

Draft Reserve Bank of India (Rural Co-operative Banks - Responsible Business Conduct) Directions, 2025

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Reserve Bank of India (Rural Co-operative Banks - Responsible Business Conduct) Directions, 2025

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Introduction

In exercise of the powers conferred by Sections 21, 35A and 56 of Banking Regulation Act, 1949; the Reserve Bank of India (hereinafter called the Reserve Bank), being satisfied that it is necessary and expedient in public interest to do so, hereby, issues these Directions.

Chapter I – Preliminary

A. Short Title and Commencement

1. These Directions shall be called the Reserve Bank of India (Rural Co-operative Banks - Responsible Business Conduct) Directions, 2025.
2. These Directions shall become effective from the date of issue.

B. Applicability

3. The provisions of these Directions shall be applicable to Rural Co-operative Banks (hereafter collectively referred to as 'banks' and individually as a 'bank') operating in India.

In this context, rural co-operative banks shall mean State Co-operative Banks and Central Co-operative Bank, as defined in the National Bank for Agriculture and Rural Development Act, 1981.

C. Definitions

4. In this Chapter, unless the context states otherwise, the terms herein shall bear the meaning assigned to them below:

- (1) **Annual Percentage Rate (APR)** is the annual cost of credit to the borrower which includes interest rate and all other charges associated with the credit facility.
- (2) **Bank induced transaction** – Transactions in the account initiated by the bank as per its extant policy such as charges, fees, interest payments, penalties, taxes.

Note: Illustrative list of bank induced transactions is as under:

- (i) All types of charges levied by banks including taxes deducted.
- (ii) Interest paid on savings bank account balances.

(3) Customer can be defined as a user or a potential user of bank services. A 'Customer' may include:

- (i) a person or entity that maintains an account and/or has a business relationship with the bank;
- (ii) one on whose behalf the account is maintained (i.e. the beneficial owner);
- (iii) beneficiaries of transactions conducted by professional intermediaries, such as Stockbrokers, Chartered Accountants, Solicitors, etc., as permitted under the law, and
- (iv) any person or entity connected with a financial transaction which can pose significant reputational or other risks to the bank, say, a wire transfer or issue of a high value demand draft as a single transaction.

(4) **Customer induced transaction** – The transactions in account which are in the nature of:

- (i) a financial transaction initiated by or done at the behest of the account holder by the bank/ third party or;
- (ii) a non-financial transaction, or;
- (iii) KYC updation done in face-to-face physical mode or through digital channels such as internet banking or mobile banking application of the bank.

Note: Illustrative list of financial transactions is as under:

- (a) ATM/ Cash withdrawal/deposit
- (b) RTGS / NEFT/ IMPS /UPI/ AePS/ ABPS Transactions
- (c) Internet Banking Transactions
- (d) Debit Card Transactions
- (e) Transfer of funds from / to the linked CBDC(e-Rupee) account
- (f) Cheque Clearing
- (g) Remittance of funds by way of demand drafts
- (h) Cash withdrawal by third party through cheque
- (i) Standing Instructions issued by the customer
- (j) NACH Debit / Credits
- (k) Term Deposit Interest / proceeds
- (l) Dividend on shares/Interest on Debentures or any other investment proceeds

- (m) Direct Benefit Transfer (DBT) credits
- (n) Refunds such as related to e-commerce payments, Income Tax Returns, etc.
- (o) National Electronic Toll Collection (NETC) debits

(5) **Digital Lending:** A remote and automated lending process, largely by use of seamless digital technologies for customer acquisition, credit assessment, loan approval, disbursement, recovery, and associated customer service.

(6) **Digital Lending Apps/ Platforms (DLAs):** Mobile and/or web-based applications, on a standalone basis or as a part of suite of functions of an application with user interface that facilitate digital lending services. DLAs shall include applications of the RE as well as those operated by Lending Service Provider (LSP) engaged by RE for extending any credit facilitation services in conformity with extant outsourcing guidelines issued by the Reserve Bank.

(7) **Equated Periodic Instalment (EPI)** is an equated or fixed amount of repayments, consisting of both the principal and interest components, to be paid by a borrower towards repayment of a loan at periodic intervals for a fixed number of such intervals; and which result in complete amortisation of the loan. EPIs at monthly intervals are called EMIs.

(8) **Financial transaction** – A monetary transaction in the savings/ current account of the customer with the bank either by way of a credit or debit transaction.

(9) **Inoperative Account** – A savings/ current account shall be treated as inoperative, if there are no ‘customer induced transactions’ in the account for a period of over two years.

(10) **Key Facts** of a loan agreement between an RE/a group of REs and a borrower are legally significant and deterministic facts that satisfy basic information required to assist the borrower in taking an informed financial decision.

(11) **Key Facts Statement (KFS)** is a statement of key facts of a loan agreement, in simple and easier to understand language, provided to the borrower in a standardised format.

(12) **Lending Service Provider (LSP):** An agent of a RE (including another RE) who carries out one or more of RE’s digital lending functions, or part thereof, in

customer acquisition, services incidental to underwriting and pricing, servicing, monitoring, recovery of specific loan or loan portfolio on behalf of RE in conformity with extant outsourcing guidelines issued by the Reserve Bank.

(13) **Non-financial transaction** – An enquiry or request for any product/ service initiated by the account holder through any ATM or internet banking or mobile banking application of the bank or through Third Party Application Providers, which requires two-factor authentication (2FA) and leaves a trail for audit purposes or successful log-in to the internet banking/ mobile banking application. Illustratively, this includes transactions such as change in transaction limit, request for issue of cheque book/ credit card/ debit card, nomination facility, balance enquiry, etc.

(14) **Term Deposits** - Term Deposit means an interest-bearing deposit received by a bank for a fixed period and shall also include deposits such as Recurring / Cumulative / Annuity / Reinvestment deposits and Cash Certificates.

(15) **Unclaimed Deposits** – The credit balance in any deposit account maintained with banks, which have not been operated upon for ten years or more, or any amount remaining unclaimed for ten years or more as mentioned in paragraph 3(iii) of the “Depositor Education and Awareness” (DEA) Fund Scheme, 2014.

(16) **Unclaimed Deposit Reference Number (UDRN)** – It is a unique number generated through Core Banking Solution (CBS) and assigned to each unclaimed account/ deposit transferred to DEA Fund of RBI. The number shall be such that the account holder or the bank branch where account is maintained, cannot be identified by any third party.

Chapter II – Institutional Framework

A. Role of Board

5. The bank shall have Board approved policies and review mechanisms in place to ensure better customer service.

A.1 Board approved policies

6. An illustrative list of Board approved policies to be formulated by the bank as well as reviews to be carried out by the Board are as under. The aspects to be covered in these policies and reviews are detailed in the paragraphs below.

- (1) Policy for general management of branches - focusing on issues pertaining to infrastructure facilities and systems for better customer service
- (2) Comprehensive Deposit Policy covering operational aspects related to deposits including, *inter alia*, issues like charges to be levied and operation of accounts of deceased depositors along with nomination rules
- (3) Customer Compensation Policy including, *inter alia*, for unauthorised transactions and interest for delay in services
- (4) Policy on Basic Savings Bank Deposit Account (BSBDA)
- (5) Policy on Service Charges for various types of services offered
- (6) Policy on Penal Charges on loans/advances
- (7) Policy for dealing with frequent dishonour of cheques
- (8) Policy on settlement of claims
- (9) Comprehensive Policy and SOP on safe deposit lockers facility
- (10) Customer Relations Policy covering customer protection
- (11) Policy on reset of floating rate loans including option to borrowers for switch between fixed and floating interest rates
- (12) Branch Insurance Policy

(13) Policy regarding the conduct of employees and system for their recruitment, training and monitoring

(14) Customer liability in case of reporting delays beyond seven days in unauthorised electronic banking transactions

A.2 Reviews to be carried out by the Board

7. An illustrative list of reviews to be carried out by the Board are as under. The aspects to be covered in these reviews are detailed in the paragraphs below.

(1) Review of customer service/ customer care aspects every six months.

B. Customer Service: Institutional Framework

B.1 Need for Board's involvement

8. Matters relating to customer service shall be deliberated by the Board to ensure that the instructions are implemented meaningfully. Commitment to hassle-free service to the customer at large and the Common Person in particular under the oversight of the Board should be the major responsibility of the Board.

B.2 Board approved policies on Customer Service

9. Customer service shall be projected as a priority objective of banks along with profit, growth and fulfilment of social obligations. The bank shall have a Board approved policy for the following:

B.2.1 Comprehensive Deposit Policy

10. The bank shall formulate a transparent and comprehensive policy setting out the rights of the depositors in general and small depositors in particular. The policy shall cover all aspects of operations of deposit accounts, charges leviable and other related issues to facilitate interaction of depositors at branch levels. Such a policy shall also be explicit regarding secrecy and confidentiality of the customers. Providing other facilities by "tying-up" with placement of deposits is clearly a restrictive practice.

B.2.2 Customer Compensation Policy

11. The bank shall have a Board approved Customer Compensation Policy which shall at a minimum, incorporate the following aspects:-

- (1) Erroneous Debits arising on fraudulent or other transactions
- (2) Payment of interest for delays in collection
- (3) Payment of interest for delay in issue of duplicate draft
- (4) Other unauthorised actions of the bank leading to a financial loss to customer

B.2.3 Giving publicity to the policies

12. The bank shall place the above policies formulated by it prominently on the website as well as display them on the notice board of its branches, to ensure wide publicity. Necessary steps shall be taken to keep the customers duly informed of the changes in the policies formulated by it, from time to time. The customers shall be clearly apprised of the assurances of the bank on the services provided, at the time of establishment of the initial relationship, be it as a depositor, borrower or otherwise.

B.3 Customer Service Committee of the Board

13. Bank is required to constitute a Customer Service Committee of the Board that includes experts and representatives of customers as invitees. This shall enable itself to formulate policies and assess the compliance thereof internally, thereby strengthening the corporate governance structure in the banking system.

B.3.1 Role of the Customer Service Committee

14. Customer Service Committee of the Board, illustratively, shall address the following: -

- (1) formulation of a Comprehensive Deposit Policy
- (2) issues such as the treatment of death of a depositor for operations of his account
- (3) product approval process with a view to suitability and appropriateness
- (4) annual survey of depositor satisfaction
- (5) triennial audit of such services.

15. The Committee shall also examine any other issues having a bearing on the quality of customer service rendered.

B.3.2 Board Meeting to Review and Deliberate on Customer Service

16. A detailed memorandum reviewing customer service/customer care aspects of the bank shall be placed once in every six months to the Board of Directors. Prompt corrective action shall be initiated wherever service quality/skill gaps are noticed.

B.4 Standing Committee on Customer Service

17. Banks shall have a permanent Standing Committee on Customer Service, cutting across various departments, which shall serve as the micro level executive committee driving the implementation process and providing relevant feedback. The Customer Service Committee of the Board shall oversee and review/modify the initiatives. These two Committees shall be mutually reinforcing with one feeding into the other.

18. The constitution and functions of the Standing Committee shall be on the lines indicated below:-

- (1) The Standing Committee shall be chaired by the MD & CEO or the ED and include non-officials as its members to enable an independent feedback on the quality of customer service rendered by the bank.
- (2) The Standing Committee shall be entrusted not only with the task of ensuring timely and effective compliance of the RBI instructions on customer service, but also that of receiving the necessary feedback to determine that the action taken by various departments of the bank is in tune with the spirit and intent of such instructions.
- (3) The Standing Committee shall, on an ongoing basis, review the practice and procedures prevalent in the bank and take necessary corrective action.
- (4) Standing Committee shall submit a brief report periodically to the Customer Service Committee of the Board on its performance during its tenure indicating, *inter alia*, the areas reviewed, procedures/practices identified and simplified/introduced.

(5) Standing Committee shall act as the bridge between the various departments of the bank and the Board / Customer Service Committees of the Board.

B.5 Branch Level Customer Service Committees

19. The bank is advised to establish Customer Service Committees at branch level. Branches shall include their customers as part of branch level committees. Senior citizens, an important constituent in banks, shall also preferably be included therein. The Branch Level Customer Service Committee shall meet at least once a month to study complaints/ suggestions, cases of delay, difficulties faced / reported by customers / members of the Committee and evolve ways and means of improving customer service.

20. The branch level committees shall submit quarterly reports giving inputs / suggestions to the Standing Committee on Customer Service thus enabling the Standing Committee to examine them and provide relevant feedback to the Customer Service Committee of the Board for necessary policy / procedural action.

B.6 Nodal department / official for customer service

21. Each bank is expected to have a nodal department / official for customer service in the Head Office and each controlling office, with whom customers with grievances can approach in the first instance and with whom the Banking Ombudsman and RBI can liaise.

Note: References to RBI may be considered as RBI / NABARD.

Chapter III – Customer Service in Branches

A. Customer Service - Policy for general management of the branches

22. The bank's systems and procedures shall be oriented towards providing better customer service and the bank shall periodically assess these systems and their impact on customer service. The bank shall have a Board approved policy for general management of the branches which shall include the following aspects: -

- (1) providing infrastructure facilities by branches by bestowing particular attention to providing adequate space, proper furniture, drinking water facilities, with specific emphasis on pensioners, senior citizens, disabled persons, etc.
- (2) providing entirely separate enquiry counters at their large / bigger branches in addition to a regular reception counter.
- (3) displaying indicator boards at all the counters in English, Hindi as well as in the concerned regional language. Business posters at semi-urban and rural branches of banks shall also be in the concerned regional languages.
- (4) deployment of roving officials to ensure employees are responsive to customers and assist customers in putting in their transactions.
- (5) providing customers with booklets consisting of all details of service and facilities available at the bank in Hindi, English and the concerned regional languages.
- (6) use of Hindi and regional languages in transacting business by banks with customers, including communications to customers.
- (7) reviewing and improving upon the existing security system in branches so as to instil confidence amongst the employees and the public.
- (8) wearing on person an identification badge displaying photo and name thereon by the employees.
- (9) Periodic change of desk and entrustment of elementary supervisory jobs.

- (10) Training of staff in line with customer service orientation. Training in Technical areas of banking to the staff at delivery points. Adopting innovative ways of training / delivery ranging from job cards to roving faculty to video conferencing.
- (11) visit by senior officials from Controlling Offices and Head Office to branches at periodical intervals for on the spot study of the quality of service rendered by the branches.
- (12) rewarding the best branches from customer service point of view by annual awards/running shield.
- (13) Customer service audit, Customer surveys.
- (14) holding Customer relation programmes and periodical meetings to interact with different cross sections of customers for identifying action points to upgrade the customer service with customers.
- (15) clearly establishing a New Product and Services Approval Process which shall require approval by the Board especially on issues which compromise the rights of the Common Person.
- (16) appointing Quality Assurance Officers who will ensure that the intent of policy is translated into the content and its eventual translation into proper procedures.

B. Service at the counters

23. The bank shall normally function for public transactions at least for four hours on week days and two hours on Saturdays in the larger interest of public and trading community. Extension counters, Satellite Offices, one man offices or other special class of branches may remain open for such shorter hours as may be considered necessary.

24. The following non-cash transactions should be undertaken by bank during the extended business hours i.e. upto one hour before the close of working hours:

- (1) Non-voucher generating transactions
 - (i) Issue of pass books/statements of accounts
 - (ii) Issue of cheque books
 - (iii) Delivery of term deposit receipts/drafts

- (iv) Acceptance of clearing cheques
- (v) Acceptance of bills for collection
- (vi) Acceptance of share application form

(2) Voucher generating transactions

- (i) Issue of term deposit receipts (TDR)
- (ii) Acceptance of cheque for locker rent due
- (iii) Acceptance of individual cheques for transfer credit.
- (iv) Issue of travellers' cheques
- (v) Issue of gift cheques

25. Further, bank is also advised to such non-cash transactions to be done during the extended business hours should be notified adequately for information of the customers.

26. It is necessary that the transactions conducted during extended hours of business are merged with the main accounts of the branch where it is decided to provide the aforesaid facilities. It is desirable that this facility should be restricted to limited transactions such as acceptance of deposits.

27. The concerned bank should give to its constituents due notice about the functions to be undertaken during the extended working hours, through local newspapers, as also by displaying a notice on the Notice Board at the branch(es) concerned. It should also be ensured that the requirements of Shops and Establishments Act and other local laws are complied with and that the obligations under the Industrial Award/Settlement are adhered to.

28. The change in business hours may be intimated to the-local clearing house, wherever necessary.

29. The employees of the bank are expected to be at their seats at the commencement of the business hours and attend to all the customers who are in the branch prior to the close of business hours. In practice, however, in many branches of banks, employees take their own time to open the counters and also do not attend to

customers who are in the queue at the close of business hours. Some banks with a view to ensuring that the service to customers is made available exactly at the commencement of business hours fix the working hours of the staff 15 minutes before the start of business hours. This arrangement can be made by all the banks at their branches in rural, semi-urban and urban centres. There are complaints that counters are closed at the end of business hours, without disposing of customers.

30. The bank may devise appropriate procedures to ensure that no counter remains unattended during the business hours and uninterrupted service is rendered to the customers by making adequate relief arrangements as may be necessary.

31. Bank may make available to the customers brochures / pamphlets in regional language / Hindi / English giving details of various schemes available and terms and conditions thereof. Such brochures may also contain, among others, do's and don'ts for smooth handling of day-to-day banking transactions, e.g, updating of passbooks, preferably in the leaner weeks of the month, say, third / fourth week, advantages of maintaining joint accounts and nomination, keeping the term deposit receipts in safe custody with the banks with instructions for disposal of maturity, etc.

32. Customer should be made aware not only of the various schemes and services offered by the bank, but also about the formalities, procedures, legal requirements and limitations in the matter of providing services by the bank, through a proper mix of advertisements, literature, interface, seminars, etc. Bank should involve its employees in all customer education programmes.

33. Bank may keep its systems and procedures in trim, by a continuous process of introduction of new procedures that may be required and by doing away with unwanted ones.

34. Bank may subject itself to an audit approach towards their customer service points at grassroot levels and also at policy prescription and macro levels in the matter of extension of customer service

35. A Complaint cum Suggestion Box may be kept in the bank premises at a prominent place. Every bank branch may also maintain a Complaint Book with adequate number

of perforated copies in each set, so designed as to instantly provide the complainant with an acknowledged copy of the complaint.

36. Bank may bestow attention to providing adequate space, proper furniture, drinking water facilities, clean environment, (which include keeping the walls free of posters), etc., in its premises to enable conduct of banking transactions smoothly and more comfortably.

37. In view of the incidents involving terrorists / dacoits, bank should review and improve upon the existing security system in branches so as to instill confidence amongst the employees and the public. Regular drill / training to the security staff should be ensured.

38. Time norms for specified business transactions should be displayed prominently in the banking hall so that it attracts the customers' attention as well as that of the employees for adherence.

C. Changes in banking hours

39. No particular banking hours have been prescribed by law and a bank may fix, after due notice to its customers, whatever business hours are convenient to it i.e., to work in double shifts, to observe weekly holiday on a day other than Sunday or to function on Sundays in addition to the normal working days, subject to observing normal working hours for public transactions referred to in paragraph 22 above.

40. The bank shall give sufficient notice to the public/its customers of its intention of closing any of its branches/ offices on a day other than a public holiday. The bank shall note to avoid any infringement of any other relevant local laws such as Shops and Establishment Act, etc.

41. The provisions, if any, regarding banks' obligations to the staff under the Industrial Awards / Settlements, shall be complied with. Clearing House authority of the place shall also be consulted in this regard.

42. The bank's branches in rural areas can fix the business hours (i.e. number of hours, as well as timings) and the weekly holidays to suit local requirements. This may, however, be done subject to the guidelines given above.

D. Transfer of account from one branch to another

43. Instructions of a customer for transfer of his account to another office should be carried out immediately on receipt of, and in accordance with, his instructions. It shall be ensured that along with the balance of the account, the relative account opening form, specimen signatures, standing instructions, etc., or the master sheets wherever obtained, are also simultaneously transferred, under advice to the customer.

44. The account transfer form with the enclosures may be handed over to the customer in a sealed cover if he so desires for delivery at the transferee office / branch. However, the transferee office shall also be separately supplied with a copy of the account transfer letter.

45. When an office receives an enquiry from a customer regarding the receipt of his account on transfer from another office it shall take up the matter with the transferor office by electronic means, in case it has not received the balance of the account and/or other related papers even after a reasonable transit time.

E. Switching banks by customers

46. The bank shall ensure that depositors dissatisfied with customer service have the facility to switch banks and thwarting depositors from such switches would invite serious adverse action.

F. Issue of Cheque Books

F.1 Writing the cheques in any language

47. All cheque forms should be printed in Hindi and English. The customer may, however, write cheques in Hindi, English or in the concerned regional language.

48. Bank should ensure that its cheque books are printed with due care and the perforation in the cheque leaves as also binding of cheque books are up to the mark so as to avoid any inconvenience to the customers.

F.2 Dispatching the cheque book by courier

49. The procedure of disallowing depositors to collect the cheque book at the branch and insisting on dispatching the cheque book by courier after forcibly obtaining a

declaration from the depositor that a dispatch by the courier is at depositor's risk is an unfair practice. The bank should refrain from obtaining such undertakings from depositors and ensure that cheque books are delivered over the counters on request to the depositors or his authorised representative

F.3 Acceptance of cheques bearing a date as per National Calendar (Saka Samvat) for payment

50. Cheques bearing date in Hindi as per the National Calendar (Saka Samvat) should, therefore, be accepted by StCBs/DCCBs for payment, if otherwise in order. StCBs/DCCBs can ascertain the Gregorian calendar date corresponding to the National Saka calendar in order to avoid payment of stale cheques.

Chapter IV – Customer Guidance and Protection

A. Guidance to Customers and Disclosure of Information

A.1 Assistance/guidance to customers

51. The bank shall have “Enquiry” or “May I Help You” counters either exclusively or combined with other duties, located near the entry point of the banking hall, at all branches (excluding very small branches).

A.2 Display of time norms

52. The bank shall display the time norms for specialised business transactions predominantly in the banking hall.

A.3 Display of information by banks– Comprehensive Notice Board

53. The bank shall adhere to the following instructions on display of information.

A.3.1 Notice Boards

54. The minimum size of the Notice Board may be 2 feet by 2 feet as Board of such a size would facilitate comfortable viewing from a distance of 3 to 5 meters. The bank shall have a Comprehensive Notice Board to display information at its Branches as per the format given in **Annex I**.

55. While displaying the information in the notice board, bank shall adhere to the following principles:

- (1) The notice board shall be updated on a periodical basis and the notice board shall indicate the date up to which it was updated (incorporated in the display board)
- (2) The design of the board shall be kept simple and readable while having the discretion on pattern, colour and design.
- (3) The notice board shall be in bilingual in Hindi speaking states and trilingual in other states.

- (4) The notice board shall specifically indicate wherever recent changes have been done.
- (5) Explanation: If there is a recent change in the SSI loan products offered by the bank, the information on the SSI loan products may be displayed as 'We offer SSI loans/products (changed on)'.
- (6) The notice board may also indicate a list of items on which detailed information is available in booklet form.

56. In addition to the above Board, the bank shall also display details such as 'Name of the bank / branch, Working Days, Working Hours and Weekly Off-days' outside the branch premises.

A.3.2 Booklets/Brochures

57. The detailed information as indicated in Paragraph (D) of **Annex I** may be made available in various booklets / brochures as decided by the bank. These booklets / brochures may be kept in a separate file / folder in the form of 'replaceable pages' so as to facilitate copying and updation. In this connection, bank may also adhere to the following broad guidelines:

- (1) The file / folder may be kept at the customer lobby in the branch or at the 'May I Help You' counter or at a place that is frequented by most of the customers.
- (2) The language requirements (i.e. bilingual in Hindi speaking states and trilingual in other states) may be taken into account.
- (3) While printing the booklets it may be ensured that the font size is minimum Arial 10 so that the customers are able to easily read the same.
- (4) Copies of booklets may be made available to the customers on request.

A.3.3 Website

58. The bank shall make available the detailed information indicated in Paragraph (D) of **Annex I** on its website. It shall be ensured that the customers are able to easily access the relevant information from the Home Page of the bank's websites. The bank shall adhere to the broad guidelines relating to dating of material, legibility, etc., while placing the same on its websites. Further, there is certain information relating to

service charges and fee and grievance redressal that are to be posted compulsorily on the websites of the StCB/DCCB.

59. The bank shall display latest updated information relating to interest rates and service charges as per the format given in **Annex II** on its website. The same shall be easily accessible from the Home Page of their website. The bank is however free to modify the format to suit their requirements, without impairing the basic structure or curtailing the scope of disclosures.

60. The bank shall display the following information regarding pricing of credit on their websites.

- (1) the interest rate range of contracted loans for the past quarter for different categories of advances granted to individual borrowers along with mean interest rates for such loans.
- (2) The total fees and charges applicable on various types of loans to individual borrower shall be disclosed at the time of processing of loan as well as displayed on the website of banks for transparency and comparability and to facilitate informed decision making by customers.
- (3) The banks shall publish Annual Percentage Rate (APR) or such similar other arrangement of representing the total cost of credit on a loan to an individual borrower on their websites so as to allow customers to compare the costs associated with borrowing across products and/ or lenders.

61. Some of the details, which could be at the minimum, be made available for public viewing through website of bank are listed below:-

(1) Policy / Guidelines

- (vii) Citizen's Charter
- (viii) Deposit Policy
- (ix) Deceased Depositors Policy along with Nomination Rules
- (x) Cheque Collection Policy
- (xi) Fair Practices Code for Lenders
- (xii) Fair Practices Code for Self- Regulation of Credit Card Business

- (xiii) Code of Conduct for Direct Selling Agents
- (xiv) Code for Collection of Dues and Repossession of Security

(2) Complaints

- (i) Grievance Redressal Mechanism
- (ii) Information relating to Banking Ombudsmen
- (iii) Information relating to Customer Service Centres (for Public Sector Banks)

(3) Opening of Accounts

- (i) Account Opening Forms
- (ii) Terms and Conditions
- (iii) Service Charges for various types of services – Should cover typical common services including courier charges – What services are available without any charges.
- (iv) Interest rates on Deposits
- (v) Minimum balances – along with corresponding facilities offered.

