contribution only through such one of the branches of a bank, as an association may specify in its application for registration with the Ministry of Home Affairs.

5.8.2 Further, the said Act provides that every association referred to in sub-section (1) of Section (6) may, if it is not registered with the Central Government, accept any foreign contribution only after obtaining prior permission of the Central Government.

5.8.3 There are also certain organisations of a political nature, not being political parties (including their branches/units) specified by the Central Government under Section 5(l) of the Act. These organisations require prior Permission of the Central Government for accepting any foreign contribution. In this regard, the banks should take the following precautions:

- (i) To afford credit of the proceeds of cheques/drafts representing foreign contribution only if the association is registered with the Ministry of Home Affairs, Government of India.
- (ii) To insist on production of a communication from the Ministry of Home Affairs conveying prior permission of the Central Government for acceptance of specific amount of foreign contribution in case the association is not registered under the Foreign Contribution (Regulation) Act, 1976.
- (iii) Not to afford credit to the account of such associations as are not registered with the Ministry of Home Affairs separately for the purpose of accepting foreign contribution under the Foreign Contribution (Regulation) Act, 1976.
- (iv) Not to afford credit to the account of such associations as have been directed to receive foreign contributions only after obtaining prior permission of the Central Government.
- (v) Not to allow the credit of the proceeds of the cheques/ demand drafts etc. to the organisations of a political nature, not being political parties (including their branches and units) unless a letter containing the prior permission of the Central Government under the Foreign Contribution (Regulation) Act, 1976 is produced by such organisations.
- (vi) To note the registration number as conveyed by the Ministry of Home Affairs to the various associations in the relevant records

particularly the pages of the ledgers in which the foreign contribution accounts of associations are maintained to ensure that no unwanted harassment is caused to such associations.

- (vii) In case any cheque/demand draft has been tendered to the bank for realisation of its proceeds and credit to the account of the association/organisation by an association or organisation which is not registered or which requires prior permission, as the case may be, the concerned branch of the bank may approach the Ministry of Home Affairs for further instructions. In no case the banks should credit the account of association/organisation of a political nature, not being a political party, as specified by the Central Government and of an unregistered association, unless the association/organisation produces a letter of the Ministry of Home Affairs conveying permission of the Central Government to accept the foreign contribution.
- (viii) Where prior permission has been granted such permission is to accept only the specific amount of the foreign contribution which would be mentioned in the relevant letter. The Ministry of Home Affairs is invariably endorsing a copy of the order of registration or prior permission for each association/organisation to the concerned branch of the bank through which the foreign contributions are to be received for credit to the Associations/ Organisations deposit account.

5.8.4 For the above purpose, appropriate systems may be devised within the bank to ensure meticulous compliance with these instructions and completely eliminate instances of non-compliance. The system so devised may be intimated to all the branches of the bank for proper implementation and strict compliance and the same should be effectively monitored at Head Office level.

5.8.5 Further, banks are also required to submit a Return furnishing details of the foreign contributions credited to the accounts of associations/ organisations on a half yearly basis for the period ending 30th September and 31st March every year as per the format given in the Annex II to Government of India, Ministry of Home Affairs within a period of two months from the close of half year. To facilitate timely submission of half yearly Returns to the Government, the banks may designate a 'Nodal Officer' at the Head Office who should be responsible for ensuring accurate and timely submission of Returns.

5.8.6 Non-adherence to these instructions will tantamount to violation of the provisions of the said Act. Even non-submission of the prescribed Return in time to the Government of India would be viewed very seriously.

## **6. SETTLEMENT OF CLAIMS IN RESPECT OF DECEASED DEPOSITORS**

Urban Co-operative Banks are advised to instruct all their branches to adhere to the extant instructions on the subject to facilitate expeditious and hassle free settlement of claims on the death of a depositor. To facilitate expeditious and hassle-free settlement of claims on the death of a depositor, the following guidelines may be followed:

### **Access to balance in deposit accounts**

#### **6.1 Accounts with survivor/ nominee clause**

In the case of deposit accounts where the depositor had utilised the nomination facility and made a valid nomination or where the account was opened with the survivorship clause ("either or survivor", or "anyone or survivor", or "former or survivor" or "latter or survivor"), the payment of the balance in the deposit account to the survivor(s)/nominee of a deceased deposit account holder represents a valid discharge of the bank's liability provided:

- (a) the bank has exercised due care and caution in establishing the identity of the survivor(s) / nominee and the fact of death of the account holder, through appropriate documentary evidence;
- (b) there is no order from the competent court restraining the bank from making the payment from the account of the deceased; and
- (c) it has been made clear to the survivor(s) / nominee that he would be receiving the payment from the bank as a trustee of the legal heirs of the deceased depositor, i.e., such payment to him shall not affect the right or claim which any person may have against the survivor(s) / nominee to whom the payment is made.

6.2 It may be noted that since payment made to the survivor(s) / nominee, subject to the foregoing conditions, would constitute a full discharge of the bank's liability, insistence on production of legal representation is superfluous and unwarranted and only serves to cause entirely avoidable inconvenience to the survivor(s) / nominee and would, therefore, invite serious supervisory disapproval. In such case, therefore, while making payment to the survivor(s) / nominee of the deceased depositor, the banks are advised to desist from insisting on production of succession certificate, letter of administration or probate, etc., or obtain any bond of indemnity or surety from the survivor(s)/nominee, irrespective of the amount standing to the credit of the deceased account holder.

### **6.3 Accounts without the survivor/ nominee clause**

In case where the deceased depositor had not made any nomination or for the accounts other than those styled as "either or survivor" (such as single or jointly operated accounts), banks are advised to adopt a simplified procedure for repayment to legal heir(s) of the depositor keeping in view the imperative need to avoid inconvenience and undue hardship to the common person. In this context, banks may, keeping in view their risk management systems, fix a minimum threshold limit, for the balance in the account of the deceased depositors, up to which claims in respect of the deceased depositors could be settled without insisting on production of any documentation other than a letter of indemnity.

