

August 28, 2008

All Scheduled Commercial Banks  
(Excluding RRBs)

Dear Sir,

**Acceptance of cash over the counter**

It has been brought to our notice that some banks have introduced certain products whereby the customers are not allowed to deposit cash over the counters. Further it is also understood that these banks have also incorporated a clause in the terms and conditions that cash deposits, if any, are required to be done through ATMs.

2. In this connection, it may be mentioned that banking by definition means acceptance of deposits of money from the public for the purpose of lending and investment. As such, banks cannot design any product which is not in tune with the basic tenets of banking. Further, incorporating such clauses in terms and conditions which restricts deposit of cash over the counters also amounts to an unfair practice.

3. Banks are therefore advised to ensure that their branches invariably accept cash over the counters from all their customers who desire to deposit cash at the counters. Further, they are also advised to refrain from incorporating clauses in the terms and conditions which restricts deposit of cash over the counters.

Yours faithfully

(Prashant Saran)  
Chief General Manager-in-Charge