(4) Loans and Advances

- (i) Application forms relating to loans and advances
- (ii) Copy of blank agreement to be executed by the borrower
- (iii) Terms and Conditions
- (iv) Processing fee and other charges
- (v) Interest rates on Loans and Advances

(5) Branches

- (i) Details of branches along with addresses and telephone numbers (with search engine for queries relating to branch location)
- (ii) Details of ATMs along with addresses

B. Customer Protection - Limiting Liability of Customers of Co-operative Banks in Unauthorised Electronic Banking Transactions

B.1 Strengthening of systems and procedures

62. The electronic banking transactions can be divided into two categories:

- (1) Remote/ online payment transactions (transactions that do not require physical payment instruments to be presented at the point of transactions e.g. internet banking, mobile banking, card not present (CNP) transactions), Pre-paid Payment Instruments (PPI), and
- (2) Face-to-face/ proximity payment transactions (transactions which require the physical payment instrument such as a card or mobile phone to be present at the point of transaction e.g. ATM, POS, etc.).

63. The systems and procedures in bank shall be designed to make customers feel safe about carrying out electronic banking transactions. To achieve this, the bank shall put in place:

- (1) appropriate systems and procedures to ensure safety and security of electronic banking transactions carried out by customers;
- (2) robust and dynamic fraud detection and prevention mechanism;
- (3) mechanism to assess the risks (for example, gaps in the bank's existing systems) resulting from unauthorised transactions and measure the liabilities arising out of such events;
- (4) appropriate measures to mitigate the risks and protect themselves against the liabilities arising therefrom; and
- (5) a system of continually and repeatedly advising customers on how to protect themselves from electronic banking and payments related fraud.

B.2 Reporting of unauthorised transactions by customers to banks

64. The bank shall ask its customers to mandatorily register for SMS alerts and wherever available register for e-mail alerts, for electronic banking transactions. The SMS alerts shall mandatorily be sent to the customers, while email alerts may be sent, wherever registered. The customers shall be advised to notify their bank of any unauthorised electronic banking transaction at the earliest after the occurrence of such transaction and inform that the longer the time taken to notify the bank, the higher will be the risk of loss to the bank/ customer. To facilitate this, the bank shall provide

customers with 24x7 access through multiple channels (at a minimum, via website, phone banking, SMS, e-mail, IVR, a dedicated toll-free helpline, reporting to home branch, etc.) for reporting unauthorised transactions that have taken place and/ or loss or theft of payment instrument such as card, etc. The bank shall also enable customers to instantly respond by "Reply" to the SMS and e-mail alerts and the customers shall not be required to search for a web page or an e-mail address to notify the objection, if any. Further, a direct link for lodging the complaints, with specific option to report unauthorised electronic transactions shall be provided by banks on home page of their website. The loss/ fraud reporting system shall also ensure that immediate response (including auto response) is sent to the customers acknowledging the complaint along with the registered complaint number. The communication systems used by banks to send alerts and receive their responses thereto must record the time and date of delivery of the message and receipt of customer's response, if any, to them. This shall be important in determining the extent of a customer's liability. The bank shall not offer facility of electronic transactions, other than ATM cash withdrawals, to customers who do not provide mobile numbers to the bank. On receipt of report of an unauthorised transaction from the customer, the bank shall take immediate steps to prevent further unauthorised transactions in the account.

B.3 Limited Liability of a Customer

B.3.1 Zero Liability of a Customer

65. A customer's entitlement to zero liability shall arise where the unauthorised transaction occurs in the following events:

- (1) Contributory fraud/ negligence/ deficiency on the part of the bank (irrespective of whether the transaction is reported by the customer or not).
- (2) Third party breach where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, and the customer notifies the bank within **three working days** of receiving the communication from the bank regarding the unauthorised transaction.

B.3.2 Limited Liability of a Customer

66. A customer shall be liable for the loss occurring due to unauthorised transactions in the following cases:

- (1) In cases where the loss is due to negligence by a customer, such as where they have shared the payment credentials, the customer will bear the entire loss until they report the unauthorised transaction to the bank. Any loss occurring after the reporting of the unauthorised transaction shall be borne by the bank.
- (2) In cases where the responsibility for the unauthorised electronic banking transaction lies neither with the bank nor with the customer, but lies elsewhere in the system and when there is a delay (of **four to seven working days** after receiving the communication from the bank) on the part of the customer in notifying the bank of such a transaction, the per transaction liability of the customer shall be limited to the transaction value or the amount mentioned in Table 1, whichever is lower.

Table 1

Maximum Liability of a Customer under paragraph 65(2)

Type of Account	Maximum liability (₹)
• BSBD Accounts	5,000
• All other SB accounts • Pre-paid Payment Instruments and Gift Cards • Current/ Cash Credit/ Overdraft Accounts of MSMEs • Current Accounts/ Cash Credit/ Overdraft Accounts of Individuals with annual average balance (during 365 days preceding the incidence of fraud)/ limit up to ₹25 lakh	10,000

• Credit cards with limit up to ₹5 lakh	
• All other Current/ Cash Credit/ Overdraft Accounts	25,000
• Credit cards with limit above ₹5 lakh	

67. Further, if the delay in reporting is beyond seven working days, the customer liability shall be determined as per the bank's Board approved policy. The bank shall provide the details of their policy regarding customers' liability formulated in pursuance of these directions at the time of opening the accounts. The bank shall also display their approved policy in public domain for wider dissemination. The existing customers shall also be individually informed about the bank's policy.

68. Overall liability of the customer in third party breaches, as detailed in paragraphs 64(2) and 65(2) above, where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, is summarised in the Table 2:

Table 2
Summary of Customer's Liability

Time taken to report the fraudulent transaction from the date of receiving the communication	Customer's liability (₹)
Within 3 working days	Zero liability
Within 4 to 7 working days	The transaction value or the amount mentioned in Table 1, whichever is lower
Beyond 7 working days	As per bank's Board approved policy

69. The number of working days mentioned in Table 2 shall be counted as per the working schedule of the home branch of the customer excluding the date of receiving the communication.

B.3.3 Reversal Timeline for Zero Liability/ Limited Liability of customer

70. On being notified by the customer, the bank shall credit (shadow reversal) the amount involved in the unauthorised electronic transaction to the customer's account within 10 working days from the date of such notification by the customer (without waiting for settlement of insurance claim, if any). The bank may also at their discretion decide to waive off any customer liability in case of unauthorised electronic banking transactions even in cases of customer negligence. The credit shall be value dated to be as of the date of the unauthorised transaction.

71. Further, the bank shall ensure that:

- (1) a complaint is resolved and liability of the customer, if any, established and the customer is compensated as per provisions of paragraphs 65 to 69 above, within such time as may be specified in the bank's Board approved policy, but not exceeding 90 days from the date of receipt of the complaint;
- (2) where it is unable to resolve the complaint or determine the customer liability, if any, within 90 days, the compensation as prescribed in paragraphs 65 to 69 above is paid immediately to the customer; and
- (3) in case of debit card/bank account, the customer does not suffer loss of interest, and in case of credit card, the customer does not bear any additional burden of interest.

B.3.4 Board Approved Policy for Customer Protection

72. Bank shall formulate / revise their customer relations policy with approval of their Boards, which should clearly define the rights and obligations of customers in case of unauthorized transactions in specified scenarios i.e. debits to customer accounts owing to customer negligence / bank negligence / banking system frauds/ third party breaches etc. The policy should also include mechanism of creating customer awareness on the risks and responsibilities involved in electronic banking transactions, and customer liability in case of unauthorized electronic banking transactions, procedure for reporting unauthorized electronic banking transactions and acknowledgement of complaints. It should also provide for a robust grievance

redressal structure as per extant instructions, escalation matrix, clear timelines for resolution of customer complaints, and compensation keeping in view the instructions contained in paragraph 71 above. The instructions contained in this circular shall be incorporated in the policy, and the policy should be prominently displayed at branches.

B.4 Burden of Proof

1. The burden of proving customer liability in case of unauthorised electronic banking transactions shall lie on the bank.

B.5 Reporting and Monitoring Requirements

73. The bank shall put in place a suitable mechanism and structure for the reporting of the customer liability cases to the Board or one of its Committees. The reporting shall, *inter alia*, include volume/ number of cases and the aggregate value involved and distribution across various categories of cases viz., card present transactions, card not present transactions, internet banking, mobile banking, ATM transactions, etc. The Standing Committee on Customer Service in each bank shall periodically review the unauthorised electronic banking transactions reported by customers or otherwise, as also the action taken thereon, the functioning of the grievance redress mechanism and take appropriate measures to improve the systems and procedures. All such transactions shall be reviewed by the bank's internal auditors.

C. Levy of Service Charges

74. The bank shall work out the service charges for various types of services like charges for cheque collection etc., with prior approval of their Boards of Directors. These charges shall be reasonable and not out of line with the average cost of providing these services. The banks shall also take care to ensure that customers with low volume of activities are not penalised.

C.1 Ensuring Reasonableness of Bank Charges

75. The bank shall adopt the following principles for ensuring reasonableness of bank charges:

(1) The bank shall identify basic banking services based on the following broad parameters:

(i) Nature of transactions

(a) Banking services that are ordinarily availed by individuals in the middle and lower segments, will be the first parameter. These will comprise services related to deposit/loan accounts, remittance services and collection services.

(b) When the above transactions occur in different delivery channels, for the purpose of pricing, they may be treated on a separate footing.

(ii) Value of transactions

(a) Low value of transactions with customers/public up to the ceiling as given below will be the second parameter:

- Remittances up to ₹10,000/- in each instance
- Collections below ₹10,000/- in each instance

(Foreign exchange transactions valued up to \$500/-)

(iii) Based on the above-mentioned two parameters, an illustrative list of services is given below. The list of services identified is only an indicative one and banks may, at their discretion, include within the category of basic services such additional services as they may consider appropriate.

Sr.No.	Type of service
(A) Service relating to deposit accounts	
1	Cheque book facility
2	Issue of Pass Book (or Statement)/Issue of Balance Certificate
3	Issue of duplicate pass book or statement
4	ATM Cards
5	Debit cards (electronic cheque)
6	Stop payment
7	Balance enquiry
8	Account closure
9	Cheque Return – Inward (cheque received for payment)
10	Signature verification

(B) Relating to Loan Accounts	
11	No dues certificate
(C) Remittance Facilities (including through other banks) (Rupee or foreign exchange)	
12	Demand Draft – Issue
13	Demand Draft – Cancellation
14	Demand Draft – Revalidation
15	Demand Draft – Duplicate Issuance
16	Payment Order – Issue
17	Payment Order – Cancellation
18	Payment Order – Revalidation
19	Payment Order – Duplicate Issuance
20	Telegraphic Transfer – Issue
21	Telegraphic Transfer – Cancellation
22	Telegraphic Transfer – Duplicate Issuance
23	Payment by Electronic Clearing Services (ECS)
24	Transfer by National Electronic Fund Transfer (NEFT) and Electronic Funds Transfer (EFT)
(D) Collection facilities	
25	Collection of Local cheques
26	Collection of Outstation cheques
27	Cheque Return-Outward (cheque deposited for collection)

(2) The bank shall make available the basic banking services at reasonable prices/charges and towards this, basic services shall be delivered outside the scope of the bundled products.

(3) The bank shall follow the following principles for ensuring reasonableness in fixing and communicating the service charges:

(i) For basic services to individuals, the bank shall levy charges at the rates that are lower than the rates applied when the same services are given to non-individuals.

- (ii) For basic services rendered to special category of individuals (such as individuals in rural areas, pensioners and senior citizens), the bank shall levy charges on more liberal terms than the terms on which the charges are levied to other individuals.
- (iii) For the basic services rendered to individuals, the bank shall levy charges only if the charges are just and supported by reason.
- (iv) For the basic services to individuals, the bank shall levy services charges ad-valorem only to cover any incremental cost and subject to a cap.
- (v) The bank shall provide to the individual customers upfront and in a timely manner, complete information on the charges applicable to all basic services.
- (vi) The bank shall provide advance information to the individual customers about the proposed changes in the service charges.
- (vii) The bank shall collect for services given to individuals only such charges which have been notified to the customer.
- (viii) The bank shall inform the customers in an appropriate manner recovery of service charges from the account or the transaction.
- (ix) The banks shall without fail inform the customers in all cases when a transaction initiated by the bank itself results in or is likely to lead to a shortfall in the minimum balance required to be maintained.

(4) The bank shall take steps to ensure that customers are made aware of the service charges upfront and changes in the service charges are implemented only with the prior notice to the customers.

(5) The bank shall have a robust grievance redressal structure and processes, to ensure prompt in-house redressal of all their customer complaints.

(6) Full-fledged information on bank products and their implications shall be disclosed to the customers so that the customers can make an informed judgment about their choice of products.

C.2 Pre-payment Charges on Loans

76. The below paragraphs 77 and 78 shall be applicable to all loans and advances sanctioned or renewed on or after January 1, 2026.

77. The bank shall adhere to the following Directions regarding levy of pre-payment charges on all floating rate loans (including term loans and demand loans) and advances:

- (1) For all floating rate loans granted for purposes other than business to individuals, with or without co-obligant(s), the bank shall not levy pre-payment charges
- (2) For all floating rate loans sanctioned or renewed on or after January 1, 2026 and granted for business purpose to individuals and MSEs, with or without co-obligant(s), the bank shall not levy any pre-payment charges.
- (3) The Directions at paragraphs 77(1) and 77(2) above shall be applicable irrespective of the source of funds used for pre-payment of loans, either in part or in full, and without any minimum lock-in period.
- (4) Applicability of above at paragraphs 77(1), 77(2) and 77(3) for dual/ special rate (combination of fixed and floating rate) loans will depend on whether the loan is on floating rate at the time of pre-payment.

78. In addition to the instructions at paragraph 77, the following shall be applicable to all loans (including term loans and demand loans) and advances sanctioned or renewed on or after January 1, 2026:

- (1) In cases other than those mentioned at paragraphs 77(1) and 77(2) above, pre-payment charges, if any, shall be as per the approved policy of the bank. However, in case of term loans, pre-payment charges, if levied by the bank, shall be based on the amount being prepaid. In case of cash credit/ overdraft facilities, pre-payment charges on closure of the facility before the due date shall be levied on an amount not exceeding the sanctioned limit.
- (2) In case of cash credit/ overdraft facilities, no pre-payment charges shall be applicable if the borrower intimates the bank of his/ her/ its intention not to renew the facility before the period as stipulated in the loan agreement, provided that the facility gets closed on the due date.
- (3) The bank shall not levy any charges where pre-payment is effected at the instance of the bank.

(4) The applicability or otherwise of pre-payment charges shall be clearly disclosed in the sanction letter and loan agreement. Further, in case of loans and advances where Key Facts Statement (KFS) is to be provided as specified in paragraph 329, the same shall also be mentioned in the KFS. No pre-payment charges which have not been disclosed as specified herein shall be charged by the bank.

(5) The bank shall not levy any charges/ fees retrospectively at the time of pre-payment of loans, which were waived off earlier by the bank.

C.3 Intersol charges

79. The bank shall follow a uniform, fair and transparent pricing policy and not discriminate between their customers at home branch and non-home branches. A service provided free at home branch shall be available free at non-home branches also. There shall be no discrimination as regards intersol charges (being the charges levied by the bank to cover the cost of extending services to customers by using the CBS / Internet / Intranet platform) between similar transactions done by customers at home branch and those done at non-home branches. Further, the bank shall not include cash handling charges under intersol charges.

C.4 Charges for Sending SMS Alerts

80. The bank shall leverage the technology available with it and the telecom service provider(s) to ensure that charges levied by bank for sending SMS alerts to customers are levied on all customers on actual usage basis.

D. Erroneous Debits arising on fraudulent or other transactions

D.1 Vigilance by banks

81. The bank shall adhere to the guidelines and procedures for opening and operating deposit accounts to safeguard against unscrupulous persons opening accounts mainly to use them as conduit for fraudulently encashing payment instruments. However, in view of receipt of continuous complaints of fraudulent encashment by unscrupulous persons opening deposit accounts in the name/s similar to already established entities, resulting in erroneous and unauthorised debit of drawers' accounts, the bank shall

remain vigilant to prevent such lapses and issue necessary instructions to the branches / staff.

D.2 Compensating the customer

82. In case of such erroneous debits on account of fraudulent or other transactions, the bank also delay restoring funds to customers, including in bona-fide cases, and defer action till completion of either departmental action or police interrogation. The bank is advised that:

- (1) In case of any fraud, if the branch is convinced that an irregularity / fraud has been committed by its staff towards any constituent, the branch shall at once acknowledge its liability and pay the just claim,
- (2) in cases where bank is at fault, the bank shall compensate customers without demur, and
- (3) in cases where neither the bank is at fault nor the customer is at fault but the fault lies elsewhere in the system, then also the bank shall compensate the customers (up to a limit) as part of a Board approved customer relations policy.

Chapter V – Financial Inclusion

A. Providing bank facilities to persons with disabilities

A.1 Guidelines framed by IBA based on the judgment of Chief Commissioner for Persons with Disabilities

83. Indian Banks' Association has framed operational guidelines for implementation of its member banks on providing banking facilities to persons with disabilities. The bank shall adopt / follow the operational guidelines meticulously.

A.2 Need for Bank Branches / ATMs to be made accessible to persons with disabilities

84. The bank shall take necessary steps to provide all existing ATMs / future ATMs with ramps so that wheel chair users / persons with disabilities can easily access them. Care shall also be taken to make arrangements in such a way that the height of the ATMs does not create an impediment in their use by wheelchair users. However, in cases where it is impracticable to provide such ramp facilities, whether permanently fixed to earth or otherwise, this requirement may be dispensed with, for reasons recorded and displayed in branches or ATMs concerned.

85. The bank shall also take appropriate steps, including providing of ramps at the entrance of the bank branches, wherever feasible, so that the persons with disabilities/wheel chair users can enter bank branches and conduct business without difficulty. The bank shall report the progress made in this regard periodically to their respective Customer Service Committee of the Board and ensure compliance.

A.3 Providing banking facilities to Visually Impaired Persons

86. In order to facilitate access to banking facilities by visually challenged persons, bankis advised to offer banking facilities including cheque book facility / operation of ATM / locker, etc., to the visually challenged as they are legally competent to contract.

87. The bank should offer all the banking facilities including cheque book facility, ATM facility and locker facility to the visually challenged and also assist them in withdrawal of cash.

88. The bank shall ensure that all the banking facilities such as cheque book facility including third party cheques, ATM facility, Net banking facility, locker facility, retail loans, credit cards etc., are invariably offered to the visually challenged without any discrimination. They shall also be assisted in withdrawal of cash.

89. The bank shall also advise its branches to render all possible assistance to the visually challenged for availing the various banking facilities.

A.4 Talking ATMs with Braille keypads to facilitate use by persons with visual impairment

90. The bank shall ensure that all its ATMs are Talking ATMs equipped with Braille keypads. In addition to the above, magnifying glasses shall also be provided in all bank branches for the use of persons with low vision, wherever they require for carrying out banking transactions with ease. The branches shall display at a prominent place notice about the availability of magnifying glasses and other facilities available for persons with disabilities.

A.5 Facility to sick/old/incapacitated non-pension account holders

91. The bank shall extend the facilities offered to pension account holders to the non-pension account holders also who are sick / old / incapacitated and are not willing to open and operate joint accounts.

A.6 Types of sick / old / incapacitated account holders

92. The cases of sick / old / incapacitated account holders fall into following categories:

- (1) 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;

- (2) 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 incapacity.

A.7 Operational Procedure

93. With a view to enabling the old / sick account holders operate their bank accounts, the bank shall follow the procedure as under:-

- (1) Wherever thumb or toe impression of the sick/old/incapacitated account holder is obtained, it shall be identified by two independent witnesses known to the bank, one of whom shall be a responsible bank official.
- (2) 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 can be obtained on the cheque / withdrawal form which shall be identified by two independent witnesses, one of whom shall be a responsible bank official.
- (3) The customer shall also 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 shall be identified by two independent witnesses. The person who would be actually drawing the money from the bank shall be asked to furnish his signature to the bank.

A.8 Opinion of IBA in case of a person who can not sign due to loss of both hands

94. Opinion obtained by the Indian Banks' Association from their consultant on the question of opening of a bank account of a person who has lost both his hands and could not sign the cheque / withdrawal form is as under:

"In terms of the General Clauses Act, the term "Sign" with its grammatical variations and cognate expressions, shall with reference to a person who is unable to write his name, include "mark" with its grammatical variations and cognate expressions. The Supreme Court has held in AIR 1950 – Supreme Court, 265 that there must be physical contact between the person who is to sign and 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".

A.9 Compliance with Hon'ble Supreme Court Order dated April 30, 2025 in the matter of Pragya Prasun and Ors. vs Union of India (W.P.(C) 289 of 2024) and Amar Jain vs Union of India & Ors. (W.P.(C) 49 of 2025)

95. Attention of the bank is drawn to the [Order of the Hon'ble Supreme Court dated April 30, 2025](#) in the matter of Pragya Prasun and Ors. vs. Union of India (W.P.(C) 289 of 2024) and Amar Jain vs. Union of India & Ors. (W.P.(C) 49 of 2025). The bank shall undertake appropriate measures to ensure compliance with the above Supreme Court Order, as applicable.

B. Legal Guardianship Certificate issued under Mental Health Act, 1987 and National Trust for the welfare of persons with autism, cerebral palsy, mental retardation and multiple disabilities Act, 1999.

96. The following guidelines shall be applicable for the purpose of opening / operating bank accounts of the above persons:

- (1) The National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 provides a law relating to certain specified disabilities. Clause (j) of Section 2 of that Act defines a "person with disability" to mean a person suffering from any of the conditions relating to autism, cerebral palsy, mental retardation or a combination of any two or more of such conditions and includes a person suffering from severe multiple disabilities. This Act empowers a Local Level Committee to appoint a guardian, to a person with disabilities, who shall have the care of the person and property of the disabled person.
- (2) Bank is advised to take note of the legal position stated above and may rely on and be guided by the orders/certificates issued by the competent authority, under the respective Acts, appointing guardians/managers for the purposes of opening/operating bank accounts. In case of doubt, care may be taken to obtain proper legal advice. Further, the extant instructions are not intended to

mandate banks to insist on appointment of a guardian as a matter of routine from every person “who is in need of treatment by reason of any mental disorder”. The bank shall not insist on guardianship certificate from all mentally ill persons and seek appointment of a guardian only in such cases where they are convinced on their own or based on documentary evidence available, that the concerned person is mentally ill and is not able to enter into a valid and legally binding contract.

97. The bank shall ensure that its branches give proper guidance to their customers so that the guardians/managers of the disabled persons do not face any difficulties in this regard.

C. Display of Information regarding 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

98. The bank shall ensure that their branches display in a conspicuous place:

- (1) essential details about the facilities under the enactment (Mental Disabilities Act);
- (2) the fact that the parties can approach the Local Level Committees, for the purpose of issuance of the certificate and that the certificate issued under the Mental Disabilities Act is acceptable; and
- (3) the details of the Local Level Committees in that area. This information shall be displayed in the local language and English / Hindi (or both).

E. Printed material in trilingual form

99. In order to ensure that banking facilities percolate to the vast sections of the population, the bank shall make available all printed material used by retail customers including account opening forms, pay-in-slips, passbooks, etc., in trilingual form i.e., English, Hindi and the concerned Regional Language.

100. Provided that in cases where the bank has already made available such material in regional language/s, they shall not be required to provide the same in trilingual form.

Chapter VI – Deposit Accounts and other Liabilities

A. Opening / Operation of Deposit Accounts

A.1 Payment of interest on accounts frozen by the bank

101. The bank shall follow the procedure detailed below in the case of Term Deposit Accounts frozen by the enforcement authorities:

- (1) A request letter shall be obtained from the customer on maturity. While obtaining the request letter from the depositor for renewal, the bank should also advise him/her to indicate the term for which the deposit is to be renewed. In case the depositor does not exercise his/her option of choosing the term for renewal, the bank shall renew the same for a term equal to the original term.
- (2) No new receipt is required to be issued. However, suitable note shall be made regarding renewal in the deposit ledger.
- (3) Renewal of deposit shall be advised by registered letter / speed post / courier service to the concerned Government department under advice to the depositor. In the advice to the depositor, the rate of interest at which the deposit is renewed should also be mentioned.
- (4) If overdue period does not exceed 14 days on the date of receipt of the request letter, renewal shall be done from the date of maturity. If it exceeds 14 days, the bank shall pay interest for the overdue period as per the policy adopted by them and keep it in a separate interest free sub-account which should be released when the original fixed deposit is released.

102. The bank may continue to credit the interest to savings bank accounts frozen by the Enforcement authorities on a regular basis.

A.2 Rights of Transgender Persons - Changes in Bank Forms / Applications etc.

103. The banks shall include 'third gender' in all forms / applications etc. prescribed by the Reserve Bank or the banks themselves, wherein any gender classification is envisaged.

B. Unclaimed Deposits / Inoperative Accounts in StCBs/DCCBs

B.1 Review of Accounts

104. The bank shall undertake at least an annual review in respect of accounts, where there is no customer induced transactions for more than a year. In cases where there is no explicit mandate to renew the term deposit, the bank shall review such accounts if the customers have not withdrawn the proceeds after maturity or transferred these to their savings/current account in order to prevent such deposits from becoming unclaimed. The bank shall inform the account/deposit holders in writing through letters or email or SMS (if the email and mobile number are registered with the bank) that there has been no operation in their accounts/deposits in the last one year, as the case may be. The alert messages shall invariably mention that the account would become 'inoperative' if no operations are carried out during the next one year and, the account holder would be required to submit KYC documents afresh for reactivating the account in such case.

105. If the letters are returned undelivered or no response is received through registered email, the bank shall immediately undertake an enquiry to find out the whereabouts of account holder or his/her nominee/legal heirs in case the account holder is deceased.

106. In case any response is received from the account holder giving the reasons for not operating the account, the bank shall continue to classify the account as operative for one more year and the account holder shall be advised to operate the account within a period of one year (herein after referred to as 'extended period'). In case the account holder still fails to operate the account within the extended period, the bank shall classify the said account as inoperative account after the expiry of the extended period.

107. For the purpose of classifying an account as 'inoperative', only customer induced transactions and not bank induced transactions shall be considered. There may be instances where the customer has given a mandate like Standing Instructions (SI)/ auto-renewal instructions and there are no other operations in the Savings /Current account or the Term Deposit. These transactions shall also be treated as customer induced transactions.

108. The classification of an account as inoperative shall be for a particular account of the customer and not with reference to the customer. In case a customer is maintaining multiple accounts/deposits with a bank, all such accounts/deposits shall be assessed individually for the purpose of classifying them as inoperative account/ unclaimed deposit, as the case may be.

109. In case the account holder is not carrying out transaction and the account is inoperative due to shifting of primary account to another bank, the account holder may be requested to provide the details of the new bank account with authorisation to enable the bank to transfer the balance from the existing bank account.