### **6.4 Premature Termination of term deposit accounts**

- (i) In case of term deposits with "Either or Survivor" or "Former or Survivor" mandate, UCBs are permitted to allow premature withdrawal of the deposit by the surviving joint depositor on the death of the other, only if, there is a joint mandate from the joint depositors to this effect.
- (ii) UCBs which have neither incorporated such a clause in the account opening form nor taken adequate measures to make the customers aware of the facility of such mandate, cause unnecessary inconvenience to the "surviving" deposit account holder (s). UCBs are, therefore, advised to invariably incorporate the aforesaid clause in the account opening form and also inform their existing as well as future term deposit holders about the availability of such an option.
- (iii) The joint deposit holders may be permitted to give the mandate either at the time of placing fixed deposit or anytime subsequently during the term /tenure of the deposit. If such a mandate is obtained, banks can allow premature withdrawal of term /fixed deposits by the surviving depositor without seeking the concurrence of the legal heirs of the deceased joint deposit holder. Such premature withdrawal would not attract any penal charge.

### **6.5 Treatment of flows in the name of the deceased depositor**

In order to avoid hardship to the survivor(s) / nominee of a deposit account, banks are advised to obtain appropriate agreement / authorization from the survivor(s) / nominee with regard to the treatment of pipeline flows in the name of the deceased account holder. In this regard, banks could consider adopting either of the following two approaches:

- The bank could be authorized by the survivor(s) / nominee of a deceased account holder to open an account styled as 'Estate of Shri \_\_\_\_\_, the Deceased' where all the pipeline flows

in the name of the deceased account holder could be allowed to be credited, provided no withdrawals are made.

**OR**

- The bank could be authorized by the survivor(s) / nominee to return the pipeline flows to the remitter with the remark "Account holder deceased" and to intimate the survivor(s) / nominee accordingly. The survivor(s) / nominee / legal heir(s) could then approach the remitter to effect payment through a negotiable instrument or through ECS transfer in the name of the appropriate beneficiary.

#### **6.6 Access to the safe deposit lockers / safe custody articles**

For dealing with the requests from the nominee(s) of the deceased locker-hirer / depositors of the safe-custody articles (where such a nomination had been made) or by the survivor(s) of the deceased (where the locker / safe custody article was accessible under the survivorship clause), for access to the contents of the locker / safe custody article on the death of a locker hirer / depositor of the article, the banks are advised to adopt generally the foregoing approach, *mutatis mutandis*, as indicated for the deposit accounts. Detailed guidelines in this regard are, however, being issued separately.

#### **6.7 Time limit for settlement of claims**

Banks are advised to settle the claims in respect of deceased depositors and release payments to survivor(s) / nominee(s) within a period not exceeding 15 days from the date of receipt of the claim subject to the production of proof of death of the depositor and suitable identification of the claim(s), to the bank's satisfaction. Banks should report to the Customer Service Committee of the Board, at appropriate intervals, on an ongoing basis, the details of the number of claims received pertaining to deceased depositors / locker-hirers / depositors of safe custody article accounts and those pending beyond the stipulated period, giving reasons therefor.

#### **6.8 Provisions of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies)**

In this connection, attention is also invited to the provisions of Sections 45 ZA to 45 ZF read with Section 56 of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) and the Co-operative Banks (Nomination) Rules, 1985.

#### **6.9 Customer Guidance and Publicity**

Banks are advised to give wide publicity and provide guidance to deposit account holders on the benefits of the nomination facility and the survivorship clause. Illustratively, it should be highlighted in the

publicity material that in the event of the death of one of the joint account holders, the right to the deposit proceeds does not automatically devolve on the surviving joint deposit account holder, unless there is a survivorship clause.

## **7. SETTLEMENT OF CLAIMS IN RESPECT OF MISSING PERSONS**

The system which should be followed by banks in case a claim is received from a nominee / legal heirs for settlement of claim in respect of missing persons is as under:

- (a) The settlement of claims in respect of missing persons would be governed by the provisions of Section 107 / 108 of the Indian Evidence Act, 1872. Section 107 deals with presumption of continuance and Section 108 deals with presumption of death. As per the provisions of Section 108 of the Indian Evidence Act, presumption of death can be raised only after a lapse of seven years from the date of his/her being reported missing. As such, the nominee / legal heirs have to raise an express presumption of death of the subscriber under Section 107/108 of the Indian Evidence Act before a competent court. If the court presumes that he/she is dead, then the claim in respect of a missing person can be settled on the basis of the same.
- (b) Banks are advised to formulate a policy, which would enable them to settle the claims of a missing person after considering the legal opinion and taking into account the facts and circumstances of each case. Further, keeping in view the imperative need to avoid inconvenience and undue hardship to the common person, banks are advised that keeping in view their risk management systems, they may fix a threshold limit, up to which claims in respect of missing persons could be settled without insisting on production of any documentation other than (i) FIR and the non-traceable report issued by police authorities and (ii) letter of indemnity.

## **8. DEPOSIT MOBILISATION**

### **8.1 Deposit Collection Agents**

8.1.1 Banks are prohibited from paying brokerage on deposits in any form to any individual, firm, company, association, institution or any other person.

8.1.2 Banks should not employ/engage outside persons even through firms/ companies for collection of deposits including Non-Resident deposits or for selling any other deposit linked products on payment of fees/ commission in any form or manner, except to the extent permitted vide Reserve Bank's Interest Rate Directives.

## **8.2 Acceptance of Deposits by Unincorporated Bodies/ Private Ltd. Companies with 'Bank Guarantee'**

Banks should not accept deposits at the instance of private financiers or unincorporated bodies under any arrangement, which provides for either the issue of deposit receipts favouring the clients of private financiers or giving of an authority by power of attorney, nomination otherwise for such clients receiving such deposits at maturity.

## **8.3 Deposit Collection Schemes floated by Private Organisations**

It may be noted that the Prize Chits and Money Circulation Schemes (Banning) Act, 1978 (No. 43 of 1978) imposes a total ban on the promotion and conduct of prize chit scheme except by charitable and educational institutions notified in that behalf by the State Governments concerned. The lottery falls within the expression "prize chit" under the Act referred to above. Further, sale of lottery tickets on bank counters could be open to abuse and avoidable complaints from members of public. Therefore, the banks should not associate themselves directly or indirectly with lottery schemes of organisations of any description.

