

August 29, 2008

The General Manager

Government Accounts/Business Department

State Bank of India / State Bank of Indore / State Bank of Patiala
State Bank of Bikaner & Jaipur / State Bank of Saurashtra / State Bank of Travancore /
State Bank of Hyderabad / State Bank of Mysore / Allahabad Bank / Bank of Baroda /
Bank of India / Bank of Maharashtra / Canara Bank / Central Bank of India /
Corporation Bank / Dena Bank / Indian Bank / Indian Overseas Bank / Punjab National
Bank Syndicate Bank / UCO Bank / Union Bank of India / United Bank of India

Dear Sir,

Refund of deposits from Special Deposit Scheme, 1975

Please refer to our letter No. DGBA.CDD.H-978/15.01.001/2008-09 dated August 5, 2008 on the captioned subject.

2. In continuation thereof, we advise that Government of India (GoI), vide their letter No. F.No.6(10)/2008-PR dated August 14, 2008, have clarified that the following cases are also covered under Government Notification No. F.5(6)-ECB&PR/2003 dated May 1, 2003 regarding refund of SDS deposits:

- (i) Transfer of Funds by Provident Fund Trusts to Employees Provident Fund Organisation (EPFO);
- (ii) Disbanding of Provident Fund Trusts into smaller Provident Fund Trusts; and
- (iii) Closure of SDS accounts by Provident Fund Trusts.

3. As per the said Notification dated May 1, 2003, refund of SDS deposit is permitted in case of winding up of an establishment, obligatory payments by an eligible fund and to make payments for insurance premium or for purchase of annuities from insurance companies regulated by the Insurance Regulatory and Development Authority. However, GoI have further clarified that in cases of item No. (i) and (iii) above when the PF Trusts are statutorily asked to get coverage under EPFO or get exemption from EPFO under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 as part of the requirement of Income Tax Act, 1961, these withdrawals by PF Trusts could be subsumed under the term "obligatory payments" by PF Trusts. As regards item no. (ii) above, when PF Trusts have been disbanded into a number of small PF Trusts, the balances of the members need to be transferred from the original trust to the new trust and such refund of deposit could also be construed to be subsumed under "obligatory payments" in terms of the said Notification dated May 1, 2003.

4. Accordingly, you may bring the above clarifications to the notice of the designated branches of your bank and advise them to process the request for refund of SDS deposits under the three situations mentioned above.

Yours faithfully,

(Imtiyaz Ahmad)
Assistant General Manager