B.2 Treatment of accounts opened for credit of scholarship amount and credit of Direct Benefit Transfer under Government Schemes

110. Central and State governments have been expressing difficulty in crediting cheques/Direct Benefit Transfer/ Electronic Benefit Transfer/ scholarship amount in the zero balance accounts opened by the bank for beneficiaries of Central/State government schemes and for students who receive scholarship, as they are also classified as inoperative due to non-operation for two years. The bank shall, based on the purpose of opening of the account, segregate the aforementioned accounts in their CBS, so that the stipulation of 'inoperative' account is not applicable to these accounts due to their non-operation for a period of more than two years. To avoid the risk of fraud, etc., in such accounts, while allowing operations in these accounts, the bank should exercise due diligence as per the extant instructions.

111. The StCB/DCCB is also advised to ensure that accounts of all student beneficiaries under the various Central/State Government Scholarship Schemes are free from restrictions of 'minimum balance' and 'total credit limit'.

B.3 Segregation and Audit of Inoperative Accounts/ Unclaimed Deposits

112. The segregation of inoperative accounts is required to be done to reduce the risk of frauds. The transactions in inoperative accounts, which have been reactivated, shall be monitored regularly, for at least six months, at higher levels (i.e., by controlling authorities of the concerned branch) without the knowledge and notice of the customers and the dealing staff.

113. The bank shall ensure that amounts lying in inoperative accounts/unclaimed deposits and reactivated inoperative accounts/ unclaimed deposits, are subjected to concurrent audit.

B.4 Tracing of Customers of Inoperative Accounts/ Unclaimed Deposits

114. The bank shall contact the holder(s) of the inoperative account/ unclaimed deposit through letters, email or SMS (if the email and mobile number are registered with the bank). The email/ SMS shall be sent on a quarterly basis.

115. In case the whereabouts of the holder(s) of the inoperative account/ unclaimed deposit are not traceable, the bank shall contact the introducer, if any, who had introduced the account holder to the bank at the time of opening of the account. The bank shall also contact the nominee, if registered, for tracing the customer.

116. The bank shall undertake special drives periodically to find out the whereabouts of the customers, their nominees or legal heirs in respect of inoperative accounts / unclaimed deposits.

B.5 Activation of Inoperative Accounts

117. The bank shall make available the facility of updation of KYC for activation of inoperative accounts/ unclaimed deposits at all branches (including non-home branches). Further, a bank shall endeavour to provide the facility of updation of KYC in such accounts and deposits through Video-Customer Identification Process (V-CIP). The V-CIP related instructions under [Reserve Bank of India \(Rural Co-operative Banks – Know Your Customer\) Directions, 2025](#) (as updated from time to time) shall be adhered to by the bank. Additionally, the services of an authorised Business

Correspondent of the bank may be utilized for activation of inoperative accounts as prescribed in paragraph 41(3)(iv) of the above Direction and through Video-Customer Identification Process (V-CIP) if requested by the account holder, subject to the facility of V-CIP being provided by the bank.

118. The bank shall activate the inoperative accounts/ unclaimed deposits, including those which are under freeze by orders of various agencies like Courts, Tribunals, Law Enforcement Agencies, only after adhering to the KYC guidelines provided in the [Reserve Bank of India \(Rural Co-operative Banks – Know Your Customer\) Directions, 2025](#) (as updated from time to time) such as Customer Due Diligence (CDD), customer identification, risk categorisation, etc.

119. The bank shall ensure that activation of inoperative account/ unclaimed deposits in CBS necessarily requires second level of authorisation by another officer at the same or higher level (i.e., through maker and checker). System logs shall invariably be maintained in case of any activity in or activation of inoperative accounts/unclaimed deposits for concurrent audit purpose. The preservation period of such system logs shall be as per the internal guidelines of the bank.

120. The bank shall automatically intimate the inoperative account/ unclaimed deposit holders though SMS and registered email stating that on the basis of the KYC documents submitted by them, the inoperative status of the account has been removed. The intimation shall also mention the remedial measures available to them to report unauthorised access, if any. This would alert the account/ unclaimed deposit holder against any possible fraudulent activity in his/her inoperative account. The bank shall have in place adequate operational safeguards to ensure that the claimants in case of inoperative accounts/ unclaimed deposits are genuine. The bank shall process requests for activation of inoperative account/ unclaimed deposits within three working days from the receipt of the complete application.

B.6 Payment of Interest

121. Interest on savings accounts shall be credited on a regular basis irrespective of the fact that the account is in operation or not.

B.7 Levy of Charges

122. The bank shall not levy penal charges for non-maintenance of minimum balances in any account that is classified as an inoperative account.

123. No charges shall be levied for activation of inoperative accounts.

B.8 Display of Unclaimed Deposits and Search Facility

124. The bank shall host the details of unclaimed deposits {only name, address (without pin code) and Unclaimed Deposit Reference Number (UDRN)}, which have been transferred to DEA Fund of RBI on their respective websites, which shall be updated regularly, at least on a monthly basis. The banks, which do not have their own websites shall make available the above list of unclaimed deposits in their respective branches. The database hosted on the website shall provide a search option to enable the public to search for their unclaimed deposits using name in combination with the address of the account holder/ entity. Upon a successful search, details of unclaimed deposits shall be displayed in a format comprising account holder's name(s), his/her address (without pincode) and UDRN only. In case such accounts are not in the name of individuals, the search input and result should include names of individuals authorised to operate the accounts. However, the account number, its type, outstanding balance and the name of the branch shall not be disclosed on the bank's website.

B.9 Fraud Risk Management in Inoperative Accounts

125. The bank shall not allow any debit transaction in an inoperative account unless there is a customer induced activation as per the procedure mentioned in paragraphs 117 and 120. Further, banks may also consider imposing a cooling-off period on reactivation, with restrictions on the number and amount of transactions, as may be applicable for newly opened accounts with the bank.

126. The bank shall ensure that there is no unauthorised access to customer data pertaining to the inoperative accounts. The bank shall also ensure that adequate steps are taken to prevent data theft and related misuse for fraudulent purposes.

B.10 Customer Awareness

127. The bank shall provide on their website as well as at their branches, the information on the process for activation of the inoperative account/ unclaimed deposits and claiming the balances therein. Necessary claim forms and documents may be made available for the benefit of customers.

128. The bank shall conduct public awareness and financial literacy campaigns regularly to educate the members of public about the activation of inoperative accounts/unclaimed deposits and the prescribed procedure to claim amounts lying therein by a depositor or his/her nominee/ legal heir in case of deceased depositor.

C. Other guidelines

C.1 Opening / Operation of Deposit Accounts

C.1.1 Customer Identification Procedure for individual accounts

129. The bank shall be guided by RBI instructions on KYC / AML for opening of accounts.

C.1.2 Photographs of depositors

130. The bank should obtain and keep on record photographs of all depositors/account holders in respect of accounts opened by them subject to the following clarifications:

- (1) The instructions cover all types of deposits including fixed, recurring, cumulative, etc.
- (2) They apply to all categories of depositors, whether resident or non-resident. Only banks, Local Authorities and Government Departments (excluding public sector undertakings or quasi-Government bodies) will be exempt from the requirement of photographs.
- (3) The bank may not insist on photographs in case of accounts of staff members only (Single/Joint).

- (4) The bank should, without exception, obtain photographs of all persons authorised to operate the accounts viz., Savings Bank and Current Accounts without exception.
- (5) The bank should also obtain photographs of the 'Pardanishin' women.
- (6) The bank may shall obtain two copies of photographs and refrain from obtaining photocopies of driving licence/passport containing photographs, in place of photographs, will would not suffice.
- (7) The bank should not ordinarily insist on the presence of account holder for making cash withdrawals in case of 'self' or 'bearer' cheques unless the circumstances so warrant. The banks should pay 'self' or 'bearer' cheques taking usual precautions.
- (8) Photographs shall not be treated as cannot be a substitute for specimen signatures.
- (9) The bank shall obtain only one set of photographs and shall not insist upon obtention of separate photographs for each category of deposit. Only one set of photographs need 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.
- (10) Fresh photographs need not be obtained when an additional account is desired to be opened by the account holder.
- (11) In the case of operative accounts, viz. Savings Bank and Current accounts, photographs of persons authorised to operate them shall be obtained. In case of other deposits, viz., Fixed, Recurring, Cumulative, etc., photographs of all depositors in whose names the deposit receipt stands may shall be obtained except in the case of deposits in the name of minors where guardians' photographs shall be obtained.

C.2 Minimum balance in savings bank accounts

131. The bank shall at the time of opening the accounts, inform their customers in a transparent manner, the requirement of maintaining minimum balance and details of charges, if any, due to non-maintenance of the same. The bank shall inform, at least one month in advance, the existing account holders of any change in the prescribed minimum balance and the charges that may be levied if the prescribed minimum balance is not maintained. The bank is not permitted to levy penal charges for non-maintenance of minimum balances in any inoperative account.

132. Levy of charges for non-maintenance of minimum balance in savings bank account shall be subject to the following additional guidelines:

- (1) In the event of a default in maintenance of minimum balance / average minimum balance as agreed to between the bank and customer, the bank shall notify the customer clearly by SMS / email / letter etc. that in the event of the minimum balance not being restored in the account within a month from the date of notice, penal charges will be applicable.
- (2) In case the minimum balance is not restored within a reasonable period, which shall not be less than one month from the date of notice of shortfall, penal charges shall be recovered under intimation to the account holder.
- (3) The policy on penal charges to be so levied shall be decided with the approval of the Board of the bank.
- (4) The penal charges shall be directly proportionate to the extent of shortfall observed. In other words, the charges shall be a fixed percentage levied on the amount of difference between the actual balance maintained and the minimum balance as agreed upon at the time of opening of account. A suitable slab structure for recovery of charges shall be finalized.
- (5) It shall be ensured that such penal charges are reasonable and not out of line with the average cost of providing the services.
- (6) It shall be ensured that the balance in the savings account does not turn into negative balance solely on account of levy of charges for non-maintenance of minimum balance.

C.3 Statement of accounts / Pass Books

C.3.1 Issuance of Passbooks to Savings Bank Account holders (Individuals)

133. The bank shall invariably offer pass book facility to all its savings bank account holders (individuals) and in case the bank offers the facility of sending statement of account and the customer chooses to get statement of account, the banks must issue monthly statement of accounts.

134. The cost of providing such Pass Book or Statements shall not be charged to the customer.

C.3.2 Updating passbooks

135. Customers shall be made conscious of the need on their part to get the passbooks updated regularly and employees shall be exhorted to attach importance to this area. Paper tokens indicating the date of receipt of the pass-book and also the date when it is to be collected shall be issued, in cases where the pass-books are held back for updation. A printed slip requesting the depositor to tender their pass-books periodically shall be given, especially in cases where a passbook is tendered for posting after a long interval of time or after very large number of transactions.

C.3.3 Recording of Details of Transactions in Passbook/ Statement of Account

136. Constant attention shall be given to ensure entry of correct and legible particulars in the pass books and statement of accounts. The bank shall avoid inscrutable entries in passbooks / statement of accounts and ensure that brief, intelligible particulars are invariably entered in passbooks / statement of account.

137. The bank shall at a minimum provide the relevant details in respect of entries in the accounts as illustrated (the list is indicative and not exhaustive) below:

Debit entries	
a. Payment to third parties	(i) Name of the payee (ii) Mode – Transfer, clearing, inter-branch, RTGS/ NEFT, cash, cheque (number)

		(iii) Name of the transferee bank, if the payment is made through clearing/ inter-branch transaction/ RTGS/ NEFT
b.	Payment to 'self'	(i) Indicate "Self" as payee (ii) Name of the ATM/ branch if the payment is made by ATM/ another branch
c.	Issuance of drafts/ pay orders/ any other payment instrument	(i) Name of the payee (in brief/ acronym) (ii) Name of the drawee bank/ branch/ service branch
d.	Bank charges	(i) Nature of the charges – fee/ commission/ penalty etc. (ii) Reasons for the charges, in brief – e.g. return of cheque (number), commission/ fee on draft issued/ remittance (draft number), cheque collection charge (number), issuance of cheque book, SMS alerts, ATM fees, additional cash withdrawals, etc.
e.	Reversal of wrong credits	(i) Date of the original credit entry reversed (ii) Reasons for reversal, in brief
f.	Recovery of instalments of a loan/ interest on loan	(i) Loan account number (ii) Name of the Loan account holder
g.	Creation of fixed deposit/ recurring deposit	(i) Fixed Deposit/ Recurring Deposit Account/ Receipt number (ii) Name of the Fixed Deposit/ Recurring Deposit Account holder
h.	Transactions at POS	(i) Transaction date, time and identification number (ii) Location of the POS
i.	Any other	(i) Provide adequate details on the same lines as mentioned above.

Note: In case of single debit in account with multiple credits, the payee name/ account number/ branch/ bank shall not be recorded. However, the fact of "multiple payees" will be indicated.

II. Credit Entries	
a.	Cash deposit (i) Indicate that it is a "cash deposit"

		(ii) Name of the depositor – self/ third party
b.	Receipt from third parties	(i) Name of the remitter/ transferor (ii) Mode – Transfer, inter-branch, RTGS/ NEFT, cash, etc. (iii) Name of the transferor bank, if the payment is received through inter-branch transaction, RTGS/ NEFT
c.	Proceeds of clearing/ collection/ draft etc. paid	(i) Name of the draft issuing bank (ii) Date and number of the cheque/ draft
d.	Reversal of wrong debits (including charges)	(i) Date of the original debit entry reversed (ii) Reasons for reversal, in brief
e.	Interest on deposits	(i) Mention if it is interest paid on the Savings Account/ Fixed Deposit (ii) Mention the respective Fixed Deposit Account/ Receipt Number if it is interest paid on Fixed Deposit(s)
f.	Maturity proceeds of fixed deposit/ recurring deposit	(i) Name of the Fixed Deposit/ Recurring Deposit holder (ii) Fixed Deposit/ Recurring Deposit account/ receipt number (iii) Date of maturity
g.	Loan proceeds	(i) Loan account number
h.	Any other	(i) Provide adequate details

138. The bank shall also incorporate information about 'deposit insurance cover' along with the limit of coverage, subject to change from time to time, upfront in the passbooks.

C.3.4 Maintenance of savings bank pass books: precautions

139. The bank shall exercise the following precautions to obviate fraudulent withdrawals from the relative accounts due to negligence in taking adequate care of the custody of savings bank pass books.

- (1) Branches shall accept the pass books and return them against tokens.
- (2) Pass books retained at the branches overnight shall be held under lock and key in the custody of named responsible officials.

C.3.5 Providing monthly statement of accounts

140. The bank shall ensure to adhere to monthly periodicity while sending statement of accounts. The statements of accounts for current account holders may be sent to the depositors in a staggered manner instead of sending by a target date every month. The customers may be informed about staggering of the preparation of these statements.

141. Further, the bank shall advise their branch Inspecting Officers to carry out sample check to verify whether the statements are being despatched in time.

C.3.6 Details to be mentioned in Pass Books / Statement of Accounts

142. The bank shall mention the complete address/telephone number of the branch on the passbooks / statement of accounts as a customer service measure.

143. The Magnetic Ink Character Recognition (MICR) code (necessary for all Electronic Clearing Service (ECS – Credit and Debit) transactions) and the Indian Financial System Code (IFSC) (a pre-requisite for National Electronic Funds Transfer (NEFT) and Real Time Gross Settlement (RTGS) transactions) which is made available on the cheque leaf along with the IFSC code of the branch by the bank, shall also be provided in the passbook / statement of account of their account holders.

D. Term Deposit Account

144. The bank shall adhere to the following instructions relating to operations in term deposit accounts:

- (1) Bank shall issue term deposit receipt indicating therein full details, such as, date of issue, period of deposit, due date, applicable rate of interest, etc.
- (2) Term deposits shall be freely transferable from one office of bank to another.

(3) Advance instructions from depositors for disposal of deposits on maturity shall be obtained in the application form itself. Wherever such instructions are not obtained, the bank shall ensure to send intimation of impending due date of maturity well in advance to their depositors as a rule in order to extend better customer service.

(4) Change in interest rate on deposits shall be made known to customers as well as bank branches expeditiously.

(5) Repayment of Term/Fixed Deposits in banks:

(i) The signatures of both the depositors need not be obtained for payment of maturity proceeds of Fixed/term deposit accounts that are opened with operating instructions 'Either or Survivor'. 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.

(ii) 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 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.

(iii) If the joint depositors prefer to allow premature withdrawals of /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 bank to do so, provided they have taken a specific joint mandate from the depositors for the said purpose. In other words, in case of term deposits with "Either or Survivor" or "Former or

"Survivor" mandate, banks 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.

- (iv) The Bank is advised to invariably incorporate a suitable clause in the account opening form informing joint depositors with the mandate of "Either or Survivor" or "Former or Survivor" about the availability of an option to provide specific joint mandate which facilitates premature withdrawal of the deposit by the surviving joint depositor on the death of the other. The bank shall also inform their existing as well as future term deposit holders about the availability of such an option.
- (v) The joint deposit holders shall be permitted to give the mandate either at the time of placing term deposit or anytime subsequently during the term / tenure of the deposit. If such a mandate is obtained, banks shall allow premature withdrawal of term deposits by the surviving depositor without seeking the concurrence of the legal heirs of the deceased joint deposit holder. Such premature withdrawal shall not attract any penal charge.
- (vi) When a fixed deposit account is opened in the joint names of two depositors on 'Either or Survivor' basis and the said joint depositors already have a savings bank account in their names jointly on 'Either or Survivor' instructions, on maturity of the fixed deposit, proceeds of the matured term deposit can be credited to the joint savings bank account already opened in the bank. A separate savings bank account need not be opened in the name of the first depositor for crediting the proceeds of the term deposit.

(6) The bank may, at the request of all the joint account holders, allow the addition or deletion of name/s of joint account holder/s if the circumstances so warrant or allow an individual depositor to add the name of another person as a joint account holder. However, in no case shall the amount or duration of the original deposit undergo a change in any manner in case the deposit is a term deposit.

(7) The bank may, at its discretion, and at the request of all the joint account holders of a deposit receipt, allow the splitting up of the joint deposit, in the

name of each of the joint account holders only, provided that the period and the aggregate amount of the deposit do not undergo any change.

- (8) NRE deposits shall be held jointly with non-residents only. NRO accounts may be held by non-residents jointly with residents.
- (9) The bank is not required to deduct TDS from depositors who submit declaration in Form 15-G/15-H under Income Tax Rules, 1962. The bank shall give an acknowledgment at the time of receipt of such declaration.
- (10) The bank shall provide TDS Certificate in Form 16A, to their customers in respect of whom they (banks) have deducted tax at source. The banks shall put in place systems that will enable them to provide Form 16A to the customers well within the time-frame prescribed under the Income Tax Rules.

145. It is advised that as per the provision of Section 269-T of the Income Tax Act, 1961, as amended by Direct Tax Laws (Amendment) Act, 1987, with effect from 1 April 1989, no bank shall repay any deposit otherwise than by an account payee cheque or an account payee bank draft, if the deposit together with interest, if any, payable thereon or the aggregate of the deposits held by a person together with interest, if any, payable on such deposits is ₹20,000/- or more. The repayment of the deposit by the branch of a banking company or co-operative bank can also be made by crediting the amount of such deposit to the savings bank account or the current account (if any) with such branch of the person to whom such deposit is to be repaid. In cases of failure to comply with the aforesaid provisions, penalty amounting to a sum equal to the amount of the deposit shall be imposed under Section 271-E of the Income Tax Act.

146. Bank should ensure that various term deposit schemes are made known to the customers through proper publicity and advice. The customers need also be informed specifically of the provision of monthly interest on term deposits at a discounted rate and the facility of safe custody of term deposit receipts.

147. The bank should provide assistance / guidance to customers in the area of investment of funds in the various deposit schemes vis-a-vis the requirement of the customers.

E. Acceptance of cash over the counter

148. The bank shall refrain from incorporating clauses in the terms and conditions which restrict deposit of cash over the counters and ensure that its branches invariably accept cash over the counters from all their customers who desire to do so. In this connection, the bank shall comply with the Know Your Customer requirements for customers and walk-in customers as contained in [Reserve Bank of India \(Rural Co-operative Banks – Know Your Customer\) Directions, 2025](#) (as amended from time to time).

F. Opening of Bank Accounts in the Names of Minors

149. It has been brought to our notice that considerable difficulty is being experienced by women customers in opening bank accounts in the names of minors, with mothers as their guardians. Presumably, the banks are reluctant to accept the mother as a guardian of a minor, while father is alive in view of section 6 of the Hindu Minority and Guardianship Act, 1956, which stipulates that the father alone should be deemed to be the guardian in such case. To overcome this legal difficulty and to enable the banks to open freely such accounts in the name of minors under the guardianship of their mothers, it has been suggested in some quarters that the above provisions should be suitably amended. While it is true that an amendment of the above Act may overcome the difficulty in the case of Hindus, it will not solve the problem for other communities as minors belonging to Muslim, Christian, Parsi Communities would still be left out unless the laws governing these communities are also likewise amended.

150. The legal and practical aspects of the above problem were, therefore, examined by us in consultation with the Government of India and we are advised that if the idea underlining the demand for allowing mothers to be treated as guardians relates only to the opening of fixed and savings bank accounts, there would seem to be no difficulty in meeting the requirements as, 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 the minors' accounts opened with mothers as guardians are not allowed to be overdrawn and that they always remain in credit. In this way, the minors' capacity to enter into contract would not be a subject matter of dispute. If this precaution is taken, the banks' interests would be adequately protected.

We shall therefore, be glad if you will kindly apprise all your branches of the position as stated above and instruct them to allow minors' accounts (fixed and savings only) with mothers as guardians to be opened, whenever such requests are received by them, subject to the safeguards mentioned above.

151. The instructions on opening and operation in the deposit accounts of minors are given below:

- (1) Minors of any age may be allowed to open and operate savings and term deposit accounts through his/ her natural or legal guardian.
- (2) Minors above such an age limit not less than 10 years and up to such amount and such terms as may be fixed by the banks keeping in view their risk management policy, may be allowed to open and operate savings/ term deposit accounts independently, if they so desire, and such terms shall be duly conveyed to the account holder.
- (3) On attaining the age of majority, fresh operating instructions and specimen signature of the account holder shall be obtained and kept on record. Moreover, if the account is operated by the guardian, the balance shall be got confirmed. The banks shall take advance action, including communicating these requirements to minor account holders attaining the age of majority, to ensure fulfilment of these requirements.
- (4) The banks are free to offer additional banking facilities like internet banking, ATM/ debit cards, cheque book facility, etc., to the minor account holders basis their risk management policy, product suitability and customer appropriateness.
- (5) The banks shall ensure that accounts of minors, whether operated independently or through a guardian, are not allowed to be overdrawn and that these always remain in credit balance.
- (6) The banks shall perform customer due diligence for opening of deposit accounts of minors and undertake ongoing due diligence, as per the provisions of Reserve Bank of India [Reserve Bank of India \(Rural Co-](#)

[operative Banks – Know Your Customer\) Directions, 2025](#) , as amended from time to time.

G. Safe Deposit Locker/Safe Custody Article Facility provided by the banks

G.1 Allotment of Lockers

G.1.1 Customer Due Diligence (CDD) for Lockers

152. The existing customers of a bank who have made an application for locker facility and who are fully compliant with the CDD criteria under the Reserve Bank of India (Rural Co-operative Banks – Know Your Customer) Directions, 2025 (as updated from time to time) may be given the facilities of safe deposit lockers/ safe custody article subject to on-going compliance.

153. Customers who are not having any other banking relationship with the bank may be given the facilities of safe deposit locker / safe custody article after complying with the CDD criteria under the [Reserve Bank of India \(Rural Co-operative Banks – Know Your Customer\) Directions, 2025](#) (as updated from time to time) and subject to on-going compliance. The due diligence shall be carried out for all the customers in whatever rights and capacities they may be hiring the locker.

154. The bank shall incorporate a clause in the locker agreement that the locker-hirer/s shall not keep anything illegal or any hazardous substance in the Safe Deposit locker. If the bank suspects the deposit of any illegal or hazardous substance by any customer in the safe deposit locker, the bank shall have the right to take appropriate action against such customer as it deems fit and proper in the circumstances.

155. The bank shall obtain recent passport size photographs of locker-hirer(s) and individual(s) authorised by locker hirer(s) to operate the locker and preserve in the records pertaining to locker-hirer being maintained in the bank's branch.

G.1.2 Locker Allotment

156. In order to facilitate customers making informed choices, the bank shall maintain a branch wise list of vacant lockers as well as a waitlist in Core Banking System (CBS) or any other computerised system compliant with Cyber Security Framework issued

by RBI, for the purpose of allotment of lockers and ensure transparency in allotment of lockers. The bank shall acknowledge the receipt of all applications for allotment of locker and provide a waitlist number to the customers, if the lockers are not available for allotment.

G.1.3 Model Locker Agreement

157. The bank shall have a Board approved agreement for safe deposit lockers. For this purpose, banks may adopt the model locker agreement framed by IBA. This agreement shall be in conformity with these revised instructions and the directions of the Hon'ble Supreme Court in this regard. The bank shall ensure that any unfair terms or conditions are not incorporated in their locker agreements. Further, the terms of the contract shall not be more onerous than required in ordinary course of business to safeguard the interests of the bank.

158. At the time of allotment of the locker to a customer, the bank shall enter into an agreement with the customer to whom the locker facility is provided, on a paper duly stamped. A copy of the locker agreement in duplicate signed by both the parties shall be furnished to the locker-hirer to know his/her rights and responsibilities. Original Agreement shall be retained with the bank's branch where the locker is situated.

G.1.4 Locker Rent

159. The bank may face potential situations where the locker-hirer neither operates the locker nor pays the rent. To ensure prompt payment of locker rent, the bank is allowed to obtain a Term Deposit, at the time of allotment, which would cover three years' rent and the charges for breaking open the locker in case of such eventuality. The bank, however, shall not insist on such Term Deposits from the existing locker holders or those who have satisfactory operative account. The packaging of allotment of locker facility with placement of term deposits beyond what is specifically permitted above will be considered as a restrictive practice.

160. If locker rent is collected in advance, in the event of surrender of a locker by a customer, the proportionate amount of advance rent collected shall be refunded to the customer.

161. If there is any event such as merger / closure / shifting of branch warranting physical relocation of the lockers, the bank shall give public notice in two newspapers (including one local daily in vernacular language) in this regard and the customers shall be intimated at least two months in advance along with options for them to change or close the facility. In case of unplanned shifting due to natural calamities or any other such emergency situation, bank shall make efforts to intimate their customers suitably at the earliest.