## **9. OTHER ASPECTS**

### **9.1 Greater Co-ordination between Banking System and Income-Tax Authorities**

#### **9.1.1 Safe Deposit Lockers**

In order to facilitate the identification of locker keys by the Income-tax officials, the banks should emboss on all locker keys an identification code which would indicate the bank and the branch which had hired the lockers. In case of already hired out lockers, banks should introduce a system whereby the locker keys could be embossed with the identification code of the bank/branch as and when the customer visits the branch for opening the locker. An arrangement for installation of necessary machinery at the branches with the help of the vendor company of the locker cabinet may be made for this purpose. The branches concerned may advise all the locker hirers about the embossing of the locker keys. It may also be ensured that the identification code is embossed on the locker keys in the presence of the locker hirer only.

#### **9.1.2 Co-ordination with Officers of Central Board of Direct Taxes**

There is a need for greater co-ordination between the Income Tax Department and the banking system. As such, the banks may ensure that they extend necessary help/co-ordination to tax officials whenever required. Further, the banks will have to view with serious concern cases where their staff connives/assists in any manner with offences

punishable under the Income Tax Act. In such cases, in addition to the normal criminal action, such staff member should also be proceeded against departmentally.

## **9.2 Register for Unclaimed Deposits**

- 9.2.1 The banks are required to submit to the Reserve Bank, a Return in Form VIII showing unclaimed deposit accounts in India which have not been operated upon for 10 years or more, as at the end of each calendar year. In order to ensure accuracy and timely reporting, it is desirable to maintain a separate register for this purpose at all the branches of each bank.
- 9.2.2 The banks should, therefore, advise their branches to maintain a register for unclaimed deposits in a separate register.
- 9.2.3 The branches may also be advised that entries therein may be made in respect of deposit accounts not operated upon for 10 year. A separate folio may be opened in the register for different types of deposit accounts.
- 9.2.3.1 The branches should ensure to note in the folio in which the relative unclaimed deposit account is maintained, that the unclaimed deposits register should be referred to before allowing operations in the account, so as to caution the bank not to allow operations on such accounts in the usual course but to do so after obtaining the authorisation of a higher official.

## **10. 'KNOW YOUR CUSTOMER' (KYC) GUIDELINES AND ANTI MONEY LAUNDERING (AML) STANDARDS**

### **10.1 'Know Your Customer' (KYC) Guidelines**

- (a) As part of KYC principle, Reserve Bank has issued several guidelines relating to identification of depositors and advised the banks to put in place systems and procedures to prevent financial frauds, identify money laundering and suspicious activities, and for scrutiny/ monitoring of large value cash transactions. Instructions have also been issued from time to time advising banks to be vigilant while opening accounts for new customers to prevent misuse of the banking system for perpetration of frauds.
- (b) KYC guidelines have been revisited in the context of the Recommendations made by the Financial Action Task Force (FATF) on AML standards and on Combating Financing of Terrorism (CFT). These standards have become the international benchmark for framing AML and CFT policies by the regulatory authorities.
- (c) Banks are advised to ensure that a proper policy framework on KYC and AML measures is formulated and put in place with the approval of



the Board. While preparing operational guidelines, banks may ensure that information sought from the customer is relevant to the perceived risk, is not intrusive, and is conformity with the guidelines issued in this regard from time to time. Any other information from the customer should be sought separately with his/her consent and after opening the account.

- (d) An **indicative list** of the nature and type of documents/ information that may be relied upon for customer identification was given in the Annex-II to the [circular UBD. PCB.Cir.30/09.161.00/2004-05 dated December 15, 2004](#). It has been brought to the notice of Reserve Bank that Annex-II, which was clearly termed as an indicative list, is being treated by some banks as an exhaustive list as a result of which a section of public is being denied access to banking services. Banks are, therefore, advised to take a review of their extant internal instructions in this regard.
- (e) It is clarified that permanent correct address, as referred to in Annex-II of our said circular, means the address at which a person usually resides and can be taken as the address as mentioned in a utility bill or any other document accepted by the bank for verification of the address of the customer. It has been observed that some close relatives, e.g. wife, son, daughter and parents etc. who live with their husband, father/mother and son, as the case may be, are finding it difficult to open account in some banks as the utility bills required for address verification are not in their name. It is clarified, that in such cases, banks can obtain an identity document and a utility bill of the relative with whom the prospective customer is living along with a declaration from the relative that the said person (prospective customer) wanting to open an account is a relative and is staying with him/her. Banks can use any supplementary evidence such as a letter received through post for further verification of the address.
- (f) To ease the burden on the prospective customers in complying with KYC requirements for opening new accounts, it has been decided that if the address on the document submitted for identity proof by the prospective customer is same as that declared by him / her in the account opening form, the document may be accepted as a valid proof of both identity and address.
- (g) If the address indicated on the document submitted for identity proof differs from the current address mentioned in the account opening form, a separate proof of address should be obtained. For this purpose, apart from the indicative documents listed in Annex I of the Master Circular on KYC Norms /AML Measures/CFT / Obligations of Banks under Prevention of Money Laundering Act (PMLA), 2002, a rent agreement indicating the address of the customer duly registered with State Government or similar registration authority may also be accepted as a proof of address.