G.2 Infrastructure and Security Standards

G.2.1 Security of the Strong Room/Vault

162. The bank shall take necessary steps to ensure that the area in which the locker facility is housed is properly secured to prevent criminal break-ins. The risks of accessibility of an allotted locker from any side without involvement of the locker-hirer concerned may be assessed and kept on record. The bank shall have a single defined point of entry and exit to the locker room/vault. The place where the lockers are housed must be secured enough to protect against hazard of rain / flood water entering and damaging the lockers in contingent situations. The fire hazard risks of the area should also be assessed and minimized. The bank, as per their policy, shall conduct necessary engineering / safety verification regularly to identify the risks and carry out necessary rectification.

163. The area housing the lockers shall remain adequately guarded at all times. The bank shall install Access Control System, if required as per their risk assessment, which would restrict any unauthorised entry and create digital record of access to locker room with time log. As per its internal security policy, bank may cover the entry and exit of the strong room and the common areas of operation under CCTV camera and preserve its recording for a period of not less than 180 days. In case any customer has complained to the bank that his/her locker is opened without his/her knowledge and authority, or any theft or security breach is noticed/observed, the bank shall preserve the CCTV recording till the police investigation is completed and the dispute is settled.

164. The security procedures shall be well-documented and the staff concerned shall be properly trained in the procedure. The internal auditors shall verify and report the compliance to ensure that the procedures are strictly adhered to.

G.2.2 Locker Standards

165. All the new mechanical lockers to be installed by the bank shall conform to basic standards / benchmarks for safety and security as prescribed by Bureau of Indian Standards (BIS) or any other enhanced industry standards applicable in this regard.

166. In case the lockers are being operated through an electronic system, the bank shall take reasonable steps to ensure that the system is protected against hacking or any breach of security. The customers' personal data, including their biometric data, shall not be shared with third parties without their consent. Further, the bank shall ensure that the electronically operated lockers are compliant with the Cyber Security Framework prescribed by the Reserve Bank. The system shall be capable of maintaining unalterable log of locker activities. The bank shall comply with the relevant statutory / regulatory guidelines/requirements applicable for IT / data protection. Further, the bank shall also devise a standard operating procedure for issue of new password in lieu of lost passwords to customers in a safe and secure manner in case of electronically operated lockers.

167. The bank shall ensure that identification Code of the bank / branch is embossed on all the locker keys with a view to facilitating identification of lockers / locker ownership by law enforcement agencies in case of need. Further, the custodian of the locker shall, regularly/periodically, check the keys maintained in the branch to ensure that they are in proper condition. The bank shall permit the locker-hirer to operate the locker only with the key provided by the bank, although there is no restriction in allowing the customer to use an additional padlock of her /his own if there are such provisions in lockers.

G.3 Locker Operations

G.3.1 Regular Operations by Customers

168. The locker hirer and/or the persons duly authorised by him/ her only shall be permitted to operate the locker after proper verification of their identity and recording of the authorization by the officials concerned of the bank. The bank shall maintain a record of all individuals, including the locker-hirers, who have accessed the lockers and the date and time (both check-in and check-out time) on which they have opened and closed the locker and obtain their signature. The ingress and egress register for access to Vault Room by locker-hirers or any other individual including the banks' staff shall be maintained to record the movement of individuals in the Vault Room area with their signatures at appropriate place in the records.

169. The bank's officer authorising the locker-hirer to access the locker, after unlocking the first key / password shall not remain present when the locker is opened by the locker-hirer. The bank shall ensure that there is adequate privacy to the locker-hirers in the operations when customers access the lockers at the same time.

170. The bank shall send an email and SMS alert to the registered email ID and mobile number of the customer before the end of the day as a positive confirmation intimating the date and time of the locker operation and the redressal mechanism available in case of unauthorized locker access.

G.3.2 Internal Controls by banks

171. There shall be a system of inter change of locks whenever the locker is surrendered by the hirer. The keys of vacant lockers shall be kept in sealed envelopes. The duplicate master keys shall be deposited with another branch of the bank. There shall be proper record of joint custody of master keys. The bank shall conduct surprise periodic verification of surrendered/vacant lockers and their keys by an officer of the bank who is not connected with their custody and proper record shall be maintained as a proof of such verification.

172. The bank shall ensure that the Locker Register and the Locker Key Register are maintained in CBS or any other computerized system compliant with the Cyber

Security Framework issued by the Reserve Bank. The Locker Register shall be updated in case of any change in the allotment with complete audit trails.

173. The bank custodian shall check whether the lockers are properly closed post locker operation. If the same is not done, the lockers must be immediately closed, and the locker-hirer shall be promptly intimated through e-mail, if registered or through SMS, if mobile number is registered or through letter so that they may verify any resulting discrepancy in the contents of the locker. The bank custodian shall record the fact of not closing the locker properly in the register and its closure by the bank with the date and time. Further, the custodian of the locker room shall carry out a physical check of the locker room at the end of the day to ensure that lockers are properly closed, and that no person is inadvertently trapped in the locker room after banking hours.

G.4 Access to the articles in the safe deposit lockers / return of safe custody articles

174. If the sole locker hirer nominates an individual to receive the contents in the locker, in case of his death, after verification of the death certificate and satisfying the identity and genuineness of such individual approached, the bank shall give access of the locker to such nominee with liberty to remove the contents of the locker, after an inventory was taken in the prescribed manner. In case the locker was hired jointly with the instructions to operate it under joint signatures, and the locker hirer(s) nominates any other individual(s), in the event of death of any of the locker hirers, the bank shall give access of the locker and the liberty to remove the contents jointly to the survivor(s) and the nominee(s) after an inventory was taken in the prescribed manner. In case the locker was hired jointly with survivorship clause and the hirers instructed that the access of the locker should be given to "either or survivor", "anyone or survivor" or "former or survivor" or according to any other survivorship clause permissible under the provisions of the Banking Regulation Act, 1949, the bank shall follow the mandate in the event of death of one or more of the joint locker-hirers.

175. The bank shall, however, ensure the following before giving access to the contents to nominee / survivor:

- (1) Exercise due care and caution in establishing the identity of the survivor(s) / nominee(s) and the fact of death of the locker hirer by obtaining appropriate documentary evidence;
- (2) Make diligent effort to find out whether there is any order or direction from Courts/Forums restraining it from giving access to the locker of the deceased; and
- (3) Make it clear to the survivor(s) / nominee(s) that access to articles in the locker / safe custody articles is given to them only as a trustee of the legal heirs of the deceased locker hirer i.e., such access given to them shall not affect the right or claim which any person may have against the survivor(s) / nominee(s) to whom the access is given.

176. Similar procedure shall be followed for return of articles placed in the safe custody of the bank.

177. The bank shall ensure that, the contents of locker, when sought to be removed on behalf of a minor nominee, are handed over to a person who is, in law, competent to receive the articles on behalf of such minor. Further, the bank shall prepare an inventory of the articles in the presence of two independent witnesses, one officer of the bank who is not associated with the locker facility or safe deposit of articles and the claimant (s), who may be a nominee or an individual receiving the articles, on behalf of a minor.

178. The bank shall obtain a separate statement from the nominee (claimant) or the person competent to receive articles on behalf of the minor, as the case may be, that all the contents in the locker or in the safe custody of the bank, as the case may be, are received and the locker is empty and they have no objection to allotment of the locker to any other customer as per norms.

179. While giving access to the survivor(s) / nominee(s) of the deceased locker hirer / depositor of the safe custody articles, banks may avoid insisting on the production of succession certificate, letter of administration or probate, etc., or obtain any bond of indemnity or surety from the survivor(s)/nominee(s), unless there is any discrepancy

in nomination. In this regard, bank shall take note of the instructions under paragraph 175.

180. In case where the deceased locker hirer had not made any nomination or where the joint hirers had not given any mandate that the access may be given to one or more of the survivors by a clear survivorship clause, bank shall adopt a Board approved policy to facilitate access to legal heir(s) / legal representative of the deceased locker hirer. In this regard, banks shall take note of the instructions under paragraph 175.

181. Similar procedure shall be followed for the articles under safe custody of the bank.

G.5 Closure and Discharge of locker items

182. This part refers to the breaking open of the locker in a manner other than through the normal access by the customer using her/his original key or password under any one of the following circumstances:

- (1) if the hirer loses the key and requests for breaking open the locker at her /his cost; or
- (2) if the Government enforcement agencies have approached the bank with orders from the Court or appropriate competent authority to seize lockers and requested for access to the lockers; or
- (3) if the bank is of the view that there is a need to take back the locker as the locker hirer is not co-operating or not complying with the terms and conditions of the agreement.

183. The bank shall have a clear Board approved policy together with a Standard Operating Procedure (SOP) for breaking open the lockers for all possible situations keeping in view the relevant legal and contractual provisions.

G.6 Discharge of locker contents at the request of customer

184. If the key of the locker, supplied by bank is lost by the locker-hirer, the customer (locker hirer) shall notify the bank immediately. An undertaking may also be obtained

from the customer that the key lost, if found in future, will be handed over to the bank. All charges for opening the locker, changing the lock and replacing the lost key may be recovered from the hirer. The charges applicable for replacement of lost keys / issue of new password shall be communicated to the locker hirer.

185. The opening of the locker has to be carried out by the bank or its authorised technician only after proper identification of the hirer, proper recording of the fact of loss and written authorisation by the customer for breaking open the locker.

186. The operation shall be done in the presence of the customer/s and an authorised official of the bank. It has to be ensured that the adjoining lockers are not impacted by any such operations and the contents of the lockers are not exposed to any individual other than the locker-hirer during the break-up or restoration process.

G.6.1 Attachment and recovery of contents in a Locker and the Articles in the safe custody of the bank by any Law Enforcement Authority

187. In case of attachment and recovery of the contents in a locker of a customer or the articles left by a customer for safe custody of the bank by any Authority acting either under the orders of a Court or any other competent authority vested with the power to pass such orders, the bank shall co-operate in execution and implementation of the orders.

188. The bank shall verify and satisfy itself about the orders and the connected documents received for attachment and recovery of the contents in a locker or articles in the safe custody of the bank. The customer (locker-hirer) shall be informed by letter as well as by email/SMS to the registered email id/mobile phone number that the Government Authorities have approached for attachment and recovery or seizure of the locker or articles deposited for safe custody. An inventory of the contents of locker and articles seized and recovered by the Authority shall be prepared in the presence of such Government Authorities, two independent witnesses and an officer of the bank and shall be signed by all. A copy of the inventory may be forwarded to the customer to the address available in the bank's records or handed over to the customer against acknowledgement.

189. The bank shall also record a video of the break-open process and the inventory assessment, wherever legally permissible, and preserve the video to produce as evidence in case of any dispute or Court or fraud case in future.

G.7 Discharge of locker contents by banks due to non-payment of locker rent

190. The bank shall have the discretion to break open any locker following due procedure if the rent has not been paid by the customer for three years in a row. The bank shall ensure to notify the existing locker-hirer prior to any changes in the allotment and give him/her reasonable opportunity to withdraw the articles deposited by him/her. A clause may be incorporated in the locker agreement to this effect.

191. Before breaking open the locker, the bank shall give due notice to the locker-hirer through a letter and through email and SMS alert to the registered email id and mobile phone number. If the letter is returned undelivered or the locker-hirer is not traceable, the bank shall issue public notice in two newspaper dailies (one in English and another in local language) giving reasonable time to the locker-hirer or to any other person/s who has interest in the contents of locker to respond. The locker shall be broken open in the presence of an officer of the bank and two independent witnesses. In case of electronically operated lockers (including Smart Vaults), the use of 'Vault Administrator' password for opening of locker shall be assigned to a senior official and complete audit trail of access shall be preserved. Further, bank shall also record a video of the break open process together with inventory assessment and its safe keep and preserve the same so as to provide evidence in case of any dispute or Court case in future. The bank shall also ensure that the details of breaking open of locker is documented in CBS or any other computerised systems compliant with the Cyber Security Framework issued by RBI, apart from locker register. After breaking open of locker, the contents shall be kept in sealed envelope with detailed inventory inside fireproof safe in a tamper-proof way until customer claims it. A record of access to the fireproof safe shall invariably be maintained. While returning the contents of the locker, the bank shall obtain acknowledgement of the customer on the inventory list to avoid any dispute in future.

192. The bank shall ensure that the inventory prepared after breaking open of the locker and during settlement of claims, is in the appropriate **Annex IV – Forms** as provided

at the end of this circular or as near thereto as circumstances require. Further, the bank shall not open sealed/closed packets left with them for safe custody or found in locker while releasing them to the nominee(s) and surviving locker hirers / depositor of safe custody article, unless required by law.

G.7.1 Discharge of locker contents if the locker remains inoperative for a long period of time

193. If the locker remains inoperative for a period of seven years and the locker-hirer cannot be located, even if rent is being paid regularly, the bank shall be at liberty to transfer the contents of the locker to their nominees/legal heir or dispose of the articles in a transparent manner, as the case may be. Before breaking open the locker, the bank shall follow the procedure as prescribed in paragraphs 191 and 192 above. The bank shall ensure that the procedure to be followed by them for disposal of the articles left unclaimed for a reasonably long period of time as mentioned above is incorporated in their locker agreement.

194. The bank shall ensure that appropriate terms are inserted in the locker agreement executed with the customer specifying the position in case the locker is not in operation for long period. A clause may also be incorporated in the locker agreement to discharge the bank from liability in case the locker is not in operation and the locker is opened by the bank and contents are released as per law and as per the instructions issued by the Reserve Bank and the terms and conditions prescribed in the agreement.

G.8 Compensation Policy / Liability for Banks

G.8.1 Liability of the bank

195. The bank shall put in place a detailed Board approved policy outlining the responsibility owed by them for any loss or damage to the contents of the lockers due to its negligence as bank owe a separate duty of care to exercise due diligence in maintaining and operating its locker or safety deposit systems. The duty of care includes ensuring proper functioning of the locker system, guarding against unauthorised access to the lockers and providing appropriate safeguards against theft

and robbery. Further, bank shall adhere to the Master Directions on Frauds for reporting requirements about the instances of robberies, dacoities, thefts and burglaries.

G.8.2 Liability of bank arising from natural calamities like earthquake, flood, thunderstorm, lightning etc. or due to sole negligence of the customer

196. The bank shall not be liable for any damage and/or loss of contents of locker arising from natural calamities or Acts of God like earthquake, floods, lightning and thunderstorm or any act that is attributable to the sole fault or negligence of the customer. The bank shall, however, exercise appropriate care to its locker systems to protect its premises from such catastrophes.

G.8.3 Liability of bank arising from events like fire, theft, burglary, dacoity, robbery, building collapse or in case of fraud committed by the employees of the bank

197. It is the responsibility of bank to take all steps for the safety and security of the premises in which the safe deposit vaults are housed. It has the responsibility to ensure that incidents like fire, theft/ burglary/ robbery, dacoity, building collapse do not occur in the bank's premises due to its own shortcomings, negligence and by any act of omission/commission. As the bank cannot claim that they bear no liability towards their customers for loss of contents of the locker, in instances where loss of contents of locker are due to incidents mentioned above or attributable to fraud committed by its employee(s), the bank's liability shall be for an amount equivalent to one hundred times the prevailing annual rent of the safe deposit locker.

G.9 Risk Management, Transparency and Customer Guidance

G.9.1 Branch Insurance Policy

198. The bank, with the approval of its Board, shall have a branch insurance policy to minimize the loss due to incidents like robbery, fire, natural calamities, loss during shifting/merger of branch, etc., affecting contents of lockers.

G.9.2 Insurance of locker contents by the customer

199. The bank shall clarify in its locker agreement that as it does not keep a record of the contents of the locker or of any articles removed therefrom or placed therein by the customer, they would not be under any liability to insure the contents of the locker against any risk whatsoever. The bank shall under no circumstances offer, directly or indirectly, any insurance product to its locker hirers for insurance of locker contents.

G.9.3 Customer guidance and publicity

200. The bank shall display the model locker agreement with all the Terms & Conditions and the Standard Operating Procedures (SOPs) on various aspects on its website and/or at branches (if official website is not available) where locker facility is being provided by them for public viewing. The bank shall ensure that the customers are made aware of the bank's terms and conditions to avail those facilities.

201. The bank shall display updated information on all kinds of charges for safe deposit lockers and safe custody articles on its websites.

202. The bank shall place on its website, the instructions together with the policies / procedures put in place for giving access of the locker/safe custody article to the nominee(s) / survivor(s) / legal heir(s) of the deceased locker hirer/safe custody article. Further, a printed copy of the same shall also be given to the nominee(s) / survivor(s) / legal heir(s).

G.10 Board approved policies and SOPs

203. The bank shall put in place a comprehensive revised Board approved policy and SOPs on safe deposit locker facility/safe custody article as per the revised instructions mentioned herein.

H. Nomination Facility

204. The Banking Regulation Act, 1949 (AACS) was amended by Banking Laws (Amendment) Act, 1983 by introducing new Sections 45ZA to 45ZF, which provide, inter alia, for the following matters :

- (1) To enable a co-operative bank to make payment to the nominee of a deceased depositor, the amount standing to the credit of the depositor .
- (2) 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.
- (3) 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.

H.1 The Co-operative Banks (Nomination) Rules, 1985

205. Since such nomination has to be made in the prescribed manner, the Central Government framed, in consultation with the Reserve Bank of India, the Co-operative Banks (Nomination) Rules, 1985. These Rules, together with the provisions of new sections 45ZA to 45ZF of the Banking Regulation Act, 1949 (AACS) regarding nomination facilities were brought into force with effect from 1985.

206. The Co-operative Banks (Nomination) Rules, 1985 which are self-explanatory, provide for :-

- (1) Nomination Forms for deposit accounts, articles kept in safe custody and contents of safety lockers.
- (2) Forms for cancellation and variation of the nominations.
- (3) Registration of Nominations and cancellation and variation of nominations, and
- (4) Matters related to the above.

H.1.1 Nomination Facility – Sole Proprietary Concern

207. The bank shall extend the nomination facility also in respect of deposits held in the name of a sole proprietary concern.

H.1.2 Nomination Facility in Single Deposit Accounts

208. The bank shall give wide publicity and provide guidance to deposit account holders on the benefits of nomination facility and the survivorship clause. The bank shall 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 bank shall explain the advantages of nomination facility. If the persons opening the account still does not want to nominate, the bank shall ask them him/her to give a specific letter to the effect that they he/she does not want to make a nomination. In case the person opening the account declines to give such a letter, the bank shall record the fact on the account opening form and proceed with opening of the account if otherwise found eligible. Under no circumstances, a bank shall refuse to open an account solely on the ground that the person opening the account refused to nominate.

H.1.3 Acknowledgement of Nomination

209. In terms of Rules 2 (9), 3 (8) and 4 (9) of the Banking Companies Nomination (Rules), 1985, the bank shall 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.

210. The bank shall strictly comply with the provisions of Banking Regulation Act, 1949 and Banking Companies (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 shall be given to all the customers irrespective of whether the same is demanded by the customers.

H.1.4 Registering the nomination

211. In terms of Rules 2 (10), 3 (9) and 4 (10) of the Co-operative Banks (Nomination) Rules, 1985, StCBs/DCCBs are required to register in their books the nomination, cancellation and / or variation of the nomination. The StCBs/DCCBs should accordingly take action to register nominations or changes therein, if any, made by their depositor(s) / hirers.

H.1.5 Incorporation of the legend “Nomination Registered” in pass book, deposit receipt etc. and indicating the Name of the Nominee in Pass Books / Fixed Deposit Receipts

212. When a bank account holder has availed himself of nomination facility, the same shall be indicated on the passbook so that, in case of death of the account holder, his relatives can know from the passbook that the nomination facility has been availed of by the deceased depositor and take suitable action. The bank shall introduce the practice of recording on the face of the passbook the position regarding availment of nomination facility with the legend "Nomination Registered". This may be done in the case of term deposit receipts also.

213. Further, the bank shall, in addition to the legend "Nomination Registered", also indicate the name of the Nominee in the Pass Books / Statement of Accounts / FDRs, in case the customer is agreeable to the same.

H.1.6 Separate nomination for savings bank account and pension account

214. Nomination facility is available for savings bank account opened for credit of pension. Cooperative Banks (Nomination) Rules, 1985 are distinct from the Arrears of Pension (Nomination) Rules, 1983 and 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 StCBs/DCCBs for which a separate nomination is necessary in terms of the Co-operative Banks (Nomination) Rules, 1985 in case a pensioner desires to avail of nomination facility.

H.2 Nomination Facility – Certain Clarifications

H.2.1 Nomination facility in respect of deposits

215. Nomination facility is intended for individuals including a sole proprietary concern.

216. Rules stipulate that nomination shall be made only in favour of individuals. As such, a nominee cannot be an Association, Trust, Society or any other Organisation or any office-bearer thereof in his official capacity. In view thereof any nomination other than in favour of an individual will not be valid.

217. There cannot be more than one nominee in respect of a joint deposit account.

218. The bank shall allow variation/cancellation of a subsisting nomination by all the surviving depositor(s) acting together. This is also applicable to deposits having operating instructions "either or survivor".

219. In the case of a joint deposit account the nominee's right arises only after the death of all the depositors.

220. Witness in Nomination Forms: The Co-operative Banks (Nomination) Rules, 1985 have been framed in exercise of powers conferred by section 52 read with sections 45ZA, 45ZC and 45ZE of the Banking Regulation Act, 1949 (AACS). In this connection, we clarify that for the various Forms (DA1, DA2 and DA3 for Bank Deposits, Forms SC1, SC2 and SC3 for Articles left in Safe Custody, Forms SL1, SL1A, SL2, SL3 and SL3A for Safety Lockers) prescribed under Co-operative Banks (Nomination) Rules, 1985 only Thumb-impression(s) shall be attested by two witnesses. Signatures of the account holders need not be attested by witnesses..

221. Nomination in case of Joint Deposit Accounts: It is understood that sometimes the customers opening joint accounts with or without "Either or Survivor" mandate, are dissuaded from exercising the nomination facility. It is clarified that nomination facility is available for joint deposit accounts also. The bank is, therefore, advised to ensure that its branches offer nomination facility to all deposit accounts including joint accounts opened by the customers..

H.2.2 Customer Guidance and Publicity Educating Customers on the Benefits of nomination / survivorship clause

222. The nomination facility is intended to facilitate expeditious settlement of claims in the accounts of deceased depositors and to minimise hardship caused to the family members on the death of the depositors. The bank shall endeavour to drive home to their constituents the benefit of nomination facilities and ensure that the message reaches all the constituents by taking all necessary measures for popularising the nomination facility among their constituents.

223. The bank shall give wide publicity and provide guidance to deposit account holders on the benefits of the nomination facility and the survivorship clause. Illustratively, it shall 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.

224. In addition to obtaining nomination forms, the bank shall ensure that account opening form contains space for nomination also so that the customers could be educated about availability of such facilities.

225. Unless the customers prefer not to nominate (this may be recorded without giving scope for conjecture of non-compliance), nomination should be a rule, to cover all other existing and new accounts.

226. To popularise the nomination facility, publicity may be launched, including printing compatible message on cheque books, pass-book and any other literature reaching the customers as well as launching periodical drives. The methodology which the bank may like to adopt for this purpose may vary. A specimen format of the slip is given below:-

"Nomination facility available for -

- Deposits
- Safe Custody
- Safe Deposit Vault

Please make use of it.

For details, please enquire at the Branch"

227. The availability of the above facility may also be indicated on the cheque/pass books.

Note: The Banking Companies (Nomination) Rules, 1985 may be read as The Co-operative Banks (Nomination) Rules, 1985

I. Settlement of Claims (to be implemented not later than March 31, 2026)

228. The current instructions in respect of Settlement of Claims are provided in **Annex V – Settlement of Claims** (existing instructions). The instructions in **Annex V –**

Settlement of Claims (existing instructions) shall continue to be applicable till the bank implements directions provided in paragraph 231 to 272, which shall be implemented as expeditiously as possible but not later than March 31, 2026. The instructions in **Annex V** shall cease to be applicable once these revised directions are implemented by the bank.

229. These directions (paragraphs 231 to 272) shall not be applicable in case of Government savings schemes administered by banks such as Senior Citizen Savings Scheme (SCSS), Public Provident Fund (PPF), etc. Settlement of claims in such cases shall be as per the provisions of the respective schemes.

230. For the limited purpose of directions from paragraphs 231 to 272, unless the context otherwise requires, the following definitions shall apply:

- (1) 'Accounts with survivorship clause' refers to joint deposit accounts styled as 'either or survivor', or 'anyone or survivor', or 'former or survivor' or 'latter or survivor' or any other such clause.
- (2) 'Apostille' refers to a certificate that authenticates the origin of a public document (e.g., a birth, marriage or death certificate, a judgment, an extract of a register or a notarial attestation). Apostilles can only be issued for documents issued in one country party to the Hague Apostille Convention and that are to be used in another country which is also a party to the Convention. In India, such attestations are done by Ministry of External Affairs.
- (3) 'Bank Rate' refers to the rate published by Reserve Bank in terms of Section 49 of the Banking Regulation Act, 1949.
- (4) 'Customer' refers to a person who may be a depositor or a locker hirer or has placed articles in safe custody with a bank.
- (5) 'Depositor' refers to an individual(s) who has any type of deposit account with a bank such as Savings account, Current account, Term Deposit account, etc.
- (6) 'Equivalent e-document' shall have the same meaning as defined [Reserve Bank of India \(Rural Co-operative Banks – Know Your Customer\) Directions, 2025.](#)

(7) 'Officially Valid Document' refers to the documents as detailed in [Reserve Bank of India \(Rural Co-operative Banks – Know Your Customer\) Directions, 2025.](#)

(8) 'Threshold limit' means ₹5 lakh or such higher limit as may be fixed by the bank.

I.1 Settlement of Claims in Deposit Accounts of Deceased Depositor - Accounts with survivor/ nominee clause

231. A deposit account where a depositor had made nomination in terms of the provisions of the Banking Regulation Act, 1949 or where the account was opened with survivorship clause, the payment of the outstanding balance upon the death of the depositor(s) to the nominee(s)/ survivor(s) shall be considered a valid discharge of a bank's liability, provided:

- (1) the bank has exercised due care and caution in establishing the identity of the nominee(s)/ survivor(s) and the deceased status of the account holder(s) by obtaining appropriate documentary evidence (physical or equivalent e-document);
- (2) there is no order from the competent court in the knowledge of the bank, as on the date of settlement/ payment, restraining the nominee(s)/ survivor(s) from receiving or the bank from making the payment from the account of the deceased depositor(s); and
- (3) it has been made clear in writing to the nominee(s)/ survivor(s) that they would be receiving the payment from the bank as a trustee of the legal heirs of the deceased depositor(s), i.e., such payment to them shall not affect the right or claim which any person may have against the nominee(s)/ survivor(s) to the extent of the payment made to them.

232. In the case of a joint deposit account with or without survivorship clause, the nominee's right arises only after the death of all the depositors.

233. Payment made to the nominee(s)/ survivor(s), subject to the foregoing conditions, shall constitute a full and valid discharge of a bank's liability. Therefore, in such cases, while making payment to the nominee(s)/ survivor(s) of the deceased depositor(s), the bank shall not insist on production of legal documents such as Succession Certificate,

Letter of Administration, Probate of Will, etc., or seek any bond of indemnity/ surety from the nominee(s)/ survivor(s)/ third-party, irrespective of the amount standing to the credit of the deceased account holder(s). The bank shall require submission of the following documents in such cases:

- (1) Claim form, as given in **Annex VI – Application Form for Settlement of Claim in Deposit Accounts/ Release of Contents of Safe Deposit Lockers/ Return of Articles in Safe Custody kept by Deceased Customer (cases with Nomination or Joint Account with survivorship clause)**, duly signed by the nominee(s)/ survivor(s);
- (2) Death certificate of the deceased depositor(s); and
- (3) Officially Valid Document of the nominee/ survivor towards verifying her/ his identity and address.

I.1.1 Accounts without nominee/ survivorship clause – Simplified Procedure

234. Keeping in view the imperative need to avoid inconvenience and undue hardship to the legal heir(s)/ claimant(s), a bank shall follow a simplified procedure for settlement of claims in respect of deposit accounts where the aggregate amount payable, including accrued interest, as on the date of the application is less than the threshold limit, provided

- (1) a deceased depositor(s) had not made any nomination or in case of a joint account, the account was without nominee/ survivorship clause,
- (2) there is no Will left behind by the deceased depositor(s),
- (3) there is no contesting claim, and
- (4) there is no order from a competent court in the knowledge of the bank, restraining the claimant(s) from receiving nor the bank from making the payment.

I.1.1.1 Claim amount up to the threshold limit

235. The bank shall settle the claim up to the threshold limit based on

- (1) Claim form, as given in **Annex VII – Application Form for Settlement of Claim in Deposit Accounts/ Release of Contents of Safe Deposit Lockers/ Return of Articles in Safe Custody kept by Deceased Customer (cases other than Nomination or Joint Account with survivorship clause)** duly filled in and signed by the claimant(s) other than those who have signed the letter of disclaimer/no objection;
- (2) Death certificate of the deceased depositor(s);
- (3) Officially Valid Document of the claimant(s) towards verifying his/ her identity and address;
- (4) Bond of indemnity, as given in **Annex VIII – Bond of Indemnity / Surety***, signed by the claimant(s);
- (5) Letter of disclaimer/ no objection, as given in **Annex IX – Letter of Disclaimer / No Objection**, from non-claimant legal heir(s), if applicable; and
- (6) Legal Heir Certificate issued by a competent authority;

OR

Declaration, as given in **Annex X – Declaration / Affidavit**, regarding the legal heir(s) of the deceased depositor(s) by an independent person who is well known to the family of the deceased, is not a party to the claim and is acceptable to the bank.

236. No bond of surety from a third-party shall be obtained in case of claims up to the threshold limit.

I.1.1.2 Claim amount above the threshold limit

237. In cases where claim amount is above the threshold limit, the bank shall settle the claim based on

- (1) Succession Certificate and documents mentioned at paragraph 235 (1) to (3) above;

OR

(2) Legal Heir Certificate issued by a competent authority; or Affidavit, as given in **Annex X – Declaration / Affidavit**, sworn before a Notary Public/ Judge/ Judicial Magistrate regarding the legal heir(s) of the deceased depositor, by an independent person who is well known to the family of the deceased, is not a party to the claim and is acceptable to the bank.

2. In such cases, the bank shall call for the documents at paragraph 235 (1) to (5) above. The bank may also call for a bond of surety, as given in **Annex VIII – Bond of Indemnity / Surety***, from third-party individuals (which may include non-claimant legal heir(s)) who are acceptable to the bank and good for the claim amount.

I.2 Settlement of Claims not falling under the Simplified Procedure

I.2.1 Claims involving ‘Will’ without any dispute

238. The bank shall settle claims involving ‘Will’ left behind by a deceased depositor on the basis of Probate of Will/ Letter of Administration, as applicable, in addition to documents mentioned at paragraphs 235 (1) to (3) above. In cases where a person other than a legal heir is named as a beneficiary in the Will, applicable documents shall also be obtained from her/ him.

239. However, the bank is free to exercise discretion and act as per ‘Will’ of the deceased without requiring production of the probate of such Will, provided the same is not inconsistent with applicable laws, there is no dispute regarding the Will amongst the legal heir(s) and/ or beneficiaries named in the Will and the bank is otherwise satisfied as to the genuineness of the Will. In such cases, the bank shall additionally call for the documents mentioned at paragraphs 235 (4) and (5) above.

I.2.2 Cases involving contesting claims/ dispute

240. In case of contesting claims or dispute amongst the legal heir(s) and/ or the beneficiaries named in the Will of the deceased depositor, the bank shall settle claims on the basis of Probate of Will or Letter of Administration or Succession Certificate or Court order/ decree, as applicable, and the documents mentioned at clauses 235 (1) to (3) above. Further, where there is an order from a Court restraining the bank from making the payment, the claim shall not be entertained during the period the order is

in force. The settlement of claim shall be considered based on subsequent Court order to that effect.

241. No bond of surety shall be insisted from a third party in cases falling under either paragraph 238-239 or 240.

I.3 Treatment of credits in the name of a deceased depositor post settlement

242. Post settlement of the deposit account(s), in case any credit is received in the name of a deceased depositor, the bank shall return the same to the remitter with the remark 'Account holder deceased' and intimate the nominee(s)/ survivor(s)/ legal heir(s).

I.4 Premature Termination of term deposit accounts

243. Premature termination of term deposits opened jointly, with or without survivorship clause, shall require the consent of the surviving depositors and the legal heir(s) of the deceased joint holder, in case of death of one of the depositors. However, in case of joint accounts with survivorship clause, if a specific mandate is furnished by all the depositors jointly to the bank, either at the time of placing the term deposit or anytime subsequently during the tenure of the deposit, then premature withdrawal option shall be allowed to the survivors on the death of any of the depositors, without seeking the concurrence of the legal heir(s) of the deceased joint deposit holder.

I.5 Settlement of Claims in respect of missing persons

244. The nominee(s)/ legal heir(s) of a missing person shall be required to get an order from the competent court under the provisions of Sections 110 or 111 of the Bharatiya Sakshya Adhiniyam, 2023. The claim in respect of such missing person shall be settled as per the procedure applicable for settlement of claims in respect of a deceased customer. In such cases, a copy of the court order declaring the civil death of the account holder shall be obtained in lieu of the death certificate. However, to avoid inconvenience and undue hardship to the common person where the aggregate amount payable, including accrued interest, as on the date of the application is less than ₹1 lakh or such higher amount as may be fixed by the bank, a copy of the First Information Report (FIR) and non-traceable report issued by police authorities shall be

obtained in lieu of death certificate or an order from a competent court declaring the civil death of the account holder for settling the claim.

I.6 Settlement of Claims in Safe Deposit Locker and Articles in Safe Custody by Deceased Customer

I.6.1 Claims with Nominee(s)/ Survivor(s)

245. If a sole locker hirer nominates an individual(s) to receive the contents in the locker in case of her/ his death, a bank shall give access of the locker to such nominee(s) with liberty to remove the contents of the locker.

246. In case the locker was hired jointly with the instructions to operate it under joint signatures, and the locker hirers nominate any other individual(s), in the event of death of any of the locker hirers, the bank shall give access of the locker and the liberty to remove the contents jointly to the nominee(s) and the survivor(s).

247. In case the locker was hired jointly with survivorship clause and the hirers instructed that the access of the locker should be given to "either or survivor", "anyone or survivor" or "former or survivor" or according to any other survivorship clause permissible under the provisions of the Banking Regulation Act, 1949, the bank shall follow the mandate in the event of death of one or more of the joint locker hirers.

248. In case of a minor nominee, the bank shall ensure that, the contents of locker, when sought to be removed on behalf of the minor nominee, are handed over to the guardian whose details have been provided in the nomination form. If the details of the guardian have not been provided in the nomination form, the bank shall hand over the contents of the locker to a person who is, in law, competent to receive the contents of safe deposit locker on behalf of such minor.

249. The following documents shall be obtained by a bank for processing the claim in cases falling under paragraphs 245 and 246 above:

- (1) Claim form, as given in **Annex VI – Application Form for Settlement of Claim in Deposit Accounts/ Release of Contents of Safe Deposit Lockers/ Return of Articles in Safe Custody kept by Deceased Customer (cases with Nomination**

(or Joint Account with survivorship clause), duly signed by the nominee(s)/ survivor(s);

- (2) Death certificate of the safe deposit locker hirer(s); and
- (3) Officially Valid Document of the nominee/ survivor towards verifying her/ his identity and address.

250. A bank shall, however, ensure the following before giving access to the contents to the nominee(s)/ survivor(s):

- (1) Exercise due care and caution in establishing the identity of the nominee(s)/ survivor(s) and deceased status of the locker hirer(s) by obtaining appropriate documentary evidence (physical or equivalent e-document);
- (2) There is no order or direction as on date from a Court/ Forum in the knowledge of the bank, restraining the nominee(s)/ survivor(s) from having access or the bank from giving access to the locker of the deceased hirer(s) and liberty to remove the contents of such locker; and
- (3) Make it clear to the nominee(s)/ survivor(s) that access and liberty to remove the contents of the locker is given to them only as a trustee of the legal heir(s) of the deceased locker hirer(s), i.e., such access and liberty to remove the contents given to them shall not affect the right or claim which any person may have against the nominee(s)/ survivor(s) to whom the access is given.

251. A bank shall, however, ensure the following before giving access to the contents to the nominee(s)/ survivor(s):

- (1) Exercise due care and caution in establishing the identity of the nominee(s)/ survivor(s) and deceased status of the locker hirer(s) by obtaining appropriate documentary evidence (physical or equivalent e-document);
- (2) There is no order or direction as on date from a Court/ Forum in the knowledge of the bank, restraining the nominee(s)/ survivor(s) from having access or the bank from giving access to the locker of the deceased hirer(s) and liberty to remove the contents of such locker; and

(3) Make it clear to the nominee(s)/ survivor(s) that access and liberty to remove the contents of the locker is given to them only as a trustee of the legal heir(s) of the deceased locker hirer(s), i.e., such access and liberty to remove the contents given to them shall not affect the right or claim which any person may have against the nominee(s)/ survivor(s) to whom the access is given.

252. After receipt of the documents mentioned at paragraph 249 above and being satisfied to the genuineness of the claim, the bank shall correspond with the nominee(s)/ survivor(s) in writing and fix a date and time for making an inventory of the contents of the safe deposit locker. The same shall be undertaken in the presence of the nominee(s) and/or survivor(s) and/ or their authorised representatives, two independent witnesses (should not be employee or ex-employee of the bank), the safe deposit vault custodian and another employee of the bank not associated with locker operations, and recorded as per the inventory form given in **Annex XI – Form of Inventory of Contents of Safe Deposit Locker**. The bank shall then hand over the possession of the contents of the locker to the nominee(s)/ survivor(s)/ the person competent to receive the contents on behalf of the minor, as the case may be, and obtain an acknowledgment, as given in **Annex XI – Form of Inventory of Contents of Safe Deposit Locker**, that all the contents in the locker of the deceased hirer(s) have been removed and the locker is empty, and they have no objection to allotment of the locker to any other locker hirer as per norms of the bank.

253. Production of legal documents, viz., Succession Certificate, Letter of Administration, Probate of Will, etc., or Bond of indemnity from the nominee(s)/ survivor(s) shall not be required unless there is any discrepancy in nomination.

254. Procedure, as prescribed in paragraphs 245 to 253 above, shall be followed mutatis mutandis for return of articles kept by the deceased customer in the safe custody of the bank. However, inventory form given in **Annex XII – Form of Inventory of Articles left in Safe Custody** shall be used in such cases.

I.6.2 Cases without nominee/ survivorship clause

I.6.2.1 Settlement of claims falling under the simplified procedure

255. Keeping in view the imperative need to avoid inconvenience and undue hardship to the legal heir(s)/ claimant(s), a bank shall adopt a simplified procedure for settlement of claims in safe deposit lockers provided there is no dispute amongst the legal heir(s)/ claimant(s) and

- (1) the deceased locker hirer(s) had not made any nomination, or
- (2) the joint hirers had not given any mandate that the access may be given to one or more of the survivors by a clear survivorship clause, or
- (3) there is no 'Will' left behind by the deceased locker hirer.

256. In cases falling under the simplified procedure, the bank shall obtain the following documents to settle the claim without obtaining any legal documents such as Succession Certificate, Letter of Administration, Court order, etc.

- (1) Claim form, as given in **Annex VII – Application Form for Settlement of Claim in Deposit Accounts/ Release of Contents of Safe Deposit Lockers/ Return of Articles in Safe Custody kept by Deceased Customer (cases other than Nomination or Joint Account with survivorship clause)**, duly filled and signed by the claimant legal heir(s);
- (2) Death certificate of the safe deposit locker hirer(s);
- (3) Officially Valid Document of the claimant(s) towards verifying her/ his identity and address;
- (4) Letter of disclaimer/ no objection, as given in **Annex IX – Letter of Disclaimer / No Objection**, from non-claimant legal heir(s), if applicable; and
- (5) Legal Heir Certificate issued by a competent authority or Affidavit, as given in **Annex X – Declaration / Affidavit**, sworn before a Notary Public/ Judge/ Judicial Magistrate regarding the legal heir(s) of the deceased locker hirer(s) by an

independent person who is well known to the family of the deceased, is not a party to the claim and is acceptable to the bank.

I.6.3 Settlement of Claims not falling under the Simplified Procedure

I.6.3.1 Claims involving 'Will' without any dispute

257. The bank shall settle claims involving 'Will' left behind by a deceased safe deposit locker hirer on the basis of Probate of Will/ Letter of Administration, as applicable, in addition to documents mentioned at paragraphs 256 (1) to (3) above. In cases where a person other than a legal heir is named as a beneficiary in the Will, applicable documents shall also be obtained from her/ him.

258. However, the bank may exercise discretion and act as per 'Will' of the deceased without requiring production of the probate of such Will, provided the same is not inconsistent with applicable laws, there is no dispute regarding the Will amongst the legal heir(s) and/ or beneficiaries named in the Will and the bank is otherwise satisfied as to the genuineness of the Will. In such cases, the bank shall additionally call for the documents mentioned at paragraphs 256 (4) and (5) above.

I.6.3.2 Cases involving contesting claims/ dispute

259. Cases involving dispute amongst the legal heir(s) and/ or beneficiaries named in the Will, as applicable, shall be settled based on Probate of Will or Succession Certificate or Letter of Administration or Court order/ decree, as the case may be, and the documents mentioned at clauses 256 (1) to (3) above.

I.7 Procedure for taking inventory of contents of safe deposit locker

260. After receipt of the required documents in claims falling under categories at paragraphs 255, 256, 257, 258 and 259 above and being satisfied to the genuineness of the claim, the bank shall correspond with the claimant(s) in writing and fix a date and time for making an inventory of the contents of the safe deposit locker, as given in form prescribed in **Annex XI – Form of Inventory of Contents of Safe Deposit Locker** in the presence of all claimant(s) or their duly authorised representatives, two independent witnesses (should not be employee or ex-employee of the bank), the safe

deposit vault custodian and another employee of the bank not associated with locker operations. Valuation of the contents of the safe deposit locker shall be carried out by an independent valuer and recorded in the Bond of Indemnity as given in **Annex XIII**

– Bond of Indemnity with respect to delivery of contents of safe deposit locker/articles kept in safe custody by the deceased customer. The claimant(s) or their duly authorised representative(s) may remove the contents of the locker subsequent to submission of the Bond of Indemnity. Bond of Indemnity shall not be required to be given in cases of claims settled on the basis of legal documents such as Probate of Will or Succession Certificate or Letter of Administration or Court order/decree, etc.

261. Procedure, as prescribed in paragraphs 255 to 260 above, shall be followed mutatis mutandis for return of articles kept by the deceased customer in the safe custody of the bank. However, inventory form given in **Annex XII – Form of Inventory of Articles left in Safe Custody** shall be used in such cases.

I.8 Standardisation of procedure for submission of claims

262. A bank shall use the standardised forms for receiving the claims and other documents as per the formats provided in **Annex VI – Application Form for Settlement of Claim in Deposit Accounts/ Release of Contents of Safe Deposit Lockers/ Return of Articles in Safe Custody kept by Deceased Customer (cases with Nomination or Joint Account with survivorship clause)** to **Annex XIII – Bond of Indemnity with respect to delivery of contents of safe deposit locker/articles kept in safe custody by the deceased customer.**

263. The standardised forms and other documents required for settlement of claims with respect to the deposit accounts/ safe deposit locker/ articles in safe custody kept by a deceased customer shall be made available in all the branches as well as on the bank's website for the convenience of the claimant(s). Further, a bank shall also display on its website, the list of documents to be submitted by a claimant and the procedure to be followed for settlement of claims in various scenarios.

264. A claimant shall be allowed to lodge the claim at any of the branches against acknowledgment. In case all required documents for processing of the claim have

been submitted by the claimant, the bank shall also issue a confirmation in this regard. However, in case of any pending or incomplete/ incorrect documents, the bank shall intimate the claimant about the list of such documents while acknowledging the receipt of claim. On subsequent submission of all the required documents, the bank shall issue a confirmation to the claimant that all required documents have been received for processing of the claim.

265. A bank may provide the facility for online lodgement of such claims. Upon a claimant uploading the claim form along with the required documents, the bank shall send acknowledgement/ confirmation through appropriate channels and also make available the provision for online tracking of the status of the claim. In such cases, if the bank requires the claimant to produce original documents for submission/ verification, the same shall be allowed to be done at any of its branches.

I.9 Time limit for settlement of claims

266. A bank shall settle a claim in respect of deposit accounts of a deceased customer within a period not exceeding 15 calendar days from the date of receipt of all the required documents associated with the claim.

267. In case of safe deposit locker/ articles in safe custody, the bank shall, within 15 calendar days of receipt of all the required documents, process the claim and communicate with the claimant(s) for fixing the date for making inventory of the locker/ articles in safe custody.

I.10 Compensation for delay in settlement of claims

268. If any deposit related claim is not settled within the timeframe stipulated at paragraph 266 above, then the bank shall communicate the reasons for such delay to the claimant(s). Further, in cases of delay attributable to the bank, compensation shall be paid by the bank in the form of interest, at a rate not less than the prevailing Bank Rate + 4% per annum, on the settlement amount due for the period of delay. The reference date for reckoning the amount due and the prevailing Bank Rate shall be the date of receipt of all required documents from the claimant.

269. For claims related to safe deposit locker/ articles in safe custody, the bank shall be required to pay compensation to the claimant(s) at the rate of ₹5,000 for each day of delay, in cases where it doesn't adhere to the timeline prescribed in paragraph 267 above.

I.11 Settlement of claims in respect of deposit accounts of a sole proprietary concern

270. Nomination facility is also available in respect of deposits held in the name of a sole proprietary concern. Accordingly, a bank shall follow the procedure for settlement of claims in respect of such accounts as has been prescribed above for the accounts with/ without nominee/ survivorship clause, as applicable.

I.12 Modes for Certification of 'proof of death' document issued outside India

271. In cases involving death of a customer outside India, 'proof of death' document is issued by an authority outside the country. In such cases, a bank shall accept the original certified copy of the document issued for 'proof of death', certified in the country of its issuance in any one of the following modes:

- (1) authorised officials of overseas branches of Scheduled Commercial Banks registered in India; or
- (2) branches of overseas banks with whom Indian banks have correspondent banking relationships; or
- (3) a Court Magistrate or Judge or Notary Public; or
- (4) consularised by Indian Embassy/ Consulate General in the country of issuance; or
- (5) apostilled.

I.13 Customer Guidance and Publicity

272. A bank shall continue to spread awareness among its customers about the benefits of the nomination facility/ survivorship clause and give wide publicity to these facilities along with the procedure for settlement of claims.

Chapter VII – Payments and Clearing Services

A. Remittance

A.1 Demand Drafts

A.1.1 Issue of Demand Drafts

273. The bank shall ensure that demand drafts of ₹20,000/- and above are issued invariably with account payee crossing.

274. Necessary changes in system and procedures to speed up issue and payment of drafts shall be taken.

275. Measures seeking to bring down the incidence of frauds perpetrated through bank drafts shall be built into the draft form itself.

276. All superscriptions about validity of the demand draft shall be provided at the top of the draft form. A draft shall be uniformly valid for a period of three months and procedure for revalidation after three months shall be simplified.

277. The bank shall ensure that drafts of small amounts are issued by its branches against cash to all customers irrespective of the fact whether they are having accounts with the banks or not. Staff at the bank branch counter shall not refuse to accept small denomination notes from the customers (or non-customers for issuance of the drafts).

A.1.2 Encashment of drafts

278. The bank shall ensure that drafts drawn on its branches are paid immediately. Payment of draft shall not be refused for the only reason that relative advice has not been received.

A.1.3 Issue of Duplicate Demand Draft

279. Duplicate draft, in lieu of lost draft, up to and including ₹5,000/- may be issued to the purchaser on the basis of adequate indemnity and without insistence on seeking non-payment advice from drawee office irrespective of the legal position obtaining in this regard.

280. The bank shall issue duplicate Demand Draft to the customer within a fortnight from the receipt of such request. Further, for the delay beyond this stipulated period, bank shall pay interest at the rate applicable for fixed deposit of corresponding maturity in order to compensate the customer for such delay. The period of fortnight prescribed would be applicable only in cases where the request for duplicate demand draft is made by the purchaser or the beneficiary and would not be applicable in the case of third-party endorsements.

281. The above instructions would be applicable only in cases where the request for duplicate demand draft is made by the purchaser or the beneficiary and would not be applicable in the case of draft endorsed to third parties.

B. Formulating Cheque Collection Policies

282. The bank is advised to formulate policies which includes instructions on the following:

- (1) Immediate Credit for Local / Outstation cheques
- (2) Time frame for Collection of Local / Outstation Instruments
- (3) Interest payment for delayed collection

283. The bank is advised to reframe its Cheque Collection Policies (CCP) to include compensation payable for the delay in the collection of local cheques as well. In case, no rate is specified in the CCP for delay in realisation of local cheques, compensation at savings bank interest rate should be paid for the corresponding period of delay.

284. The bank should formulate a comprehensive and transparent policy covering all the above three aspects, taking into account their technological capabilities, systems and processes adopted for clearing arrangements and other internal arrangements for collection through correspondents.

285. Further, the bank may also review its existing arrangements and capabilities and work out a scheme for reduction in collection period.

286. Adequate care also may be taken to ensure that the interests of the small depositors are fully protected.

287. The policy framed in this regard should be integrated with the deposit policy formulated by the bank in line with the model deposit policy of IBA or Association of which it is a member.

288. The policy should clearly lay down the liability of the bank by way of interest payments due to delays for non-compliance with the standards set by the banks themselves.

289. Compensation by way of interest payment, where necessary, should be made without any claim from the customer.

290. The policy should be placed before the Board of the bank and the Board's specific approval should be obtained on the reasonableness of the policy and the compliance with the spirit of our guidelines.

C. Cheque Collection related instructions

C.1 Cheque Drop Box Facility

291. Both the drop box facility and the facility for acknowledgement of the cheques at regular collection counters shall be available to the customers and no branch shall refuse to give an acknowledgement if the customer tenders the cheques at the counters.

292. The bank shall ensure that customers are not compelled to drop the cheques in the drop-box. Further, the bank shall invariably display on the cheque drop-box itself that "Customers can also tender the cheques at the counter and obtain acknowledgment on the pay-in-slips". The above message is required to be displayed in English, Hindi and the concerned regional language of the State.

293. The bank shall make fool proof arrangements to account for the number of instruments each time the box is opened so that there are no disputes and the customer's interests are not compromised.

C.2 Delays in Cheque Clearing - Case No. 82 of 2006 before National Consumer Disputes Redressal Commission

294. The bank is advised to comply with the final order on 'timeframe for collection of outstation cheques' passed by the National Consumer Disputes Redressal Commission in case no. 82 of 2006.

295. The bank shall reframe its Cheque Collection Policies (CCPs) covering local and outstation cheque collection as per the timeframe prescribed by the Commission

296. For local cheques, credit and debit shall be given on the same day or at the most the next day of their presentation in clearing. Ideally, in respect of local clearing, bank shall permit usage of the shadow credit afforded to the customer accounts immediately after closure of relative return clearing and in any case withdrawal shall be allowed on the same day or maximum within an hour of commencement of business on the next working day, subject to usual safeguards.

297. Timeframe for collection of outstation cheques drawn on State Capitals / major cities / other locations to be 7/10/14 days respectively. If there is any delay in collection beyond this period, interest at the rate specified in the CCP of the bank, shall be paid. In case the rate is not specified in the CCP, the applicable rate shall be the interest rate on Fixed Deposits for the corresponding maturity. The timeframe for collection specified by the Commission shall be treated as outer limit and credit shall be afforded if the process gets completed earlier.

298. The bank shall not decline to accept outstation cheques deposited by its customers for collection.

299. The bank shall give wide publicity to the CCP by prominently displaying salient features thereof in bold and visible letters on the notice board at its branches.

300. A copy of the complete CCP shall be made available by the branch manager, if the customers require so.

C.3 Payment of Cheques/Drafts/ Pay Orders / Banker's Cheques

301. The bank should not make payment of cheques/drafts/pay orders/banker's cheques bearing that date or any subsequent date, if they are presented beyond the period of three months from the date of such instrument. The bank should ensure strict compliance of these directions and notify the holders of such instruments of the change in practice by printing or stamping on the cheque leaves, drafts, pay orders and banker's cheques issued on or after April 1, 2012, by issuing suitable instruction for presentment within the period of three months from the date of the instrument.