- (h) Unique Identification Authority of India (UIDAI) has advised Reserve Bank that banks are accepting Aadhaar letter issued by it as a proof of identity but not of address, for opening accounts. As indicated at paragraph (g) above, if the address provided by the account holder is the same as that on Aadhaar letter, it may be accepted as a proof of both identity and address.
- (i) NREGA job card may be accepted as an 'officially valid document' for opening of bank account without the limitation applicable to 'Small Accounts'.
- (j) It has been brought to our notice that banks are not promoting opening of 'Small Accounts' for greater financial inclusion. Banks are, therefore, advised to open 'Small Accounts' for all persons who so desire. It is reiterated that all limitations applicable to 'Small Accounts' should be strictly observed.
- (k) While issuing operational instructions to the branches on the subject, banks should keep in mind the spirit of instructions issued by the Reserve Bank and avoid undue hardships to individuals who are, otherwise, classified as low risk customers.
- (l) "Money mules" can be used to launder the proceeds of fraud schemes (e.g., phishing and identity theft) by criminals who gain illegal access to deposit accounts by recruiting third parties to act as "money mules." In some cases these third parties may be innocent while in others they may be having complicity with the criminals. In a money mule transaction, an individual with a bank account is recruited to receive cheque deposits or wire transfers and then transfer these funds to accounts held on behalf of another person or to other individuals, minus a certain commission payment. Money mules may be recruited by a variety of methods, including spam e-mails, advertisements on genuine recruitment web sites, social networking sites, instant messaging and advertisements in newspapers. When caught, these money mules often have their bank accounts suspended, causing inconvenience and potential financial loss, apart from facing likely legal action for being part of a fraud. Many a time the address and contact details of such mules are found to be fake or not up to date, making it difficult for enforcement agencies to locate the account holder. The operations of such mule accounts can be minimised if banks follow the guidelines contained in the various circulars of the Reserve Bank on Know Your Customer (KYC) norms / Anti-Money Laundering (AML) standards / Combating of Financing of Terrorism (CFT) / Obligation of banks under PMLA, 2002. UCBs are, therefore, advised to strictly adhere to the guidelines on KYC / AML / CFT issued from time to time and to those relating to periodical updation of customer identification data after the account is opened and also monitor transactions in order to protect themselves and their customers from misuse by such fraudsters.

- (m) With a view to containing the risk of fraud involved in opening bank accounts of salaried employees, banks need to rely on certification of identity as well as address proof only from corporates and other entities of repute and should be aware of the competent authority designated by the concerned employer to issue such certificate / letter. Further, in addition to the certificate from employer, banks should insist on at least one of the officially valid documents as provided in the Prevention of Money Laundering Rules (viz. passport, driving licence, PAN Card, Voter's Identity card etc.) or utility bills for KYC purposes for opening bank account of salaried employees of corporates and other entities
- (n) When the bank has knowledge or reason to believe that the client account opened by a professional intermediary is on behalf of a single client, that client must be identified. Banks may hold 'pooled' accounts managed by professional intermediaries on behalf of entities like mutual funds, pension funds or other types of funds. Banks also maintain 'pooled' accounts managed by lawyers / chartered accountants or stockbrokers for funds held 'on deposit' or 'in escrow' for a range of clients. Where funds held by the intermediaries are not co-mingled at the bank and there are 'sub-accounts', each of them attributable to a beneficial owner, all the beneficial owners must be identified. Where such funds are co-mingled at the bank, the bank should still look through to the beneficial owners.

If a bank decides to accept such accounts in terms of the Customer Acceptance Policy, the bank should take reasonable measures to identify the beneficial owner(s) and verify his / her / their identity in a manner so that it is satisfied that it knows who the beneficial owner(s) is / are.

Hence, any professional intermediary, who is under any obligation that inhibits bank's ability to know and verify the true identity of the client on whose behalf the account is held or beneficial ownership of the account or understand true nature and purpose of transaction/s, should not be allowed to open an account on behalf of a client.

- (o) In view of the risks involved in cash intensive businesses, accounts of bullion dealers (including sub-dealers) & jewellers should also be categorised by banks as 'high risk' requiring enhanced due diligence. The banks are also required to subject 'high risk accounts' and the transactions to intensified monitoring. High risk associated with such accounts should be taken into account by banks to identify suspicious transactions for filing Suspicious Transaction Reports (STRs) to FIU-IND.
- (p) The instructions contained in paragraph 5 of guidelines on KYC norms and AML Measures of circular dated December 15, 2004, also require banks to put in place a system of periodical review of risk categorization of accounts and the need for applying enhanced due diligence measures in case of higher risk perception on a customer.

- (q) Banks are further advised that such review of risk categorization of customers should be carried out at a periodicity of not less than once in six months. Banks should also introduce a system of periodical updation of customer identification data (including photograph/s) after the account is opened. The periodicity of such updation should not be less than once in five years in case of low risk category customers and not less than once in two years in case of high and medium risk categories. It is, however, observed that there are laxities in effective implementation of the Reserve Bank's guidelines in this area, leaving banks vulnerable to operational risk. Banks should, therefore, ensure compliance with the regulatory guidelines on KYC / AML / CFT both in letter and spirit. Accordingly, UCBs are advised to complete the process of risk categorization and compiling / updating profiles of all of their existing customers in a time-bound manner.
- (r) With a view to ensuring that the banking channels are not used for unlawful / illegal activities, it is reiterated that all UCBs may put in place a system of periodic review of risk categorization of customers and updation of customer identification data to ensure strict adherence to the KYC / AML / CFT guidelines issued by Reserve Bank from time to time.
- (s) Banks are advised that KYC once done by one branch of the bank should be valid for transfer of the account within the bank as long as full KYC procedure has been done for the concerned account. The customer should be allowed to transfer his account from one branch to another branch without restrictions. In order to comply with KYC requirements of correct address of the person, fresh address proof may be obtained from him /her upon such transfer by the transferee branch.
- (t) UCBs may transfer existing accounts at the transferor branch to the transferee branch without insisting on fresh proof of address and on the basis of a self-declaration from the account holder about his / her current address, subject to submitting proof of address within a period of six months.
- (u) UCBs may also accept rent agreement duly registered with State Government or similar registration authority indicating the address of the customer, in addition to other documents listed as proof of address in Annex I of our Master Circular on KYC / AML / CFT dated July 1, 2013.
- (v) UCBs are advised to initiate steps for allotting Unique Customer Identification Code (UCIC) to all their customers while entering into any new relationships for individual customers to begin with. Similarly, existing individual customer may also be allotted UCIC. The UCIC will help UCBs to identify customers, track the facilities availed, monitor financial transactions in a holistic manner and enable UCBs to have a better approach to risk profiling of customers. It would also smoothen banking operations for the customers.

- (w) KYC verification of all the members of Self Help Group need not be done while opening the savings bank account of the SHG and KYC verification of all the office bearers would suffice. As regards KYC verification at the time of credit linking of SHGs, it is clarified that since KYC would have already been verified while opening the savings bank account and the account continues to be in operation and is to be used for credit linkage, no separate KYC verification of the members or office bearers is necessary.