C.4 Cheques / Instruments lost in transit / in clearing process / at paying bank's branch

302. The bank is advised to follow the following guidelines regarding cheques lost in transit

- (1) In respect of cheques lost in transit or in the clearing process or at the paying bank's branch, the bank should immediately bring the same to the notice of the account holder so that account holder can inform the drawer to record stop payment and can also take care that other cheques issued by him are not dishonoured due to noncredit of the amount of the lost cheques / instruments.
- (2) The onus of such loss lies with the collecting banker and not the account holder.
- (3) The bank should reimburse the account holder related expenses for obtaining duplicate instruments and also interest for reasonable delays occurred in obtaining the same.
- (4) If the cheque / instrument has been lost at the paying bank's branch, the collecting banker should have a right to recover the amount reimbursed to the customer for the loss of the cheque / instrument from the paying banker.

303. The bank is advised to incorporate the above guidelines in its Cheque Collection Policies.

C.5 Bills for collection

304. Bills for collection including bill discounting required to be collected through another bank at the realising centre should be forwarded directly by the forwarding office to the realising office.

C.6 Dishonour of Cheques – Procedure thereof

C.6.1 Procedure for return/despatch of dishonoured cheques

305. The bank should ensure that dishonoured instruments are returned / despatched to the customer promptly without delay, in any case within 24 hours.

306. The paying bank should return dishonoured cheques presented through clearing houses strictly as per the return discipline prescribed for respective clearing house in terms of Uniform Regulations and Rules for Bankers' Clearing Houses. The collecting bank on receipt of such dishonoured cheques should despatch it immediately to the payees / holders.

307. In relation to cheques presented direct to the paying bank for settlement of transaction by way of transfer between two accounts with that bank, it should return such dishonoured cheques to payees/ holders immediately.

308. In case of dishonor / return of cheques, the paying bank should clearly indicate the return reason code on the return memo / objection slip which should also bear the signature / initial of the bank officials as prescribed in Rule 6 of the Uniform Regulations and Rules for Bankers' Clearing Houses (URRBCH).

C.7 Collection of instruments

309. The bank may note that the above instructions shall also extend to drafts, pay orders and bankers' cheque.

310. While banks shall not collect account payee cheques for any person other than the payee constituents, it is clarified that the bank collecting instruments drawn in the name of 'Karta' to the account of the HUF is not prohibited. However, the bank may, take a mandate from the account holder at the time of opening an account in the name

of HUF, that the cheques drawn in favour of the Karta can also be collected in the account and vice-versa. Further, the bank may also take such other precautions as they deem fit to ensure that the cheques drawn in favour of 'Karta' really pertain to the account of HUF before crediting the same to the HUF account.

311. Whenever clearing is suspended and it is apprehended that the suspension may be prolonged, bank may temporarily accommodate its constituents, both borrowers and depositors, to the extent possible by purchasing the local cheques, drafts, etc., deposited in their accounts for collection, special consideration being shown in respect of cheques drawn by Government departments/companies of good standing and repute, as also demand drafts drawn on local banks. While extending this facility, bank would no doubt take into consideration such factors as creditworthiness, integrity, past dealings and occupation of the constituents, so as to guard themselves against any possibility of such instruments being dishonoured subsequently.

C.8 Payment of Cheques/Drafts/Pay Orders/Banker's Cheques

C.8.1 Bills for collection

312. Bills for collection including bills discounted required to be collected through another bank at the realising centre shall be forwarded directly by the forwarding office to the realising office.

C.9 Dishonour of Cheques – Procedure thereof

C.9.1 Information on dishonoured cheques

313. Data in respect of each dishonoured cheque for amount of ₹1 crore and above shall be made part of bank's MIS on constituents and concerned branches shall report such data to their respective controlling office / Head Office.

314. Data in respect of cheques drawn in favour of stock exchanges and dishonoured shall be consolidated separately by bank irrespective of the value of such cheques as a part of their MIS relating to broker entities and be reported to its respective Head Offices / Central Offices.

C.9.2 Dealing with frequent dishonour of cheques of value of less than ₹1 crore

315. The bank shall have a Board approved policy for dealing with frequent dishonour of cheques of value of less than ₹1 crore. The policy shall also deal with matters relating to frequent dishonour of ECS mandates.

C.9.3 General

316. For the purpose of adducing evidence to prove the fact of dishonour of cheque on behalf of a complainant (i.e., payee / holder of a dishonoured cheque) in any proceeding relating to dishonoured cheque before a court, consumer forum or any other competent authority, the bank shall extend full co-operation, and shall furnish him/her documentary proof of fact of dishonour of cheques.

317. The bank shall place before its Audit/ Management Committee, every quarter, consolidated data in respect of the matters referred to above.

C.9.4 Framing appropriate procedure for dealing with dishonoured cheques

318. The bank shall adopt, with the approval of its respective Board, appropriate procedure for dealing with dishonoured cheques with inherent preventive measures and checks to prevent any scope for collusion of the staff of the bank or any other person, with the drawer of the cheque for causing delay in or withholding the communication of the fact of dishonour of the cheque to the payee/ holder or the return of such dishonoured cheque to him.

319. Determination of response to dishonour of cheques of the account holders has been left to the discretion of the banks. The bank shall put in place an appropriate policy approved by the Board or its Committee taking into consideration the need to prevent misuse of the cheque drawing facility and avoid penalising customers for unintended dishonour of cheques. This policy shall be transparent, made known to every customer upfront and implemented fairly.

320. The bank shall also lay down requisite internal guidelines for its officers and staff and advise them to adhere to such guidelines and ensure strict compliance thereof to

achieve aforesaid object of effective communication and delivery of dishonoured cheque to the payee.

C.10 Writing the cheques in any language

321. All cheque forms shall be printed in Hindi and English. The customer may, however, write cheques in Hindi, English or in the concerned regional language.

C.11 Acceptance of cheques bearing a date as per National Calendar (Saka Samvat) for payment

322. Government of India has accepted Saka Samvat as National Calendar with effect from March 22, 1957 and all Government statutory orders, notifications, Acts of Parliament, etc. bear both the dates i.e., Saka Samvat as well as Gregorian Calendar. An instrument written in Hindi having date as per Saka Samvat calendar is a valid instrument. Cheques bearing date in Hindi as per the National Calendar (Saka Samvat) shall be accepted by bank for payment, if otherwise in order. The bank can ascertain the Gregorian calendar date corresponding to the National Saka calendar in order to avoid payment of stale cheques.

Chapter VIII – Responsible Lending Conduct

A. Pre-payment charges on loans

323. The StCB/CCB shall adhere to the following Directions regarding levy of pre-payment charges on all floating rate loans and advances:

- (1) The bank shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loans and advances, for purposes other than business, to individual borrowers with or without co-obligant(s).
- (2) The bank shall not levy any pre-payment charges on all floating rate loans/advances, sanctioned or renewed on or after January 1, 2026, granted for business purpose to individuals and MSEs, with or without co-obligant(s), with sanctioned amount/ limit up to ₹50 lakh.
- (3) The instructions at paragraph 323(1) and 323(2) above shall be applicable irrespective of the source of funds used for pre-payment of loans, either in part or in full, and without any minimum lock-in period.
- (4) Applicability of above Directions for dual/ special rate (combination of fixed and floating rate) loans will depend on whether the loan is on floating rate at the time of pre-payment.

324. The following shall be applicable to all loans (including term loans and demand loans) and advances sanctioned or renewed on or after January 1, 2026:

- (6) In cases other than those mentioned at paragraphs 323(1) and 323(2) above, pre-payment charges, if any, shall be as per the approved policy of the bank. However, in case of term loans, pre-payment charges, if levied by the bank, shall be based on the amount being prepaid. In case of cash credit/ overdraft facilities, pre-payment charges on closure of the facility before the due date shall be levied on an amount not exceeding the sanctioned limit.
- (7) In case of cash credit/ overdraft facilities, no pre-payment charges shall be applicable if the borrower intimates the bank of his/ her/ its intention not to renew

the facility before the period as stipulated in the loan agreement, provided that the facility gets closed on the due date.

(8) The bank shall not levy any charges where pre-payment is effected at the instance of the bank.

(9) The applicability or otherwise of pre-payment charges shall be clearly disclosed in the sanction letter and loan agreement. Further, in case of loans and advances where Key Facts Statement (KFS) is to be provided as specified in paragraph 329, the same shall also be mentioned in the KFS. No pre-payment charges which have not been disclosed as specified herein shall be charged by the bank.

(10) The bank shall not levy any charges/ fees retrospectively at the time of pre-payment of loans, which were waived off earlier by the bank.

B. Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans

325. The bank has the freedom to offer all categories of advances either on fixed or on floating interest rates basis.

326. The bank shall put in place an appropriate policy framework meeting the following requirements for implementation and compliance:

(1) At the time of sanction, the bank shall clearly communicate to the borrowers about the possible impact of change in benchmark interest rate on the loan leading to changes in EMI and/or tenor or both. Subsequently, any increase in the EMI/ tenor or both on account of the above shall be communicated to the borrower immediately through appropriate channels.

(2) At the time of reset of interest rates, the bank may, at its option, provide a choice to the borrowers to switch over to a fixed rate as per its Board approved policy. The policy, inter alia, may also specify the number of times a borrower will be allowed to switch during the tenor of the loan.

(3) The borrowers shall also be given the choice to opt for (i) enhancement in EMI or elongation of tenor or for a combination of both options; and, (ii) to prepay, either in part or in full, at any point during the tenor of the loan. Levy of foreclosure charges/ pre-payment penalty shall be subject to extant instructions.

Note: Whenever there is a reset of interest rates for an entire class of borrowers in a particular loan category, say home loan, due to increase in the reference benchmark; the bank shall provide the following options to the borrowers:

- (i) Either enhancement in EMI or elongation of number of EMIs, keeping the EMI unchanged or a combination of both options;
- (ii) Switch to fixed interest rate for the remaining portion of the loan, where such an option is provided by the bank; and
- (iii) To prepay, either in part or in full, at any point during the residual tenor of the loan.

(4) All applicable charges for switching of loans from floating to fixed rate and any other service charges/ administrative costs incidental to the exercise of the above options shall be transparently disclosed in the sanction letter and also at the time of revision of such charges/ costs by the bank from time to time. The applicable charges shall be as approved by the Board and shall be displayed on the bank's website.

(5) The bank shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortisation.

(6) The bank shall share / make accessible to the borrowers, through appropriate channels, a statement at the end of each quarter which shall at the minimum, enumerate the principal and interest recovered till date, EMI amount, number of EMIs left and annualized rate of interest / Annual Percentage Rate (APR) for the entire tenor of the loan. The bank shall ensure that the statements are simple and easily understood by the borrower.

327. Apart from the equated monthly instalment loans, these instructions would also apply, mutatis mutandis, to all equated instalment based loans of different periodicities irrespective of whether they are linked to an external benchmark or an internal

benchmark. The instructions in paragraph 326 above are not applicable to other types of loans. In case of loans linked to an external benchmark under the External Benchmark Lending Rate (EBLR) regime, the bank shall follow extant instructions and also put in place adequate information systems to monitor transmission of changes in the benchmark rate to the lending rate.

328. The bank shall ensure that the above instructions are extended to the existing as well as new loans. All existing borrowers shall be sent a communication, through appropriate channels, intimating the options available to them. The content of communication to the borrower shall be as follows:

(1) At the time of sanction:

- (i) Annualised rate of interest/ Annual Percentage Rate (APR), as applicable, shall be disclosed in the Key Fact Statement (KFS) and the loan agreement.
- (ii) The possible impact of change in benchmark interest rate on the loan.

(2) During the tenure of the loan:

- (i) Subsequently, any increase in the EMI / tenor on account of the external benchmark rate shall be communicated; and
- (ii) Quarterly statements shall be provided disclosing at the minimum, the principal and interest recovered till date, EMI amount, number of EMIs left and annualised rate of interest for the tenor of the loan.

C. Key Facts Statement (KFS) for Loans & Advances

329. The following instructions shall be applicable in cases of all retail and MSME term loan products extended by the bank. Credit card receivables are exempted from the provisions given below:

(1) The bank shall provide a KFS to all prospective borrowers to help them take an informed view before executing the loan contract, as per the standardised format given in the **Annex III**. The KFS shall be written in a language understood by such borrowers. Contents of KFS shall be explained to the borrower and an acknowledgement shall be obtained that they have understood the same.

(2) the KFS shall be provided with a unique proposal number and shall have a validity period of at least three working days for loans having tenor of seven days or more, and a validity period of one working day for loans having tenor of less than seven days.

Explanation: Validity period refers to the period available to the borrower, after being provided the KFS by the bank, to agree to the terms of the loan. The bank shall be bound by the terms of the loan indicated in the KFS, if agreed to by the borrower during the validity period.

(3) The KFS shall also include a computation sheet of annual percentage rate (APR), and the amortisation schedule of the loan over the loan tenor. APR will include all charges which are levied by the bank. Illustrative examples of calculation of APR and disclosure of repayment schedule for a hypothetical loan are given below:

(i) Illustration for computation of APR for Retail and MSME loans

Sr. No.	Parameter	Details
1	Sanctioned Loan amount (in Rupees) (SI no. 2 of the KFS template – Part 1)	20,000
2	Loan Term (in years/ months/ days) (SI No.4 of the KFS template – Part 1)	
a)	No. of instalments for payment of principal, in case of non-equated periodic loans	-
b)	Type of EPI Amount of each EPI (in Rupees) and nos. of EPIs (e.g., no. of EMIs in case of monthly instalments)	Monthly 970 24

	(SI No. 5 of the KFS template – Part 1)	
c)	No. of instalments for payment of capitalised interest, if any	-
d)	Commencement of repayments, post sanction (SI No. 5 of the KFS template – Part 1)	30 days
3	Interest rate type (fixed or floating or hybrid) (SI No. 6 of the KFS template – Part 1)	Fixed
4	Rate of Interest (SI No. 6 of the KFS template – Part 1)	15 %
5	Total Interest Amount to be charged during the entire tenor of the loan as per the rate prevailing on sanction date (in Rupees)	3,274
6	Fee/ Charges payable (in Rupees) <i>Note: Where such charges cannot be determined prior to sanction, the bank may indicate an upper ceiling</i>	400
A	Payable to the bank (SI No.8A of the KFS template-Part 1)	240
B	Payable to third-party routed through the bank (SI No.8B of the KFS template – Part 1)	160
7	Net disbursed amount (1-6) (in Rupees)	19,600
8	Total amount to be paid by the borrower (sum of 1 and 5) (in Rupees)	23,274*
9	Annual Percentage rate- Effective annualized interest rate (in percentage) (SI No.9 of the KFS template-Part 1) <i>Note: Computed on net disbursed amount using IRR approach and reducing balance method</i>	17.07%

10	Schedule of disbursement as per terms and conditions	Detailed schedule to be provided
11	Due date of payment of instalment and interest	DDMMYYYY

* The difference in repayment amount calculated from the total of instalments given under the detailed repayment schedule i.e., ₹23,280 (=970*24) vis-à-vis the amount of ₹23,274 (₹20,000 (loan amount) + ₹3,274 (Interest charges) mentioned under (11) is due to rounding off the instalment amount of ₹969.73 to ₹970 under the detailed repayment schedule.

(ii) Illustrative Repayment Schedule under Equated Periodic Instalment for the above-mentioned hypothetical loan

Instalment No.	Outstanding Principal (in Rupees)	Principal (in Rupees)	Interest (in Rupees)	Instalment (in Rupees)
1	20,000	720	250	970
2	19,280	729	241	970
3	18,552	738	232	970
4	17,814	747	223	970
5	17,067	756	213	970
6	16,310	766	204	970
7	15,544	775	194	970
8	14,769	785	185	970
9	13,984	795	175	970
10	13,189	805	165	970
11	12,384	815	155	970

12	11,569	825	145	970
13	10,744	835	134	970
14	9,909	846	124	970
15	9,063	856	113	970
16	8,206	867	103	970
17	7,339	878	92	970
18	6,461	889	81	970
19	5,572	900	70	970
20	4,672	911	58	970
21	3,761	923	47	970
22	2,838	934	35	970
23	1,904	946	24	970
24	958	958	12	970

(4) Charges recovered from the borrowers by the bank on behalf of third-party service providers on actual basis, such as insurance charges, legal charges etc., shall also form part of the APR and shall be disclosed separately. In all cases wherever the bank is involved in recovering such charges, the receipts and related documents shall be provided to the borrower for each payment, within a reasonable time.

(5) Any fees, charges, etc. which are not mentioned in the KFS, cannot be charged by the REs to the borrower at any stage during the term of the loan, without explicit consent of the borrower.

(6) The KFS shall also be included as a summary box to be exhibited as part of the loan agreement.

D. Disclosures to borrowers

330. The bank must transparently disclose to the borrower all information about fees/charges payable for processing the loan application, the amount of fees refundable if loan amount is not sanctioned/disbursed, pre-payment options and charges, if any, penalty for delayed repayments if any, conversion charges for switching loan from fixed to floating rates or vice versa, existence of any interest reset clause and any other matter which affects the interest of the borrower. Such information should also be displayed in the website of the banks, if any, for all categories of loan products.

331. In other words, banks must disclose **'all in cost' inclusive of all such charges involved in processing/sanction of loan application in a transparent manner** to enable the customer to compare the rates/charges with other sources of finance. It should also be ensured that such charges / fees are non-discriminatory.

332. Besides, in case of all categories of loans irrespective of any threshold limits, the bank should also convey in writing, within stipulated time, the main reasons which, in the opinion of the bank, have led to rejection of the loan applications."

E. Conduct and Customer Protection Requirements applicable to all digital lending activities of REs

E.1 Assessing the borrower's creditworthiness

333. The bank shall obtain the necessary information relating to economic profile of the borrower with a view to assessing the borrower's creditworthiness before extending any loan, including, at a minimum, age, occupation and income details. The same shall be kept on record for audit purposes.

334. The bank shall ensure that there is no automatic increase in credit limit unless an explicit request is received, evaluated and kept on record from the borrower for such increase.

E.2 Disclosures to borrowers – Digital Lending

335. The bank shall provide a Key Fact Statement (KFS), as per instructions contained in paragraph 329 of this direction.

336. The bank shall ensure that digitally signed documents (As per the provisions of the Information Technology Act, 2000, as amended from time to time) (on the letter head of the RE) viz., KFS, summary of loan product, sanction letter, terms and conditions, account statements, privacy policies of the bank / LSP with respect to storage and usage of borrowers' data, etc. shall automatically flow to the borrower on the registered and verified email/ SMS upon execution of the loan contract/ transactions.

337. The bank shall maintain a website of their own in public domain, which shall be kept up to date, inter-alia, with the following details at a prominent single place on the website for ease of accessibility. The bank shall also ensure that DLAs / LSPs have links to the above website of the bank.

- (1) Details of all of its digital lending products and its DLAs;
- (2) Details of LSPs and the DLAs of the LSPs along with the details of the activities for which they have been engaged for;
- (3) Particulars of RE's customer care and internal grievance redressal mechanism;
- (4) Link to RBI's Complaint Management System (CMS) and Sachet Portal;
- (5) Privacy policies and other details as required under extant guidelines of the Reserve Bank.

338. In case of a loan default, when a recovery agent is assigned for recovery or there is a change in the recovery agent already assigned, the particulars of such recovery agent authorised to approach the borrower for recovery shall be communicated to the borrower through email/ SMS before the recovery agent contacts the borrower for recovery.

E.3 Loan disbursal, servicing and repayment

339. Disbursement of loan by the bank shall always be made into the bank account of the borrower except for disbursals covered exclusively under statutory or regulatory mandate (of RBI or of any other regulator), flow of money between REs for co-lending transactions and disbursals for specific end use, provided the loan is disbursed directly into the bank account of the end-beneficiary. The bank shall ensure that in no case, disbursal is made to a third-party account, including the accounts of LSP, except as provided for in these Directions.

(1) ***Explanation:*** Co-lending transactions refers to Co-lending arrangements that shall be governed by the extant instructions, as amended from time to time. This shall also cover co-lending arrangements between REs for non-PSL loans subject to the condition that no third party other than the REs in a co-lending transaction shall have direct or indirect control over the flow of funds at any point of time.

(2) ***Explanation:*** Advances against salary, where the loan is disbursed directly to the bank account of the borrower but the repayment is from the corporate employer, can be allowed subject to the condition that the loan is repaid by the corporate employer by deducting the amount from the borrower's salary. It must, however, be ensured that LSPs do not have any control over the flow of funds directly or indirectly in such transactions and that repayment is directly from the bank account of the employer to the bank.

340. The bank shall ensure that all loan servicing, repayment, etc. is executed by the borrower directly in the RE's bank account without any pass-through account/ pool account of any third party, including the accounts of LSP.

341. The flow of funds between the bank accounts of the borrower and the bank shall not be controlled either directly or indirectly by a third-party, including the LSP.

342. The bank shall ensure that any fees, charges, reimbursements, etc. payable to LSP are paid directly by the bank and are not charged to or collected from the borrowers separately by LSP.

343. In case of delinquent loans, the bank may deploy physical interface to recover loans in cash, wherever necessary. In order to afford operational flexibility to the bank, such transactions are exempted from the requirement of direct repayment of loan in the RE's bank account. However, any recovery by cash shall be duly reflected in full in the borrower's account on the same day and the bank shall ensure that any fees, charges, etc., payable to LSPs for such recovery are paid directly by the bank and are not charged by LSP to the borrower either directly or indirectly from the recovery proceeds.

E.4 Cooling-off period

344. The borrower shall be given an explicit option to exit a digital loan by paying the principal and the proportionate APR without any penalty during an initial "cooling-off period". The cooling off period shall be determined by the Board of the bank as laid down in their loan policy, subject to the period so determined not being less than one day. For borrower continuing with the loan even after cooling-off period, pre-payment shall continue to be allowed as per applicable RBI guidelines.

345. The bank may retain a reasonable one-time processing fee, if the customer exits the loan during the cooling-off period. This, if applicable, shall be disclosed to the customer upfront in KFS.

F. Conduct related aspects in Lending Against Gold and Silver Collateral

F.1 Standardisation of Procedure for Assaying and Valuation of Gold and Silver collateral

346. The lender (meaning an RE which provides or intends to provide loans against eligible collateral) shall ensure that a standardised procedure is put in place to assay the purity of gold and silver collateral, its weight (gross as well as net), etc. This procedure shall be adopted uniformly across all its branches for all assaying procedures, without any deviation.

347. The lender shall display on its website the methodology adopted by it for determination of net weight of the gold and silver content of the eligible collateral and

the price used to value the gold and silver content of the eligible collateral for determination of LTV ratio.

348. The lender shall ensure presence of the borrower(s) while assaying the collateral at the time of sanctioning the loan. The deductions relating to stone weight, fastenings, etc., as part of the assaying procedure shall be explained to the borrower(s) and details incorporated in the certificate to be issued (as per paragraph 352 below).

349. Post pledging, cases involving loss of gold or silver collateral and any deterioration or discrepancy in quantity or purity observed during internal audit or otherwise including at the time of return or auction of collateral shall be recorded and communicated promptly to the borrower(s)/ legal heir(s). The process for making reimbursement or compensation as per the policy or SOP shall also be communicated to the borrower(s)/ legal heir(s).

F.2 Standardisation of Documents and Communication

350. Documentation shall be standardised across all branches of the bank.

351. The loan agreement shall cover the description of the eligible collateral taken as security, value of such collateral, details of auction procedure and the circumstances leading to the auction of the eligible collateral, the notice period which shall be allowed to the borrower for repayment or settlement of loan before the auction is conducted, timelines for release of pledged eligible collateral upon full repayment or settlement of loan, refund of surplus, if any, from the auction of the pledged eligible collateral and other necessary details. All applicable charges payable by the borrower, including those related to assaying, auction, etc., shall be clearly included in the loan agreement and Key Fact Statement (KFS).

352. The lender, while accepting the eligible collateral, shall prepare a certificate or e-certificate in duplicate on its letterhead regarding the assay of the collateral and state therein the purity (in terms of carats); gross weight of the eligible collateral pledged; net weight of gold or silver content therein and deductions, if any, relating to weight of stones, lac, alloy, strings, fastenings, etc.; damage, breakage or defects, if any, noticed in the collateral; image of the collateral; and the value of collateral arrived at

the time of sanction (As per the instructions on Valuation and Assaying of Gold and Silver collateral specified in the [Reserve Bank of India \(Rural Co-operative Banks – Know Your Customer\) Directions, 2025](#). One copy of the certificate or e-certificate shall be kept as part of the loan documents and the other copy be given to the borrower under their acknowledgement.

353. All communication with the borrower, especially, the terms and conditions of the loan, or other important communication which affects the interest of the borrower or the lender, shall be in the language of the region or in a language as chosen by the borrower. For an illiterate borrower, important terms and conditions shall be explained in the presence of a witness, who shall not be an employee of the lender.

F.3 Handling and Storage of Collateral

354. The lender shall ensure that necessary infrastructure and facilities are put in place and appropriate security measures taken in each of its branches where loans are sanctioned against gold or silver collateral. It shall ensure that the gold and/ or silver collateral is handled only in its branches and only by its employees.

355. The lender shall store the collateral only in its branches which are manned by its employees and having safe deposit vaults fit for storing gold and silver. Normally, such loans shall not be extended by branches that do not have appropriate secured facility for storage of the pledged eligible collateral.

356. The pledged eligible collateral may be transported from one branch to another branch, only as permitted under paragraph 365 below or in case of shifting or closure of branch(es) or exceptional reasons as per the process laid down by the bank in terms of its policy.

357. The lender shall periodically review the adequacy of systems for storage of the eligible collateral, conduct training of the concerned staff and carry out internal audit of all procedures to ensure that these are strictly adhered to.

358. As part of internal audit, the lender shall carry out periodic surprise verification of the gold and silver collateral pledged with it and shall maintain a record thereof. A clause in the loan agreement shall be included for obtaining consent of the borrower(s)

to carry out surprise verification including assay of the pledged eligible collateral even in their absence during the tenor of the loan. This aspect shall be specifically communicated to the borrower at the time of sanctioning the loan.

F.4 Release of Collateral after Repayment

359. The lender shall release or return the pledged eligible collateral held as security to the borrower(s)/ legal heir(s) on the same day but in any case, not exceeding a maximum period of seven working days upon full repayment or settlement of the loan.

360. At the time of release of pledged eligible collateral to the borrower(s)/ legal heir(s), the collateral shall be verified for correctness as per details in the certificate (as per paragraph 365) to the borrowers' satisfaction.

F.5 Transparency in Auction Procedure

361. The lender shall give adequate notice to the borrower(s)/ legal heir(s), as applicable, through available means of communication to repay or settle the loan dues prior to initiating the auction procedure. A copy of the notice and acknowledgement thereof shall be kept on record in both scenarios. In case the lender is unable to locate the borrower(s)/ legal heir(s) despite best efforts and even after issuance of a public notice, it may proceed with the auction, provided that a period of one month has lapsed from the date of the public notice.

362. The lender shall implement a transparent auction procedure, which shall include, *inter alia*, announcement of the auction to the public by issue of advertisements in at least two newspapers, one in the regional language and another in a national daily.

363. The pledged eligible collateral shall be auctioned by a lender only through its employee having necessary experience and/ or training or an auctioneer empanelled by the lender as per its policy. In cases where auctions are conducted by a lender through their employees, necessary safeguards such as surprise visits by regional/ controlling officials on periodic basis, coverage under internal audit, etc., shall be put in place.

364. The lender shall declare a reserve price for the gold and silver collateral at the time of auction, which shall not be less than 90 per cent of its current value.

Provided that in case auctions fail twice, a reserve price not less than 85 per cent of its current value shall be adopted.

365. The first auction shall be conducted physically in the same district in which the lending branch is located. However, in case of failure of first auction, a lender may conduct the auction in an adjoining district or conduct online auction.

366. As a matter of policy, the lender or its related parties shall not participate in the auctions to ensure that there is no potential conflict of interest.

367. After the auction, the lender shall mandatorily provide full details of the value fetched at the auction and the dues adjusted to the borrower(s)/ legal heir(s). The surplus, if any, from the auction of the gold or silver collateral, shall be refunded to the borrower(s)/ legal heir(s) within a maximum period of seven working days from the date of receipt of the full auction proceeds. The lender may recover shortfall, if any, as per terms of the loan agreement.

F.6 Compensation

368. In case of any damage to the pledged eligible collateral by the lender during the tenor of loan, the cost of repair shall be borne by the lender.

369. In case of loss of the pledged eligible collateral and/ or any loss emanating from deterioration or discrepancy in quantity or purity observed during internal audit or otherwise including at the time of return or auction of collateral, lender shall suitably compensate the borrower(s)/ legal heir(s).

370. In case of delay in release of the pledged collateral after full repayment or settlement of loan by the borrower, where reasons for delay are attributable to the lender, the lender shall compensate the borrower(s)/ legal heir(s) at the rate of ₹5,000 for each day of delay beyond the timeline prescribed at paragraph 359 above. If the delay is not attributable to the bank, it shall communicate reasons for such delay to the borrower(s)/ legal heir(s). Further, where the borrower(s)/ legal heir(s) has not

approached the bank for release of pledged eligible collateral after full repayment or settlement of loan, the bank shall issue periodic reminders to borrower(s)/ legal heir(s) through letters, email or SMS if the email and mobile number are registered with the bank.

371. The compensation provided under these directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

F.7 Unclaimed Gold and Silver collateral

372. The pledged gold or silver collateral lying with the lender beyond two years from the date of full repayment or settlement of loan shall be treated as unclaimed. The bank shall periodically undertake special drives to ascertain the whereabouts of the borrower(s)/ legal heir(s) in respect of such unclaimed gold and silver collateral.

373. A report on unclaimed gold and silver collateral shall be put up to the Customer Service Committee or the Board, as the case may be, at half-yearly intervals for a review.

F.8 Other Instructions

374. The lender shall refrain from issuance of misleading advertisements containing unrealistic claims to promote loans against gold or silver collateral.

375. The lender shall generally disburse loans into borrower's bank accounts. All lenders shall comply with the [Reserve Bank of India \(Rural Co-operative Banks – Know Your Customer\) Directions, 2025](#) as updated from time to time. Provisions of Sections 269 SS and 269 T of the Income Tax Act, 1961, and associated rules shall be complied with, as may be applicable.

376. In case of bank transfers, the lender shall ensure that:

- (1) Loan disbursals are made to the borrower's account and not to a third-party account (except for disbursals covered exclusively under statutory or regulatory mandate (of RBI or of any other regulator), flow of money between lenders for co-lending transactions and disbursals for specific end use, provided the loan is disbursed directly into the bank account of the end-beneficiary) ; and

(2) Loan servicing, repayment, etc. is executed by the borrower directly in the lenders' bank account without any pass-through account or pool account of any third party.

377. Running multiple loans simultaneously to a single borrower or a group of related borrowers may be prone to misuse and susceptible to fraud. Consequently, such practices shall be subject to stricter internal audit and supervisory examination.

G. Guidelines on conduct towards Microfinance borrowers

G.1 General

378. A fair practices code (FPC) based on these directions shall be put in place by the bank with the approval of its Board. The FPC shall be displayed by the bank in all its offices and on its website. The FPC should be issued in a language understood by the borrower.

379. There shall be a standard form of loan agreement for microfinance loans in a language understood by the borrower.

380. The bank shall provide a loan card to the borrower which shall incorporate the following:

- (1) Information which adequately identifies the borrower;
- (2) Simplified factsheet on pricing;
- (3) All other terms and conditions attached to the loan;
- (4) Acknowledgements by the bank of all repayments including instalments received and the final discharge; and
- (5) Details of the grievance redressal system, including the name and contact number of the nodal officer of the bank.

381. All entries in the loan card shall be in a language understood by the borrower.

382. Issuance of non-credit products shall be with full consent of the borrowers and fee structure for such products shall be explicitly communicated to the borrower in the loan card itself.

G.2 Conduct aspects in Pricing of Loans

383. There shall be no pre-payment penalty on microfinance loans. Penalty, if any, for delayed payment shall be applied on the overdue amount and not on the entire loan amount.

384. The bank shall prominently display the minimum, maximum and average interest rates charged on microfinance loans in all its offices, in the literature (information booklets/ pamphlets) issued by it and details on its website. This information shall also be included in the supervisory returns and subjected to supervisory scrutiny.

385. Any change in interest rate or any other charge shall be informed to the borrower well in advance and these changes shall be effective only prospectively.

386. As part of their awareness campaigns, SROs/ other industry associations may publish the range of interest rates on microfinance loans charged by their members operating in a district. SROs/ other industry associations may also sensitize their members against charging of usurious interest rates.

387. RBI would also make available information regarding interest charged by REs on microfinance loans.

G.3 Training of Staff

388. The bank shall have a board-approved policy regarding the conduct of employees and system for their recruitment, training and monitoring. This policy shall, inter alia, lay down minimum qualifications for the staff and shall provide necessary training tools to deal with the customers. Training to employees shall include programs to inculcate appropriate behavior towards customers. Conduct of employees towards customers shall also be incorporated appropriately in their compensation matrix.

389. Field staff shall be trained to make necessary enquiries regarding the income and existing debt of the household.

390. Training, if any, offered to the borrowers shall be free of cost.

G.4 Engagement of Recovery Agents

391. Recovery agents shall mean agencies engaged by the bank for recovery of dues from its borrowers and the employees of these agencies.

392. The bank shall have a due diligence process in place for engagement of recovery agents, which shall, inter alia, cover individuals involved in the recovery process. The bank shall ensure that the recovery agents engaged by them carry out verification of the antecedents of its employees, which shall include police verification. The bank shall also decide the periodicity at which re-verification of antecedents shall be resorted to.

393. To ensure due notice and appropriate authorisation, the bank shall provide the details of recovery agents to the borrower while initiating the process of recovery. The agent shall also carry a copy of the notice and the authorisation letter from the bank along with the identity card issued to him/her by the bank or the agency. Further, where the recovery agency is changed by the bank during the recovery process, in addition to the bank notifying the borrower of the change, the new agent shall carry the notice and the authorisation letter along with his/her identity card.

394. The notice and the authorisation letter shall, among other details, also include the contact details of the recovery agency and the bank.

395. The up-to-date details of the recovery agencies engaged by the bank shall also be hosted on the bank's website.

H. Responsible Lending Conduct – Release of Movable / Immovable Property Documents on Repayment/ Settlement of Personal Loans

396. The bank shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/ settlement of the loan account.

397. The borrower shall be given the option of collecting the original movable / immovable property documents either from the banking outlet / branch where the loan

account was serviced or any other office of the bank where the documents are available, as per her / his preference.

398. The timeline and place of return of original movable / immovable property documents shall be mentioned in the loan sanction letters issued on or after the effective date.

399. In order to address the contingent event of demise of the sole borrower or joint borrowers, the bank shall have a well laid out procedure for return of original movable / immovable property documents to the legal heirs. Such procedure shall be displayed on the website of the bank along with other similar policies and procedures for customer information.

H.1 Compensation for delay in release of Movable / Immovable Property Documents

400. The bank shall communicate to the borrower reasons for delay in releasing of original movable / immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment/ settlement of loan. In case where the delay is attributable to the bank, it shall compensate the borrower at the rate of ₹5,000/- for each day of delay.

401. In case of loss/damage to original movable / immovable property documents, either in part or in full, the bank shall assist the borrower in obtaining duplicate/certified copies of the movable / immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated at paragraph 400 above. However, in such cases, an additional time of 30 days will be available to the bank to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).

402. The compensation provided under these directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

H.2 Release of other assets of the deceased borrowers to their legal heirs

403. The bank shall not insist upon legal representation for release of other assets of deceased customers irrespective of the amount involved.

404. The bank may, however, call for succession certificates from legal heirs of deceased borrowers in cases where there are disputes and all legal heirs do not join in indemnifying the bank or in certain other exceptional cases where the bank has a reasonable doubt about the genuineness of the claimant/s being the only legal heir/s of the borrower.

H.3 Outsourcing of Financial Services - Responsibilities of regulated entities employing Recovery Agents

405. The bank shall strictly ensure that it or its agents do not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the debtors' family members, referees and friends, sending inappropriate messages either on mobile or through social media, making threatening and/ or anonymous calls, persistently calling the borrower and/ or calling the borrower before 8:00 a.m. and after 7:00 p.m. for recovery of overdue loans, making false and misleading representations, etc. This direction shall not be applicable to microfinance loans provided as per [Reserve Bank of India \(Rural Co-operative Banks – Know Your Customer\) Directions, 2025.](#)

Chapter IX – Miscellaneous

A. Sunday banking

406. In predominantly residential areas, the bank may keep its branches open for business on Sundays by suitably adjusting the holidays.

407. The bank shall keep rural branches open on weekly market day.

B. Accepting standing instructions of customers

408. Standing instructions shall be freely accepted on all current and savings bank accounts. The scope of standing instructions service shall be expanded to include payments on account of taxes, rents, bills, school / college fees, licences, etc.

C. Clean Overdrafts for small amounts

409. Clean overdrafts for small amounts may be permitted at the discretion of branch manager to customers whose dealings have been satisfactory. The bank may work out schemes in this regard.

D. Rounding off of transactions

410. All transactions, including payment of interest on deposits/charging of interest on advances, should be rounded off to the nearest rupee i.e., fractions of 50 paise and above shall be rounded off to the next higher rupee and fraction of less than 50 paise shall be ignored.

411. Issue prices of cash certificates should also be rounded off in the same manner. However, the bank should ensure that cheques/drafts issued by clients containing fractions of a rupee are not rejected or dishonoured by them. The bank shall ensure that appropriate action is taken against members of their staff who are found to have refused to accept cheques / drafts containing fractions of a rupee.

E. Declaration of Holiday under the Negotiable Instruments Act, 1881

412. In terms of Section 25 of the Negotiable Instruments Act, 1881, the expression "public holiday" includes Sunday and any other day declared by the Central

Government by notification in the Official Gazette to be a public holiday. However, this power has been delegated by the Central Government to State Governments vide the Government of India, Ministry of Home Affairs' Notification No. 20-25-56-Pub-I dated June 8, 1957. While delegating the power to declare public holidays within concerned States under Section 25 of the Negotiable Instruments Act, 1881, the Central Government has stipulated that the delegation is subject to the condition that the Central Government may itself exercise the said function, should it deem fit to do so. This implies that when Central Government itself has notified a day as "public holiday" under Section 25 of the Negotiable Instruments Act, 1881, there is no need for bank to wait for the State Government notification.

F. Co-ordination with officers of Central Board of Direct Taxes

413. The bank shall extend necessary help/co-ordination to tax officials whenever required. Further, the bank shall treat with utmost seriousness cases where their staff connive/assist in any manner with offences punishable under the Income Tax Act. In such cases in addition to the normal criminal action, such staff member shall also be proceeded against departmentally.

G. Various Working Groups / Committees on Customer Service in Banks - Implementation of the Recommendations

414. To monitor the progress made in the implementation of the recommendations of various working groups/Committees on customer service, the bank should review those recommendations that remain relevant in the current banking context and continue their implementation. The bank may submit a progress report on the measures taken to the Customer Service Committee of the Board.

Chapter X – Repeal and Other Provisions

A. Repeal and saving

415. With the issue of these Directions, the existing Directions, instructions, and guidelines relating to Responsible Business Conduct as applicable to Rural Co-operative Banks stand repealed, as communicated vide notification dated October xx, 2025. The Directions, instructions, and guidelines repealed prior to the issuance of these Directions shall continue to remain repealed.

416. Notwithstanding such repeal, any action taken or purported to have been taken, or initiated under the repealed Directions, instructions, or guidelines shall continue to be governed by the provisions thereof. All approvals or acknowledgments granted under these repealed lists shall be deemed as governed by these Directions.

B. Application of other laws not barred

417. The provisions of these Directions shall be in addition to, and not in derogation of the provisions of any other laws, rules, regulations, or directions, for the time being in force.

C. Interpretations

418. For the purpose of giving effect to the provisions of these Directions or in order to remove any difficulties in the application or interpretation of the provisions of these Directions, the RBI may, if it considers necessary, issue necessary clarifications in respect of any matter covered herein and the interpretation of any provision of these Directions given by the RBI shall be final and binding.

Annex I – Format of Comprehensive Notice Board

(Updated up to _____)

A. CUSTOMER SERVICE INFORMATION:

- (i) We have separately displayed the key interest rates on deposits & forex rates in the branch.
- (ii) Nomination facility is available on all deposit accounts, articles in safe custody and safe deposit vaults.
- (iii) We exchange soiled notes and mutilated notes.
- (iv) We accept/exchange coins of all denominations.
- (v) If a banknote tendered here is found to be counterfeit, we will issue an acknowledgement to the tenderer after stamping the note.
- (vi) Please refer to our cheque collection policy for the applicable timeframes for collection of local and outstation cheques.
- (vii) For satisfactory accounts, we offer immediate credit of outstation cheque up to ₹ _____ (Please refer cheque collection policy).

B. SERVICE CHARGES:

Sr.No.	Type of Account	Minimum Balance Requirement (₹)	Charges for non-maintenance thereof (₹)
1	Savings Account		
2	Basic Savings Bank Deposit Account		

C. GRIEVANCE REDRESSAL:

- (i) If you have any grievances/complaints, please approach:
- (ii) If your complaint is unresolved at the branch level, you may approach our Head Office at: (Address)

D. INFORMATION AVAILABLE IN BOOKLET FORM (Please approach 'MAY I HELP YOU' Counter)

- (i) All the items mentioned in (A) to (C) above.
- (ii) The Citizen's Charter for Currency Exchange facilities.
- (iii) Time norms for common transactions.
- (iv) Design and security features of all the bank notes.
- (v) Policy documents relating to Cheque Collection, Grievance Redressal Mechanism, Security repossession and Compensation.
- (vi) The complete service charges, including services rendered free of charge.

Information to be provided outside the premises:

- Name of the Bank / Branch:
- Weekly Holiday on:
- Weekly Branch Non-Banking Day:
- Branch Working Hours:

Annex II – Rates at a quick glance

Name of the Bank

Rates at a quick glance as on _____

Deposit Accounts

Nature	Rate of Interest		Minimum Balance		
	Normal	Senior Citizen	Rural	Semi Urban	Urban
Account					
1. Savings Bank A/c					
A. Domestic					
a. With cheque book facility					
b. Without cheque book facility					
c. Basic Savings Bank Deposit Account					
B. Non-Resident					
a. NRO					
b. NRE					
2. Term Deposits (As applicable)					
Domestic	Rate of Interest				
Term Deposits (All Maturities)	Deposits less than ₹15 lakh		Deposits ₹15 lakh and above		

Loans

	RATE OF INTEREST				
LOANS	Loan amount	Rate of Interest			
1. Housing Loan					
2. Personal Loan					
a) Consumer Durable Loan					
b) Senior Citizen Loan Scheme					
c) Personal Loan Scheme					
d)					

3. Vehicle Loan						
a. Two Wheeler Loans						
b. Three Wheeler Loans						
c. For New Cars						
d. For Old Cars						
4. Educational Loans		Up to ₹4.00 lakhs	₹4.00 lakhs up to ₹20 lakhs			
		Repayable in _ years	Repayable in more than _ years	Repayable in _ years	Repayable in more than _ years	For studies in India =
						For Studies Abroad =

CHARGES

Fee Based Services						
1. Lockers						
Type of Locker	Metro / Urban / Semi Urban			Rural		
	1 yr	2 yrs	3 yrs	1 yr	2 yrs	3 yrs
2. Drafts/TT/MT						
Issue						
Cancellation						
3. Outstation cheque collection						
4. NEFT Money Transfer		Inward =	Outward =			
5. RTGS Money Transfer		Inward =	Outward =			
6. Cheque return charges		Outward Returns		Inward Returns		
For Savings Accounts						
For Current, Overdraft Cash Credit Accounts						
Dishonour of outstation / local bills & cheques						
9. Cheque Book Issue						
10. No Dues Certificate						

Annex III – Key Facts Statement

Part 1 (Interest rate and fees/charges)

1	Loan proposal/ account No.			Type of Loan						
2	Sanctioned Loan amount (in Rupees)									
3	Disbursal schedule <ul style="list-style-type: none"> (i) Disbursement in stages or 100% upfront. (ii) If it is stage wise, mention the clause of loan agreement having relevant details 									
4	Loan term (year/months/days)									
5	Instalment details									
Type of instalments			Number of EPIs	EPI (₹)	Commencement of repayment, post sanction					
6	Interest rate (%) and type (fixed or floating or hybrid)									
7	Additional Information in case of Floating rate of interest									
Reference Benchmark	Benchmark rate (%) (B)	Spread (%) (S)	Final rate (%) $R = (B) + (S)$	Reset periodicity ¹ (Months)	Impact of change in the reference benchmark (for 25 bps change in 'R', change in:)					
					B	S	EPI (₹)			
							No. of EPIs			
8	Fee/ Charges²									

¹ Fixed reset, other than on account of changes in credit profile

² REs may disclose the amount net of any taxes such as GST

		Payable to the RE (A)		Payable to a third party through RE (B)				
		One-time/ Recurring	Amount (in ₹) or Percentag e (%) as applicable ³	One- time/Rec urring	Amount (in ₹) or Percentag e (%) as applicable 3			
(i)	Processing fees							
(ii)	Insurance charges							
(iii)	Valuation fees							
(iv)	Any other (please specify)							
9	Annual Percentage Rate (APR) (%)⁴							
10	Details of Contingent Charges (in ₹ or %, as applicable)							
(i)	Penal charges, if any, in case of delayed payment							
(ii)	Other penal charges, if any							
(iii)	Foreclosure charges, if applicable							
(iv)	Charges for switching of loans from floating to fixed rate and vice versa							
(v)	Any other charges (please specify)							

Part 2 (Other qualitative information)

1	Clause of Loan agreement relating to engagement of recovery agents	
---	--	--

³ Mention frequency, where recurring

⁴ Please refer to the illustration in sub-paragraph (3) of paragraph 329 of these directions

2	Clause of Loan agreement which details grievance redressal mechanism	
3	Phone number and email id of the nodal grievance redressal officer ⁵	
4	Whether the loan is, or in future maybe, subject to transfer to other REs or securitisation (Yes/ No)	
5	In case of lending under collaborative lending arrangements (e.g., co-lending/ outsourcing), following additional details may be furnished:	
	Name of the originating RE, along with its funding proportion	Name of the partner RE along with its proportion of funding
6	In case of digital loans, following specific disclosures may be furnished:	
i)	Cooling off/look-up period, in terms of RE's board approved policy, during which borrower shall not be charged any penalty on prepayment of loan	
ii)	Details of LSP acting as recovery agent and authorized to approach the borrower	

⁵ The bank may furnish generic email id, provided a response is made within 1 working day

Annex IV – Forms

Notification

(DBOD.No.Leg.BC.38/C.233A-85 dated March 29, 1985)
(UBD.BR.764/B.1-84/85 dated March 29, 1985)

In exercise of the powers conferred on the Reserve Bank of India by sub-section (3) of section 45ZC and sub-section (4) of section 45ZE of the Banking Regulation Act, 1949, read with Section 56 of the Act ibid (for co-operative banks) respectively, the Reserve Bank of India hereby directs that the inventory to be prepared before returning articles left in safe custody and the inventory to be prepared before permitting removal of the contents of a safety locker, shall respectively be in the appropriate Forms set out as enclosed or as near thereto as circumstances require.

Sd/-

A. GHOSH
Deputy Governor

Annex V – Settlement of Claims (existing instructions)

A. Settlement of claims in respect of deceased depositors – Simplification of procedure

A.1 Provisions of the Banking Regulation Act, 1949

1. The bank shall adhere to the provisions of Sections 45ZA to 45ZF of the Banking Regulation Act, 1949 and the Co-operative Banks (Nomination) Rules, 1985.

A.2 Simplified operational systems / procedures

2. The bank shall undertake a comprehensive review of its extant systems and procedures relating to settlement of claims of its deceased constituents (i.e., depositors / locker-hirers / depositors of safe-custody articles) with a view to evolving a simplified policy / procedures for the purpose, with the approval of its Board, taking into account the applicable statutory provisions, foregoing instructions as also the MOP formulated by the NABARD.

A.3 Accounts with survivor/nominee clause

3. 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 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"):

- (1) Provided 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;
- (2) Provided there is no order from the competent court restraining the bank from making the payment from the account of the deceased; and
- (3) Provided it has been made clear to the survivor(s) / nominee that he/she 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/her shall not affect the right or claim

which any person may have against the survivor(s) / nominee to whom the payment is made.

4. Since payment made to the survivor(s) / nominee, subject to the foregoing conditions, would constitute a full discharge of the bank's liability, the bank shall 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, while making payment to the survivor(s) / nominee of the deceased depositor, irrespective of the amount standing to the credit of the deceased account holder.

A.4 Accounts without the survivor / nominee clause

5. The bank shall adopt a simplified procedure for repayment to legal heir(s) of the depositor in cases 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). The bank shall keeping in view its 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.

B. Premature Termination of term deposit accounts

6. In the case of term deposits, bank shall incorporate a clause in the account opening form itself to the effect that in the event of the death of the depositor, premature termination of term deposits would be allowed. The conditions subject to which such premature withdrawal would be permitted shall also be specified in the account opening form. Such premature withdrawal shall not attract any penal charge.

7. StCB/DCCB is advised to invariably incorporate a clause in the account opening form itself to the effect that in the event of death of the depositor, premature termination of term deposits would be allowed subject to the conditions which the bank may specify therein and also inform its existing as well as future term deposit holders about the availability of such an option.

8. The joint deposit holders may be permitted to give the joint mandate allowing premature withdrawals of fixed / term deposits also in accordance with the mandate

of 'Either or Survivor' or 'Former or Survivor' either at the time of placing fixed deposit or anytime subsequently during the term / tenure of the deposit. If such a mandate is obtained, the bank 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. It is also reiterated that such premature withdrawal would not attract any penal charge.

C. Treatment of flows in the name of the deceased depositor

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

The bank could be authorised 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 authorised 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.

D. Time limit for settlement of claims

10. The bank shall 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.

11. The bank shall 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.

E. Claim Forms to be made available

12. The bank shall provide claim forms for settlement of claims of the deceased accounts, to any person/s who is/are approaching the bank / branches for forms. Claim forms may also be put on the bank's website prominently so that claimants of the deceased depositor can access and download the forms without having to visit the concerned bank/branch for obtaining such forms for filing claim with the bank.

F. Settlement of Claims in case of death of a Customer in respect of Safe Deposit Locker/ Safe Custody Article Facility

13. The bank shall have a Board approved policy for settlement of claims. The policy shall be in conformity with the regulatory instructions and the Model Operational Procedure (MOP) for settlement of claims of the deceased constituents formulated by the IBA and in case of State and Central Co-operative Banks, MOP formulated by NABARD.

14. The bank shall have a Board approved policy for nomination and release of contents of safety lockers / safe custody article to the nominee and protection against notice of claims of other persons in accordance with the provisions of Sections 45 ZC to 45 ZF of the Banking Regulation Act, 1949 and the Banking Companies (Nomination) Rules, 1985/Co-operative Banks (Nomination) Rules, 1985 and the relevant provisions of Indian Contract Act and Indian Succession Act.

15. In order to ensure that the articles left in safe custody and contents of lockers are returned to the genuine nominee, as also to verify the proof of death, the bank shall devise its own claim formats, in terms of applicable laws and regulatory guidelines.

16. The bank shall settle the claims in respect of deceased locker hirers and shall release contents of the locker to survivor(s) / nominee(s), as the case may be, 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 claimant(s) with reference to nomination, to the bank's satisfaction.

17. The bank shall 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 locker-hirers / depositors of safe custody article accounts and those pending beyond the stipulated period, with reasons therefor. Customer Service Committee of the Board of the bank shall review the settlement of claims and make suggestions to ensure that the claims are settled as early as possible unless there is any litigation pending before the Courts or any difficulty is being faced in identifying the true claimant with reference to nomination.

G. Customer Guidance and Publicity

18. The bank shall 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.

19. These instructions should be viewed as very critical element for bringing about significant improvement in the quality of customer service provided to survivor(s) / nominee(s) of deceased depositors.

H. Settlement of claims in respect of missing persons

20. The bank shall follow the following system in case a claim is received from a nominee / legal heirs for settlement of claim in respect of missing persons:

(1) The settlement of claims in respect of missing persons shall be governed by the provisions of Section 110 / 111 of the Bharatiya Sakshya Adhiniyam, 2023. Section 110 deals with presumption of continuance and Section 111 deals with presumption of death. As per the provisions of Section 111 of the Bharatiya Sakshya Adhiniyam, 2023, 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 110/111 of the Bharatiya Sakshya Adhiniyam, 2023 before a competent

court. If the court presumes that the missing person is dead, then the claim in its respect can be settled on the basis of the same.

(2) The bank shall 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, the banks shall, keeping in view their risk management systems, 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.