## **10.2. Combating Financing of Terrorism (CFT)**

- (a) In terms of Prevention of Money Laundering Rules, suspicious transaction should include *inter alia* transactions which give rise to a reasonable ground of suspicion that these may involve financing of the activities relating to terrorism. Banks are, therefore, advised to develop suitable mechanism through appropriate policy framework for enhanced monitoring of accounts suspected of having terrorist links and swift identification of the transactions and making suitable reports to the Financial Intelligence Unit – India (FIU-IND) on priority.
- (b) As and when list of individuals and entities, approved by Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs), is received from Government of India, Reserve Bank circulates this to all banks and financial institutions. Banks should ensure to update the consolidated list of individuals and entities as circulated by Reserve Bank. Further, the updated list of such individuals/entities can be accessed in the United Nations website at <http://www.un.org/sc/committees/1267/consolist.shtml>. Banks are advised that before opening any new account it should be ensured that the name/s of the proposed customer does not appear in the list. Further, banks should scan all existing accounts to ensure that no account is held by or linked to any of the entities or individuals included in the list. Full details of accounts bearing resemblance with any of the individuals/entities in the list should immediately be intimated to Reserve Bank and FIU-IND.
- (c) It may be appreciated that KYC norms/AML standards/CFT measures have been prescribed to ensure that criminals are not allowed to misuse the banking channels. It would, therefore, be necessary that adequate screening mechanism is put in place by banks as an integral part of their recruitment/hiring process of personnel.
- (d) These guidelines are issued under Section 35A of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) and any contravention thereof may attract penalties under the relevant provisions of the Act.

**Master Circular  
Maintenance of Deposit Accounts**

**Joint Accounts – ‘Either or Survivor’, ‘Latter or Survivor’  
‘Former or Survivor’, etc.**

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{Ref. Paragraph 5.1.1}

LAC/19-96-29 28 August 1980

Chief Executives of all member banks

Dear Sirs,

**Joint Accounts ‘Either or Survivor’,  
‘Latter or Survivor’, ‘Former or Survivor’, etc.**

In the recent past, several letters have appeared in the press highlighting the difficulties experienced by the joint holders of Savings Bank or Term Deposit accounts, especially in regard to payment before maturity or in the settlement of claims when one of the account holders dies. There appears to be some confusion and misunderstanding about the procedure to be followed in respect of such accounts and the legal implications of the expressions ‘Either or Survivor’, ‘Latter or Survivor’, ‘Former or Survivor’ etc.

**2. Joint Accounts**

In the case of joint accounts (Current, Savings or Deposits) in the names of two or more persons, the terms relating to which do not provide for payment of the amount due under the account to the Survivor(s) in the event of death of one of them, for the banks to obtain a valid discharge payment should be made jointly to Survivor(s) and the legal heirs of the deceased joint account holder. In such a case, in view of the difficulty in ascertaining with certainty as to who the legal heirs of the deceased are, it is the practice of the banks to insist on the production of legal representation (to the estate of the deceased) before settling the claim. As obtaining a grant of legal representation would entail delay and expenses, banks should encourage the opening of joint accounts on terms such as, payable to (a) Either or Survivor, (b) Former/Latter or Survivor, (c) Anyone or Survivors, or Survivor, etc. This point has been emphasised in the Recommendation No. 6 of the Working Group on Customer Service in banks.

**3. Benefits of Survivorship**

If the benefit of survivorship is provided, the survivor can give a valid discharge to the bank. Even though payment to the survivor will confer a

valid discharge to the bank, the survivor will, however, hold the money only as trustee for the legal heirs (who may include the survivor as well) unless he is the sole beneficial owner of the balance in the account or the sole legal heir of the deceased. Thus, the survivor's right unless he is the sole owner of the balance in the account/sole legal heir of the deceased, is only in the nature of a mere right to collect the money from the bank. If the legal heirs of the deceased lay a claim to the amount in the bank, they should be advised that in terms of the contract applicable to the account, the survivor is the person entitled to payment by the bank and that, unless the bank is restrained by an order of a competent court, the bank would be within its rights to make the payment to the survivor(s) named in the account. The position, briefly, is that a payment to survivor can be made if there are no orders from a competent court restraining the bank from making such payments.

#### **4. Joint Savings Bank Account – Either or Survivor/Any one or Survivors or Survivor**

As stated in paragraph 3 above, the survivor can give a valid discharge to the bank. If the legal heirs claim the amount, the bank can inform them that unless they obtain and have served on the bank an order of competent court restraining the bank from effecting payment to the survivor, the bank will be within its rights to do so.

#### **5. Joint Term Deposit Account – Premature/Payment or Loan on death of one of the account holders**

##### **5.1 Account in the style of 'Either or Survivor or 'Anyone or Survivors or Survivor'**

In a joint term deposit account which has been opened in the style of either or survivor/any one or survivors or survivor, the bank often receives a request, on the death of one of the joint account holders, from the surviving depositors) to allow premature encashment or the grant of a loan against the term deposit receipt. It would be in order to accede to the request of the surviving depositors) for premature payment if (i) there is an option included in the contract of deposit to repay before maturity and (ii) "either/any one or survivorship" mandate has been obtained from original depositors. Requests for loans from surviving depositor(s) could also be considered in special cases, though in the case of such loans, the bank may face a possible risk if the legal representatives of the deceased depositor lay an effective claim to the deposit before it is paid on maturity. In such an event, the bank will have to look to the borrower(s) for repayment. This position for premature payment or grant of loan is applicable also in respect of a joint account (in the style of either or survivor/any one or survivors or survivor), where all the account holders are alive.

As a measure of operational prudence, a clause to the effect that loan/premature payment can be permitted to either/any one of the depositors any time during the deposit period can, however, be included in the term deposit contract, i.e. the account opening or application form itself, in the manner indicated in paragraph 6 below.

## **5.2 Joint Term Deposit - Former or Survivor/Latter or Survivor etc.**

In the case of these term deposits, the intention of the owner depositor (former/latter) is to facilitate repayment of the term deposit to the survivor only in the event of his death. He (the owner depositor) is in a position to retain with him at all times, the right to dispose of the monies until his death or maturity of the deposit receipt, whichever is earlier. There should, therefore, be no objection to the bank permitting premature payment of such deposits or granting advances against them at the request of the former/latter without insisting on the production of a consent letter from the other party/parties to the term deposit receipt. Here also it is preferable to make this position explicit to the joint depositors, by incorporating suitable clause in the term deposit account opening or application form.

## **6. Special clause in the application/account opening form for Term Deposit Receipt**

Banks may consider incorporating a clause to the following effect in the account opening form/application form establishing the contract of term deposit:

'The Bank may, on receipt of written application from Shri ----- the former/the latter/**the first** name the second name etc. of us or **Either or Survivor of us**, in its Any one or Survivors of Survivor of us, absolute discretion and subject to such terms and conditions as the Bank may stipulate, (a) grant a loan/advance against the security of the term deposit receipt to be issued in our joint names or (b) make premature payment of the proceeds of the deposit to the former/the latter/**the first named of us**/either the second or survivor of us etc. named of us/any one of us or survivors or survivor of us".



**Master Circular**  
**Maintenance of Deposit Accounts**

**Details of Foreign Contribution received by Associations  
covered under Foreign Contributions (Regulations) Act, 1976**

[Ref. Paragraph 5.8.5]

**Receipts of Foreign Contribution by various Associations/  
Organisation in India under FC(R) Act, 1976**

Name and address of the branch of the Bank:

| Sr. No. | Name & Address of the Association and Account Number | Registration Number under FC(R) Act, 1976 | Letter(s) No. & Date of MHA granting permission under FC(R) Act, 1976 | Date of Credit to the Account | Amount (in Rs.) | Details of Donor(s), if available |
|---------|--|---|---|-------------------------------|-----------------|-----------------------------------|
| 1       | 2  | 3   | 4   | 5                             | 6               | 7                                 |
|         |  |   |   |                               |                 |                                   |
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|         |  |   |   |                               |                 |                                   |

## Appendix

### Master Circular Maintenance of Deposit Accounts

#### List of Circulars consolidated in the Master Circular

| Sr. No. | Circular No.  | Date       | Subject  |
|---------|---|------------|--|
| 1.      | <a href="#">UBD.BPD(PCB)Cir.No.46/14.01.062/2012-13</a>   | 3.4.2013   | Know Your Customer (KYC) Norms / Anti-Money Laundering (AML) Measures/Combating of Financing of Terrorism (CFT) /Obligations of Banks under Prevention of Money Laundering Act (PMLA), 2002 - Primary (Urban) Co-operative Banks – Simplifying Norms for Self Help Groups – Primary UCBs |
| 2.      | <a href="#">UBD.BPD(PCB)Cir.No.39/14.01.062/2012-13</a>   | 7.3.2013   | Know Your Customer (KYC) Norms / Anti-Money Laundering (AML) Measures/Combating of Financing of Terrorism (CFT) /Obligations of Banks under Prevention of Money Laundering Act (PMLA), 2002 - Primary (Urban) Co-operative Banks   |
| 3.      | <a href="#">UBD.CO.PCB.Cir.No.37/14.01.062/2012-13</a>    | 25.2.2013  | Know Your Customer (KYC) Norms / Anti-Money Laundering (AML) Measures - Combating of Financing of Terrorism (CFT) / Obligations of Banks under Prevention of Money Laundering Act (PMLA), 2002   |
| 4.      | <a href="#">UBD.BPD.(PCB).CIR.No.32/13.01.000/2012-13</a> | 21.1.2013  | Settlement of Claims in Respect of Deceased Depositors - Simplification of Procedure - UCBs  |
| 5.      | <a href="#">UBD.BPD(PCB)Cir.No.28/14.01.062/2012-13</a>   | 19.12.2012 | Know Your Customer (KYC) norms / Anti-Money Laundering (AML) Standards/ Combating of Financing of Terrorism (CFT) / Obligation of banks under Prevention of Money Laundering Act (PMLA), 2002  |
| 6.      | <a href="#">UBD.BPD (PCB) Cir.No.25/13.01.000/2012-13</a> | 3.12.2012  | The Co-operative Banks (Nomination) Rules, 1985 - Clarifications   |
| 7.      | <a href="#">UBD.BPD.(PCB).Cir.No.14/14.01.062/2012-13</a> | 9.10.2012  | Know Your Customer (KYC) / Anti-Money Laundering (AML) / Combating of Financing of Terrorism (CFT) Guidelines - Unique Customer Identification Code (UCIC) for banks' customers in India - Primary (Urban) Co-operative Banks  |
| 8.      | <a href="#">UBD.BPD.(PCB).Cir.No.8/14.01.062/2012-13</a>  | 13.9.2012  | Know Your Customer (KYC) / Anti-Money Laundering (AML)/Combating of Financing of Terrorism (CFT) - Risk Categorization and Updation of Customer Profiles - Primary (Urban) Co-operative Banks  |