**Annex VI – Application Form for Settlement of Claim in Deposit Accounts/
Release of Contents of Safe Deposit Lockers/ Return of Articles in Safe
Custody kept by Deceased Customer (cases with Nomination or Joint Account
with survivorship clause)**

The Branch Manager

Date:

_____ Bank

_____ Branch

Madam/ Dear Sir,

**Claim as *Nominee/ Survivor for Payment of Balances in the *Deposit Accounts/
Release of Contents of Safe Deposit Lockers/ Return of Articles in Safe Custody
kept by Shri/ Smt./ Kum. _____ (Name of *Deceased/ Missing
Customer)**

I/ We _____ (Nominee(s)/ Survivor(s)) hereby declare that I
am/ we are the *Nominee(s)/ Survivor(s)/ appointed as Guardian of a Minor Nominee/
Survivor in the *Deposit Accounts/ Safe Deposit Lockers/ Articles in Safe Custody kept
by Shri/ Smt./ Kum. _____ (Name of Deceased/ Missing
Customer) who *expired on _____/ is missing/ not traceable since
_____.

2. I/ We furnish below the required information about the deceased customer:

(a) Date and Place of Death

(b) Details of Death Certificate No. _____ dated _____

Authority _____ (copy enclosed). (Original to be produced for
verification)

(c) Age (as on the date of death) : _____ Yrs.

(d) Marital Status (as on the date of death) : Married / Unmarried/ Widow(er)

(e) Address:

City/ District: _____ PIN: _____ State: _____ Country: _____

3. I/ We, therefore, submit my/ our Claim as Nominee(s)/ Survivor(s)/ Guardian on behalf of Minor Nominee/ Survivor for *payment of the balance with accrued interest in deposit accounts/ release of contents of safe deposit lockers/ return of articles in safe custody kept by deceased customer as per details given below:

a. Deposit Accounts

Sr. No.	Nature of Deposits (SB/ CA/ TD, etc.)	Account No.	Amount	Date of Maturity (in case of TD)
1.				
2.				
3.				
4.				
Total				

b. Safe Deposit Locker No. _____ Mode of Holding: _____

Details of Articles (if known): _____

c. Safe Custody Article Receipt No. _____

Details of Articles (if known): _____

4. Details of Nominee(s)/ Survivor(s):

4.1 I/ We request the bank to transfer the balance payable (after making the required adjustments, set-off, if any) in deposit accounts of the deceased to the account(s) given below:

Sr. No	Detail of nominee(s)/ survivor(s)		Mobile Number	Email Address	Bank Name, Account Type & Number, and IFSC details
	Name	Address			
1					
2					

3					
4					

4.2 I/ We request the bank to *release the contents of safe deposit lockers/ return the articles in safe custody to the following persons:

Sr. No.	Detail of nominee(s)/ survivor(s)		Mobile Number	Email Address
	Name	Address		
1				
2				
3				
4				

4.3 For the minor nominee(s)/ survivor(s), name of such nominee(s)/ survivor(s) and his/ her natural/ legal guardian are given below:

Sr. No.	Name of the Minor Nominee(s)/ Survivor(s)	Date of Birth	Name of the Guardian	Relationship with Minor	Address of the Guardian	Mobile Number and Email address of the Guardian
1						
2						

5. II/ We undertake that

(i) I/ We shall hold/ receive the aforesaid amount/ articles in a fiduciary capacity as a trustee of the rightful beneficiary(ies) and any settlement made to me/ us shall not affect their rights.

(ii) The aforesaid *accounts/ safe deposit locker/ safe custody articles are not the subject matter of any dispute and that there is no Court order restraining me/ us from claiming or the bank from settling the claim in my/ our favour or otherwise.

(iii) I/ We authorise the bank to exercise its right to lien and set-off and accordingly, to deduct the outstanding dues which are payable to the bank in relation to credit facilities availed by the Deceased or any other dues payable to the bank, from the balance held by the Deceased in the aforementioned account(s).

6. I/ We have attached the following documents for the purpose of settlement of my/ our claim:

*Death certificate (of deceased customer)/ First Information Report (FIR) and the non-traceable report issued by police authorities (in case of missing person)

Officially Valid Document⁶ in support of the identity and address of the Nominee(s)/ Survivor(s) making the claim.

7. The facts stated above are true and correct to the best of my/ our knowledge and belief.

8. Name and signature of the *nominee(s)/ survivor(s) who will receive the balance payable/ articles in safe deposit locker/ safe custody:

Sr. No.	Name of nominee(s)/ survivor(s)/ Guardian of Minor Nominee	Signature/ Thumb impression ⁷
1		
2		
3		
4		

Name and address of witness (in case of claimant(s) placing the thumb impression):

Signature of witness:

*(Delete whichever is not applicable)

FOR OFFICE USE

(may be prepared by the bank as per its official requirement)

⁶ "Officially Valid Document" (OVD) means the passport, the driving licence, proof of possession of Aadhaar number, the Voter's Identity Card issued by the Election Commission of India, job card issued by NREGA duly signed by an officer of the State Government and letter issued by the National Population Register containing details of name and address.

⁷ In case a claimant is unable to sign, he/ she may place the thumb impression in the presence of a witness known to the bank.

**Annex VII – Application Form for Settlement of Claim in Deposit Accounts/
Release of Contents of Safe Deposit Lockers/ Return of Articles in Safe
Custody kept by Deceased Customer (cases other than Nomination or Joint
Account with survivorship clause)**

The Branch Manager

Date:

_____ Bank

_____ Branch

Madam/ Dear Sir,

**Claim for Payment of Balances in the *Deposit Accounts/ Release of Contents
of Safe Deposit Locker/ Return of Articles in Safe Custody kept by Shri/ Smt./
Kum. _____ (Name of Deceased/ Missing Customer)**

I/ We _____ (Claimant(s)) hereby declare that I am/ we are
the claimant(s) in the *Deposit Accounts/ Safe Deposit Locker/ Articles in Safe Custody
kept by Shri/ Smt./ Kum. _____ (Name of Deceased/ Missing
Customer) who *expired on _____ / is missing/ not traceable since
_____.

2. I/ We furnish below the required information about the deceased customer:

(a) Date and Place of Death:

(b) Details of Death Certificate No. _____ dated _____

Authority _____ (copy enclosed). (Original to be produced for
verification)

(c) Age: _____ Yrs.

(d) Marital Status: Married / Unmarried/ Widow(er)

(e) Address:

City/ District: _____ PIN: _____ State: _____ Country: _____

(f) Religion: _____

Mention which law of succession is applicable _____ (Hindu, Mohammedan, etc.)

(g) Name, Relation & Age of the legal heir(s) of the deceased:

Sr. No.	Name & Address	Age	Relation	Mobile Number & Email Address	Whether signing Letter of Disclaimer/ No Objection (Yes/ No)
1					
2					
3					
4					

(h) In case of minor legal heir(s), details of Natural Guardian/ Legal Guardian:

Sr. No.	Name of the Minor Legal Heir	Date of Birth	Name of the Guardian	Relationship with Minor	Address of the Guardian	Mobile Number and Email address of the Guardian
1						
2						

3. I/ We, therefore, submit my/ our Claim for *payment of the balance with accrued interest in deposit accounts/ release of contents of safe deposit lockers/ return of articles in safe custody kept by deceased customer as per details given below:

a. Deposit Accounts

Sr. No.	Nature of Deposits (SB/ CA/ TD, etc.)	Account No.	Amount	Date of Maturity (in case of TD)
1.				
2.				
3.				
4.				
Total				

b. Safe Deposit Locker No. _____ Mode of Holding:

Details of Articles (if known): _____

c. Safe Custody Article Receipt No. _____

Details of Articles (if known): _____

4.1 I/ We undertake that

(i) I/ We shall hold/ receive the aforesaid amount/ payment in a fiduciary capacity as a trustee of the rightful beneficiary(ies) and any settlement made to me/ us shall not affect their rights.

(ii) The aforesaid *accounts/ safe deposit lockers/ safe custody articles are not the subject matter of any dispute and that there is no Court order restraining me/ us from claiming or the bank from settling the claim in my/ our favour or otherwise.

(iii) I/ We authorise the bank to exercise its right to lien and set-off and accordingly, to deduct the outstanding dues which are payable to the bank in relation to credit facilities availed by the Deceased customer or any other dues payable to the bank, from the balance held by the Deceased customer in the aforementioned account(s).

(iv) To indemnify and hold the bank harmless against any claims, suits, legal proceedings by any legal heirs, executors, administrators, legal representatives, arising out of/ in connection with the settlement of this deceased claim in accordance to this request letter.

4.2 I/ We declare that

(Select the applicable option)

there is **no** Will left behind by the Deceased to the best of my/ our knowledge and belief.

The Will submitted by me/ us is the last Will left behind by the Deceased and the same is not the subject matter of any dispute.

4.3 I/ We lodge my/ our claim for the above *balance with accrued interest/ safe deposit locker/ articles in safe custody of the above-named deceased in terms of:

(Select the applicable option)

Will of Late Shri/ Smt/ Kum. _____ dated _____
(copy enclosed). The Will has neither been Probated nor has any Letter of Administration been obtained with respect to the same.

Will of Late Shri/ Smt/ Kum. _____ dated _____ and a probate granted by the court of _____ located at _____ vide order dated _____ (copy enclosed).

Letter of Administration No. _____ dated _____ issued by _____ at _____ (copy enclosed).

Succession Certificate dated _____ granted by the Court of _____ located at _____ vide order dated _____ (copy enclosed).

Court decree dated _____ issued by the Court of _____ located at _____ (copy enclosed).

Legal Heir Certificate granted by _____ at _____ vide order dated _____ (copy enclosed).

Declaration/ Affidavit from an independent person regarding the legal heir(s) of the deceased depositor (copy enclosed).

5.1 I/ We request the bank to transfer the balance payable (after making the required adjustments, set-off, if any) to the account of claimant(s) given below:

Sr. No.	Name of Claimant	Bank Name and A/c No.	IFSC	Branch Details
1				
2				
3				
4				

For the minor claimant(s), name of such claimant(s) and his/ her natural/ legal guardian are given below:

Sr. No.	Name of the Minor Claimant(s)	Date of Birth	Name of the Guardian	Relationship with Minor
1				
2				

5.2 I/ We request the bank to * release the contents of safe deposit lockers/ return the articles in safe custody to the following persons:

Sr. No.	Name of Claimant
1	
2	
3	
4	

6. I/ We have attached the following documents for the purpose of settlement of my/ our claim (select the applicable documents):

- *Death certificate (of deceased customer)/ First Information Report (FIR) and the non-traceable report issued by police authorities (in case of missing person)
- Officially Valid Document⁸ in support of the identity and address of the Claimant(s) making the claim.
- Will/ Probate of Will
- Letter of Administration
- Succession Certificate
- Court Decree/ order
- Legal Heir Certificate
- Declaration/ Affidavit from an independent person regarding the legal heir(s) of the deceased customer
- Bond of indemnity signed by Claimant(s)
- Bond of indemnity/ surety signed by Third Party(ies)
- Letter of disclaimer/ no objection from non-claimant legal heir(s)

7. The facts stated above are true and correct to the best of my/ our knowledge and belief.

8. Name and signature of the claimant(s) who will receive the balance payable/ articles in safe deposit locker/ safe custody:

Sr. No.	Name of the Claimant/ Guardian of Minor Claimant	Signature/ Thumb impression⁹
1		
2		
3		
4		

⁸ "Officially Valid Document" (OVD) means the passport, the driving licence, proof of possession of Aadhaar number, the Voter's Identity Card issued by the Election Commission of India, job card issued by NREGA duly signed by an officer of the State Government and letter issued by the National Population Register containing details of name and address.

⁹ In case a claimant is unable to sign, he/ she may place the thumb impression in the presence of a witness known to the bank.

Name and address of witness (in case of claimant(s) placing the thumb impression):

Signature of witness:

*(Delete whichever is not applicable)

Note :1. _____ Bank is not responsible for any delay in disposal of the claim due to lack of full particulars furnished in this application and may insist on calling for a Legal Document in case there are disputes among legal heirs and all of them do not join in indemnifying the bank, or give Letter of Disclaimer/ No Objection, or where the bank has reasonable doubt about the genuineness of the claimant(s) being the only heirs of the deceased customer. The bank shall duly advise the claimant(s) in such cases.

2. In case the bank receives multiple claims from legal heirs of the deceased or in cases where there are inter se disputes amongst the legal heirs or a third party produces Will of the deceased, the bank shall not settle the claim unless the concerned party produces an Order/ Decree from Competent Court or Probate of the Will (as may be applicable), till such time the claim shall be kept on hold/ pending.

FOR OFFICE USE

(may be prepared by the bank as per its own requirement)

Annex VIII – Bond of Indemnity / Surety*

(To be duly stamped as per the Stamp Act applicable to the State)

**(For Settlement of Claim in Deposit Accounts of Deceased Customer
without production of Legal Documents)**

The Branch Manager

Date:

_____ Bank

_____ Branch

IN CONSIDERATION of your paying or agreeing to pay us,

(Mention here the name of the claimant(s))

1. _____
2. _____
3. _____
4. _____

the sum of Rupees _____ standing at the

**credit of following deposit accounts with your bank in the name of Shri/ Smt./ Kum.

_____ since deceased, **without production of a**

**Court Order or Probate of Will or Letter of Administration or a Succession
Certificate to his/ her estate:**

Sr. No.	Nature of Deposits (SB/ CA/ TD, etc.)	Account No.	Amount	Date of Maturity (in case of TD)
1.				
2.				
3.				
4.				
Total				

We, _____, do hereby for

(Mention here the Name of the **claimant(s)/ surety(ies))

ourselves and our heirs, legal representatives, executors and administrators, jointly and severally **UNDERTAKE AND AGREE** to indemnify you, the bank, its officers/ Directors, and its successors and assignees against all claims, demands,

proceedings, losses, damages, charges and expenses which may be raised against or incurred by you by reasons or in consequence of your having agreed to pay/ or paying the said sum to the claimant(s) as aforesaid.

SIGNED AND DELIVERED by the above named

1. _____
2. _____
3. _____
4. _____

(Heir(s)/ claimant(s) of the deceased customer)

Signed and delivered by the above named on this _____ day of _____
two thousand _____.

*SIGNED AND DELIVERED by the above named

1. _____
2. _____

(Sureties)

Signed and delivered by the above named on this _____ day of
_____ two thousand _____.

* Surety is applicable only in case of claims above the threshold limit.

**(Delete whichever is not applicable)

Opinion Report on Surety

A. Details to be furnished by the surety

1.	Name in Full	
2.	Address	
3.	Academic Qualification	
4.	Age	
5.	Occupation (If employed, please state the name of the employer and since when employed).	
6.	Present Monthly Income/ Salary	
7.	Total yearly income from all sources	
8.	No. of dependents	
9.	Personal Assets	
a.	Immoveable Property, viz., land/ Building, etc. (please give details of acquisition, present value, etc.)	
b.	Investments (Term Deposits, Shares, etc., if any)	
c.	Life Insurance Policy	
d.	Other Assets	
e.	Details of Bank Accounts, if any (Name and address of Bank with Account No. (Savings bank/ Current) to be furnished).	
10.	Personal Liability, if any	
11.	Please indicate whether surety is related to claimant(s) Yes/No	
12.	Period for which claimant(s) are known	Yrs.

I confirm that all the statements made by me in this application are true and correct to the best of my knowledge and belief.

Place:

Date:

Signature
(Surety)

B. Remarks of the Bank Official

Annex IX – Letter of Disclaimer / No Objection

(To be duly stamped as per the Stamp Act applicable to the State)

The Branch Manager

_____ Bank

_____ Branch

Dear Sir,

Details of deposit account(s)/ safe custody articles/ safe deposit locker in the name of
Shri/ Smt./ Kum. _____ since deceased are as follows:

a. Deposit Accounts

Sr. No.	Nature of Deposits (SB/ CA/ TD, etc.)	Account No.	Amount	Date of Maturity (in case of TD)
1.				
2.				
3.				
4.				
Total				

b. Safe Deposit Locker No. _____ Mode of Holding:

c. Safe Custody Article Receipt No. _____

Details of Articles (if known): _____

2. With reference to the above account(s)/ safe deposit locker/ safe custody articles, I/ We, the legal heirs of Shri/ Smt./ Kum. _____ (Name of deceased customer), have to advise that we have no interest in the above deposits/ assets and as such we have no objection to your paying the *balance amount in the above account(s)/ releasing the contents in safe deposit locker/ returning the safe custody articles lying with you in the name of the aforesaid Shri/ Smt./ Kum.

_____ (Name of the deceased customer) to Shri/ Smt./ Kum.:

1. _____

2. _____

3. _____

4. _____

Such payment of the *balance in the above account(s)/ release of the contents in safe deposit locker/ return of the safe custody articles would be completely binding on us and we will not question the bank's action in doing so. I/ We undertake to bind ourselves, our heirs and legal representatives not to revoke the declaration made herein.

Sr. No.	Name of the Non-claimant Legal Heir(s) (who relinquish their rights)	Age (yrs.)	Signature
1			
2			
3			
4			

Signed on this _____ day of _____ two thousand _____.

*(Delete whichever is not applicable)

Annex X – Declaration / Affidavit

(To be duly stamped as per the Stamp Act applicable to the State)

I, _____ S/D/O _____
residing at _____
do hereby make oath*/solemnly affirm and say as follows:

That Shri/ Smt. /Kum. _____ (Name of the deceased customer) hereinafter, referred to as "the deceased" died intestate on _____ at _____.

2. That I know the deceased and his/ her family since the last _____ years.
3. That at the time of his/ her death, the deceased left surviving him/ her the following persons who according to the law by which they are governed, are the only legal heirs of the deceased entitled to succeed to the estate of the deceased on an intestate succession:

Sr. No	Name	Age (yrs.)	Relationship with the deceased
1			
2			
3			
4			

4. That I am not related in any manner whatsoever to the deceased or any of the above-mentioned persons nor have I any claim or interest of whatsoever nature in the estate of the deceased.
5. That I am informed, and I verily believe that the deceased has left certain *deposits/ safe deposit locker/ articles in safe custody with the _____ Bank _____ branch, to which the above-mentioned persons are entitled to claim.
6. That I am making this solemn declaration sincerely and conscientiously believing the same to be true and with full knowledge that it is on the strength of this declaration that the _____ Bank _____ branch, has agreed at my request to make payment of the amount of the deposits and *deliver the articles in safe deposit locker/ safe custody to the above mentioned persons without requiring

production of a grant of legal document to the estate of the deceased from a competent Court by them.

*Sworn/ solemnly affirmed at this _____ day of _____ two thousand_____.

(Signature of Declarant)

in the presence of _____ **before me**

Notary Public/ Judge/ Magistrate**

*(Delete whichever is not applicable)

** The declaration is required to be sworn as an affidavit before a Notary Public/ Judge/ Magistrate only if the claim amount is above the threshold limit.

Annex XI – Form of Inventory of Contents of Safe Deposit Locker

The following inventory of contents of Safe Deposit Locker No. _____ located at _____ Branch of _____ Bank,

*hired in her/ his sole name by Shri/ Smt./ Kum. _____ (deceased),

*hired jointly by Shri/ Smt./ Kum. (i) _____ (deceased)

(ii) _____

(iii) _____

was taken on this _____ day of _____ two thousand _____.

Sr. No.	Description of Articles in Safe Deposit Locker	Other identifying particulars, if any
1		
2		
3		
4		
5		
6		
7		
8		

2. For the purpose of inventory, access to the locker was given to the nominee/ survivor/ legal heirs/ beneficiary named in the Will or their duly authorised representative/s:

- *By breaking open the locker under her/ his/ their instructions.
- *Who produced the key to the locker

3. The above inventory was taken in the presence of:

(i) Nominee/ Legal heir/ Beneficiary named in the Will of deceased hirer(s) or their duly authorised representative

Shri/ _____ Smt./ _____ Kum. _____

Address _____ (Signature)

Shri/ Smt./ Kum. _____

Address _____
(Signature)

And

(ii) Survivors in case of Joint hirers (if applicable)

Shri/ _____ Smt./ _____ Kum. _____

Address _____ (Signature)

Shri/ Smt./ Kum. _____

Address _____
(Signature)

(iii) Witness(es)

Shri/ Smt./ Kum. _____

Address _____ (Signature)

Shri/ Smt./ Kum. _____

Address _____ (Signature)

(iv) On behalf of Bank

Custodian:

Shri/ Smt./ Kum. _____

Address

(Signature)

Bank employee other than Custodian:

Shri/ Smt./ Kum. _____

Address _____

(Signature)

*(Delete whichever is not applicable)

ACKNOWLEDGEMENT

*I/ We, Shri/ Smt./ Kum. _____

(Name of the nominee(s)/ legal heir(s)/ beneficiary named in the Will or their duly authorised representative and

Shri/ Smt./ Kum. _____

(surviving hirers, if applicable)

hereby acknowledge the receipt of the contents of the safe deposit locker comprised in as set out in the above inventory. Further, all the contents in the locker have been removed and the locker is empty, and I/ we have no objection to allotment of the locker to any other locker hirer as per norms of the bank.

Shri/Smt./ Kum. _____

Signature

Shri/ Smt./ Kum. _____

Signature

Shri/ Smt./ Kum. _____

Signature

Date and Place _____

(*Delete whichever is not applicable)

Annex XII – Form of Inventory of Articles left in Safe Custody

The following inventory of articles left in safe custody with _____ Branch of _____ Bank, by Shri/ Smt./ Kum. _____ (deceased), under an agreement/ receipt number _____ dated _____ was taken on this _____ day of _____ two thousand _____

Sr. No.	Description of Articles in Safe Custody	Other identifying particulars, if any
1		
2		
3		
4		
5		
6		
7		
8		

2. The above inventory was taken in the presence of:

(i) Nominee or Legal Heir or Person mandated by Nominee (including Minor Nominee)/ Legal Heir

Shri/ _____ Smt./ _____ Kum. _____

Address _____ (Signature)

Shri/ Smt./ Kum. _____

Address _____ (Signature)

(ii) Witness(es)

Shri/ Smt./ Kum. _____

Address _____ (Signature)

Shri/ Smt./ Kum. _____

Address _____

(Signature)

(iii) On behalf of Bank

Custodian:

Shri/ Smt./ Kum. _____

Address _____

(Signature)

Bank employee other than Custodian:

Shri/ Smt./ Kum. _____

Address _____

(Signature)

ACKNOWLEDGEMENT

*I, Shri/ Smt./ Kum. _____ nominee/ legal heir/
mandate holder

*We, Shri/ Smt./ Kum. _____

_____ legal heirs, and

Shri/ Smt./ Kum. _____

surviving hirers

hereby, acknowledge the receipt of the articles kept in the safe custody comprised
in as set out in the above inventory.

Shri/ Smt./ Kum. _____
(Legal Heir/ Mandate Holder)

Shri/ Smt./ Kum. _____
Signature

Shri/ Smt./ Kum. _____
Signature

Shri/ Smt./ Kum. _____
Signature

Date and Place _____

(*Delete whichever is not applicable)

Annex XIII – Bond of Indemnity with respect to delivery of contents of safe deposit locker/articles kept in safe custody by the deceased customer

(to be submitted in case of claims settled without production of Legal Documents)

(To be stamped as per the Stamp Act applicable to the State)

The Branch Manager

_____ Bank

_____ Branch

In consideration of your delivering or agreeing to deliver to me/ us,

(Claimant(s))

the articles mentioned hereunder:

Safe Deposit Locker No./ Safe Custody Article Receipt No.	Details of the articles	Description	Weight	Valuation (to be filled in by the bank)

and held in the name of Shri/ Smt./ Kum. _____ since deceased, without production of any probate of Will/ succession certificate/ letters of administration/ court order

I/ We _____ and

(Claimant(s))

do hereby for ourselves and our heirs, legal representatives, executors and administrators, jointly and severally undertake and agree to indemnify you, the bank, its officers/ Directors, and its successors and assignees against all claims, demands, proceedings, losses, damages, charges and expenses which may be raised against you or incurred by you by reason or in consequence of having delivered or agreed to have deliver to me/ us the above mentioned articles of the deceased from the safe deposit locker/ sealed boxes in safe custody.

*Signed and delivered by the above named on this _____ day of _____
two thousand _____.*

SIGNED AND DELIVERED by the above named

(1) _____

(2) _____

(Claimant(s))

**Form of Inventory of articles left in safe custody with banking company
(Section 45ZC (3) of the Banking Regulation Act, 1949)**

The following inventory of articles left in safe custody with _____ branch, by Shri/Smt. _____ (deceased) under an agreement/receipt dated _____ was taken on this, _____ day of _____ 20 _____.

Sr. No.	Description of Articles in Safe Custody	Other Identifying Particulars, if any

The above inventory was taken in the presence of:

1. Shri/Smt. _____ (Nominee)

Shri/Smt. _____

(Appointed on behalf of minor

Nominee) Address _____ OR Address _____

Signature _____ Signature _____

I, Shri/Smt. _____ (Nominee / appointed on behalf of minor Nominee) hereby acknowledge receipt of the articles comprised and set out in the above inventory together with a copy of the said inventory.

Shri/Smt. _____ (Nominee) Shri/Smt. _____
(Appointed on behalf of minor Nominee)

Signature _____
Date & Place _____

Signature _____
Date & Place _____

**Form of Inventory of Contents of
Safety Locker Hired from Banking Company
(Section 45ZE (4) of the Banking Regulation Act, 1949)**

The following inventory of contents of Safety Locker No. _____ located in the Safe Deposit Vault of _____, _____ Branch at _____.

* hired by Shri/Smt. _____ deceased in his/her sole name.

*hired by Shri/Smt. (i) _____ (deceased)
(ii) _____ Jointly
(iii) _____

was taken on this _____ day of _____ 20 ____.

Sr. No.	Description of Articles in Safety Locker	Other Identifying Particulars, if any
----------------	---	--

For the purpose of inventory, access to the locker was given to the Nominee/and the surviving hirers

- who produced the key to the locker.
- by breaking open the locker under his/her/their instructions.

The above inventory was taken in the presence of:

1. Shri/Smt. _____ (Nominee) _____
Address _____ (Signature)

Or

1. Shri/Smt. _____ (Nominee) _____
Address _____ (Signature)

and

Shri/Smt. _____
Address _____ (Signature)

Shri/Smt. _____
Address _____

Survivors of
(Signature) joint hirers

2. Witness(es) with name, address and signature:

* I, Shri/Smt. _____ (Nominee)

*We, Shri/Smt. _____ (Nominee), Shri/Smt.

_____ and Shri/Smt. _____ the survivors
of the joint hirers, hereby acknowledge the receipt of the contents of the safety locker
comprised in and set out in the above inventory together with a copy of the said inventory.

Shri/Smt. _____ (Nominee) Shri/Smt. _____ (Survivor)
Signature _____ Signature _____

Date & Place _____

Shri/Smt. _____ (Survivor)

Signature _____

Date & Place _____

(* Delete whichever is not applicable)