|     |  |            |   |
|-----|--|------------|---|
| 9.  | <a href="#">UBD.BPD.(PCB) Cir No.6/13.01.000/2012-13</a>     | 30.8.2012  | Premature Repayment of Term /Fixed Deposits in banks with "Either or Survivor" or "Former or Survivor" mandate - Clarification  |
| 10. | <a href="#">UBD.BPD.(PCB) Cir No.5/13.01.000/2012-13</a>     | 17.8.2012  | Financial Inclusion – Access to Banking Services – Basic Savings Bank Deposit Account   |
| 11. | <a href="#">UBD.BPD.(PCB) Cir No.3/14.01.062/2012-13</a>     | 10.7.2012  | Intra-bank Deposit Accounts Portability   |
| 12. | <a href="#">UBD.BPD.(PCB)No.34/12.05.001/2011-12</a>         | 11.5.2012  | Know Your Customer Norms – Accounts of Proprietary concern  |
| 13. | <a href="#">UBD.BPD.(PCB)CIR.No.11/13.01.000/2011-12</a>     | 17.11.2011 | Repayment of Term /Fixed Deposits in Bank   |
| 14. | <a href="#">UBD.BPD.(PCB)No.8/12.05.001/2011-12</a>          | 09.11.2011 | Know Your Customer Norms – Letter issued by Unique Identification Authority of India (UIDAI) containing details of Name, Address and Aadhaar Number                         |
| 15. | <a href="#">UBD.BPD.(PCB)No.37/12.05.001/2010-11</a>         | 18.02.2011 | Know Your Customer Norms – Anti-Money Laundering (AML) Standards / Combatting of financing Terrorism (CFT) / Obligation of Banks under PMLA, 2002                           |
| 16. | <a href="#">UBD.CO.BPD.No.35/12.05.001/2010-11</a>           | 10.01.2011 | Opening of Bank Accounts - Salaried Employees   |
| 17. | <a href="#">UBD.BPD.No.33/12.05.001/2010-11</a>              | 31.12.2010 | Operation of Bank Accounts and Money Mules  |
| 18. | <a href="#">UBD.BPD.(PCB).No.10/12.05.001/2010-11</a>        | 23.8. 2010 | Know your Customer Norms / Anti Money Laundering Standards / Combating of financing of Terrorism (CFT) / Obligation of Banks under Prevention of Money Laundering Act, 2002 |
| 19. | <a href="#">UBD.BPD.CO.NSB1/38/12.03.000/2009-10</a>         | 23.12.2009 | Know your Customer guidelines – Accounts of Proprietary Concern   |
| 20. | <a href="#">UBD.CO.BPD.(PCB).Cir.No.22/12.05.001/2009-10</a> | 16.11.2009 | Extension of Safe Deposit Locker/Safe Custody Article Facility and Access to Safe Deposit Lockers /Return of Safe Custody Articles by banks - UCBs                          |
| 21. | <a href="#">UBD.BPD.(PCB).Cir.No.19/13.01.000/2009-10</a>    | 09.11.2009 | Unclaimed Deposits and Inoperative/Dormant Accounts in UCBs   |
| 22. | <a href="#">UBD.BPD.CO.NSB1/11/12.03.000/2009-10</a>         | 29.09.2009 | Know Your Customer Guidelines – Accounts of Proprietary Concern   |
| 23. | <a href="#">UBD.CO.BPD.PCB.Cir.No.9/12.05.001/2009-10</a>    | 16.09.2009 | Adherence to KYC/AML guidelines while opening and conduct of the accounts of Multi Level Marketing Firms  |
| 24. | <a href="#">UBD CO BPD Cir No:56 / 09.39.000 / 2008-09</a>   | 12.03.2009 | Acknowledgement of Nomination and indicating the Name of the Nominee in Pass Books / Fixed Deposit Receipts   |
| 25. | <a href="#">UBD CO BPD Cir No:9 / 13.01.000 / 2008-09</a>    | 01.09.2008 | Unclaimed Deposits and Inoperative/Dormant Accounts in UCBs   |
| 26. | <a href="#">DPSS No 2096/04.04.007/07-08</a>                 | 20.06.2008 | Use of electronic mode of payment for large value transactions  |
| 27. | <a href="#">45/13.01.000/2007-08</a>                         | 12.05.2008 | Settlement of claims in respect of missing person   |

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| 28. | <a href="#">DPSS. No 1407/02.10.02/2007-08</a>                 | 10.03.2008 | Use of electronic mode of payment for large value transactions   |
| 29. | <a href="#">UBD. CO. BPD. (PCB). No.32 /09.39.000 /2007-08</a> | 25.02.2008 | Know Your Customer (KYC) Norms / Anti-Money Laundering (AML) Standards /Combating of Financing Terrorism                           |
| 30. | <a href="#">UBD.CO. BPD.No. 27/12.05.001/2007-08</a>           | 4.12.2007  | Guardians appointed by Dist. Courts  |
| 31. | <a href="#">UBD (PCB) BPD Cir No: 21 /13.01.000 /2007-08</a>   | 15.11.2007 | Deposit schemes with lock-in period  |
| 32. | <a href="#">UBD. CO. BPD. (PCB). No.2 /09.18.300/2007-08</a>   | 4.7. 2007  | IT-enabled Financial inclusion   |
| 33. | <a href="#">UBD CO BPD Cir No: 36 /13.01.000 / 2006-07</a>     | 19.04.2007 | Nomination Facility in Single Deposit Accounts – UCBs  |
| 34. | UBD CO BPD Cir No: 46 / 16.12..000 / 2006-07                   | 19.04.2007 | Norms for maintaining NRE/NRO accounts- UCBs   |
| 35. | <a href="#">UBD PCB Cir No.19 / 13.01.000// 2005-06</a>        | 24.11.2005 | Financial inclusion – UCBs   |
| 36. | <a href="#">UBD PCB Cir No.4 /13.01.000/ 2005-06</a>           | 14.07.2005 | Settlement of claims in respect of deceased depositors – simplified procedure- UCBs  |
| 37. | <a href="#">UBD PCB Cir No. 7/09.11.01/2004-05</a>             | 29.07.2004 | Opening of current account by banks-need for discipline  |
| 38. | <a href="#">UBD PCB Cir No. 14/09.11.01/2004-05</a>            | 24.08.2004 | Opening of current account by banks-need for discipline  |
| 39. | UBD.CO.BR.29/16.48.00/2000-01                                  | 29.01.2001 | Payment of balances in accounts of the deceased customers to legal survivors/claimants   |
| 40. | UBD.BR.15/16.48.00/2000-2001                                   | 21.11.2000 | Payment of balances in accounts of the Deceased Customers to survivors/claimants   |
| 41. | UBD.CO.BSD.I/11/12.05.00/2000-2001                             | 15.11.2000 | Opening of deposit accounts - Completion of formalities  |
| 42. | UBD.BR.Cir.3/16.48.00/2000-2001                                | 25.08.2000 | Payment of balance in accounts of the Deceased customers to survivors/claimants  |
| 43. | UBD No BSD.I/ 12/12.05.00/99-2000                              | 28.10.1999 | Receipt of foreign contributions by various Associations/Organisations in India under Foreign Contribution (Regulation) Act, 1976  |
| 44. | .UBD.No.BR.32/16.04.00/98-99                                   | 28.06.1999 | Nomination Facility in Deposit Accounts  |
| 45. | UBD No.BSD.I/PCBs.18/12.05.01/98-99                            | 30.01.1999 | Recent of Foreign Contributions by various Associations /Organisations in India under Foreign Contribution (Regulation ) Act, 1976 |
| 46. | UBD.No.DS.PCB.Cir.12/13.01.00/98-99                            | 21.12.1998 | Operation of Banks Accounts by Old/Sick/Incapacitated Customers  |
| 47. | UBD.No.Plan.PCB.Cir.23/09.50.00/97-98                          | 28.11.1997 | Issue of cheque books  |
| 48. | UBD.No.BSD.I/PCB/09/12.05.00/97-98                             | 18.09.1997 | Opening of fictitious/benami deposit accounts and collection of stolen/forged instruments etc.                                     |
| 49. | UBD.No.I&L.49/12.05.00/95-96                                   | 14.03.1996 | Frauds in banks - -Extension Counters  |

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| 50. | UBD.No.I&L.51/12.05.00/95-96     | 14.03.1996 | Frauds in banks through fictitious accounts  |
| 51. | UBD.No.I&L.PCB.44/12.05.00/95-96 | 22.02.1996 | Monitoring of deposit accounts   |
| 52. | UBD.No.I&L.PCB.36/12.05.00/95-96 | 05.01.1996 | Committee to enquire into various aspects relating to frauds and malpractices in banks   |
| 53. | UBD.No.I&L.PCB.28/12.05.00/95-96 | 10.11.1995 | Monitoring of deposit accounts   |
| 54. | UBD.No.I&L/PCB/65/12.05.00/94-95 | 28.06.1995 | Frauds in banks - Monitoring of deposit accounts   |
| 55. | UBD.No.I&L(PCB)38/12.15.00/94-95 | 10.01.1995 | 34th Report of the Estimates Committee on the Ministry of Finance (Department of Economic Affairs) - Prevention of frauds  |
| 56. | UBDNo.I&L27/12.05.00/94-95       | 31.10.1994 | Committee to enquire into various aspects relating to frauds and malpractices in banks obtaining photographs of depositors   |
| 57. | UBD.No.I&L/PCB24/12.05.00/94-95  | 19.10.1994 | Fraudulent encashment of payment instruments   |
| 58. | UBD.No.I&L74/12.05.00/93/94      | 27.05.1994 | Committee to enquire into various aspects relating to frauds and malpractices in banks   |
| 59. | UBDNo.36/12.05.00/93-94          | 08.12.1993 | Committee to enquire into various aspects relating to frauds and malpractices in banks Primary Co-operative Banks  |
| 60. | UBD.DC.1/V.1-89/90               | 02.01.1990 | Opening of Bank Accounts in the Names of Minors with Mothers as Guardians  |
| 61. | UBD.No.BR.695/B.1-88/89          | 19.12.1988 | Payment of Balance in Accounts of the Deceased Customers to Survivors/Claimants - Non-insistence on Production of Succession Certificate - Extension to Other Assets |
| 62. | Ref.UBD.No.DC.18/V.1-88/89       | 10.08.1988 | Deposit Collection Schemes floated by Private Organisations - Sale of Lottery Tickets by Banks   |
| 63. | UBD.No.BR.483/B1-87/88           | 21.10.1987 | Payment of Balance in Accounts of the Deceased Customers to Survivors/Claimants  |
| 64. | UBD.No.I&L.88/J.1-87/88          | 08.06.1987 | Matters relating to Greater Co-ordination between Banking System and Income-tax Authorities  |

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| 65. | UBD.DC.19/V.1.86/87               | 03.09.1986 | Acceptance of Deposits by Unincorporated Bodies/ Private Ltd. Companies with "Bank Guarantee"  |
| 66. | UBD.BR.13/A6-86/87                | 11.08.1986 | Banking Laws (Amendment) Act, 1983 - Sections 45ZA to 45ZF read with Section 56 of the Banking Regulation Act, 1949 - Co-operative Banks Nomination Rules, 1985 - Nomination Facilities                                |
| 67. | UBD.No.I&L.110/J.I-85/86          | 02.06.1986 | Deposit Accounts – Opening of  |
| 68. | UBD.BR.764A/A-6-84/85             | 29.03.1985 | Banking Laws (Amendments) Act, 1983-84 -Bringing into force of remaining provisions  |
| 69. | UBD.(DC)1148/V.1-84/85            | 22.02.1985 | Opening of a bank account in the name of minor with mother as guardian   |
| 70. | UBD.BR.16/A.6-84/85               | 09.07.1984 | Banking Laws (Amendment) Act, 1983   |
| 71. | DBOD.UBD.(I & L) No.2584/J1-82/83 | 22.03.1983 | Opening of various deposit accounts in primary co-operative banks-introduction   |
| 72. | ACD.ID(P)6428/J.1/80-81           | 17.02.1981 | Joint accounts 'either or survivor', latter or survivor, 'former or survivor' etc.   |
| 73. | ACD: ID: 4998-J: 17-76-7          | 09.12.1976 | Deposit Accounts: Introduction   |
| 74. | ACD:INSP: 5173/F:15/70-71         | 17.06.1971 | Register for Unclaimed Deposits  |
| 75. | ACD.BR.1454/A.1/67-8              | 08.04.1968 | Position of term deposits accepted prior to the commencement of the banking laws (application to co-operative societies) act 1965 by a co-operative society other than a primary credit society or a co-operative bank |

**List of other Circulars from which instructions relating to maintenance of Deposit accounts have also been consolidated in the Master Circular**

| <b>Sr. No.</b> | <b>Circular No.</b>           | <b>Date</b> | <b>Subject</b>   |
|----------------|-------------------------------|-------------|--|
| 1.             | UBD.BSD-1/8/ 12.05.00/2000-01 | 09-11-2000  | Frauds – Preventive Measures   |
| 2.             | UBD.21/12.15.00/ 93-94        | 21-09-1993  | Committee to enquire into various aspects relating to frauds and malpractices in primary (urban) co-operative banks. |