

# **BANKING OPERATIONS POLICIES**

- **POLICY ON GENERAL MANAGEMENT OF BRANCHES & BANKING UNITS**
- **CHEQUE COLLECTION POLICY**
- **POLICY FOR SETTLEMENT OF CLAIMS IN CASE OF DECEASED DEPOSITORS**
- **POLICY ON INOPERATIVE ACCOUNTS & UNCLAIMED DEPOSITS**
- **POLICY ON FREQUENT DISHONOUR OF INWARD CLEARING CHEQUES & NACH/ECS FOR FINANCIAL REASONS**

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## **A. POLICY ON GENERAL MANAGEMENT OF BRANCHES / BANKING UNITS**

1. The policy on General Management of Branches / Banking Units lays out the infrastructure and staff management guidelines for the Bank's branches and banking units. Specifically, the document covers the following aspects –
  - 1.1. Providing infrastructure facilities by branches / banking units to customers
  - 1.2. Providing separate 'May I Help You' counters at branches
  - 1.3. Displaying indicator boards and posters at branches / banking units
  - 1.4. Employees helping customers in transactions
  - 1.5. Providing details of service and facilities
  - 1.6. Use of Hindi and regional languages in transacting business
  - 1.7. Security system in branches and banking units
  - 1.8. Wearing of identity cards by the employees
  - 1.9. Periodic job rotation amongst the staff
  - 1.10. Training to staff
  - 1.11. Visit of senior officials to branches and banking units
  - 1.12. Rewarding best branches and banking units from customer service point of view
  - 1.13. Customer service audit, customer surveys
  - 1.14. Periodical Customer Service Committee Meets
  - 1.15. Establishing a New Product and Services Approval Process
  - 1.16. Implementation of the Policy
2. **Providing infrastructure facilities by branches / banking units to customers:** It shall be the constant endeavor of the Bank to provide adequate space for customers to enable them to complete their banking needs. Branches and Banking Units, within their available space, shall plan the layout such that seating arrangements are provided to all the customers especially pensioners, senior citizens and differently abled persons. Branches shall provide a separate line for senior citizens and differently abled persons. All the branches and Banking Units shall provide drinking water facility to the customers. Dealing staff shall be more sensitive to the needs of senior citizens and differently abled persons for portraying human touch at all times.
3. **Providing separate enquiry counters at branches:** Metro and large Urban branches shall have exclusive "Enquiry" or "May I Help You" counters. In other Urban branches, May I Help You" counters combined with other duties will be located near the entry point of the bank branch.
4. **Displaying indicator boards at all the counters in bilingual/trilingual at all branches and business posters at semi-urban, rural branches and in banking units in the regional languages concerned:**

It shall be ensured that banking facilities percolate to the vast sections of the population and so branches shall display indicator board at all the counters in bilingual/trilingual and business posters shall be displayed at semi-urban, rural branches and in banking units in the regional languages concerned.

5. **Employees shall help customers in their transactions:** All staff members shall be prepared to take up the responsibility of taking care of the inquiries and requirements of the customers. Any branch / banking Unit employee is expected to give a patient hearing to the customers and help the customers in putting in their transactions.
6. **Providing customers with booklets** consisting of all details of services and facilities available at the bank in Hindi, English and regional languages concerned: As all dealings with the customers rest on ethical principles of fairness, empathy and transparency, the Bank's brochures / booklets shall contain the details of products and services in Hindi, English and regional languages concerned.
7. **Use of Hindi and regional languages in transacting business:** In today's highly competitive environment, customer satisfaction can be achieved with effective communication in a language known to the customer. All the employees shall use English or Hindi or regional language while transacting business with customers including communications to customers.
8. **Review of the security system in the branches and banking units:** Customers expect the security system in their Bank branches and banking units to be adequate to enable them to complete their financial transaction with confidence. Senior Officers from Head Office and concerned Zonal Offices shall visit the branches at least once in six months to verify the security aspects and give suggestions for improvement. Bank employees shall be more vigilant during business hours and increase the surveillance in case of need. Installation of CCTVs and security alarms in the branches shall instill confidence amongst the employees and the customers / public.
9. **Wearing identification badge with photo and name there on by the employees:** Customers expect that they know to whom they are talking to or dealing with. As such, all customer-facing Bank employees shall compulsorily wear identity cards while on duty.
10. **Periodic change of desk/ Job rotation:** Job rotation shall give an opportunity for the employees to become well versed with the work in other sections and shall enable them to perform duties efficiently anywhere to the satisfaction of customers and the higher officials. Internal job rotation policy as part of HR Policy for Branch and banking unit employees shall be in place.
11. **Training to staff:** Training to staff shall be a continuous process and all employees of the Bank shall be given the opportunity to enhance their knowledge and sharpen their professional skills. Training Centers shall include a session on customer service as an integral part of all the training programs. Regular training in technical areas of banking shall also be given to the customer-facing employees in branches and banking units.
12. **Visit by senior officials to branches and banking units:** Senior officials of appropriate levels shall visit all the branches and a selection of banking units periodically. For example, Cluster Heads shall regularly visit all the branches in their clusters, at least once in a quarter.

13. **Rewarding best branches on the basis of customer service:** Branches shall be rewarded based on annual performance on various business parameters. To recognize the branches which excel in extending customer service, one branch in each cluster shall be selected as best branch in customer service for that cluster.
14. **Customer Service Audit and Customer surveys:** The Bank shall conduct periodical surveys to get feedback from customers and their expectations from the Bank to assess the overall level of customer service of the bank across the country.
15. **Customer service committee meetings:** Branches / Banking Units shall conduct monthly customer service committee meetings and send compliance to respective Cluster Offices / appropriate superior authorities. Cluster Heads shall participate in branch customer meetings at different branches by rotation.
16. The branch level customer service shall comprise BH and/or ABH and four customer of the branch out of which 2 members mandatorily shall be a senior citizen and a lady customer. The minutes of the proceedings will be submitted to the zonal office
17. A Standing Committee on customer service shall be constituted and to be chaired by MD & CEO. However, no such committee is proposed at zonal office level.
18. Customer service committee of the Board shall oversee and review the initiatives of the Standing Committee on Customer Service who shall drive the implementation process and provide relevant feedback to the Board Committee on customer service.
19. **Implementation of the policy:** Inspecting / visiting officials shall submit a branch / banking unit visit report to ensure that the intent of this policy is translated into proper procedures. These officials shall oversee the implementation of the policy and ensure compliance.
20. **Force Majeure:** The Bank shall not be liable on account of non-compliance, if some unforeseen event (including but not limited to civil commotion, sabotage, accident, fire, natural disasters or other “Acts of God”, war, damage to the bank’s facilities or absence of usual means of communication or all types of transportation, etc.) beyond the control of the Bank which may prevent it from performing its obligations within the specified delivery parameters.

## **B. CHEQUE COLLECTION POLICY**

### **1. Introduction**

- 1.1. Collection of cheques, deposited by its customers, is a basic service undertaken by the banks. While most of the cheques would be drawn on local bank branches, some could also be drawn on non-local bank branches.
- 1.2. In terms of RBI guidelines and with the objective of achieving efficiencies in collection of proceeds of cheques, providing funds to customers in time and also to disclose to the customers the Bank's obligations and the customers' rights, Bank has formulated a Cheque Collection Policy (CCP) taking into account its technological capabilities, systems and processes adopted for clearing arrangements and other internal arrangements including correspondent banking arrangements for clearing, if any. Adequate care will be taken to ensure that the interests of the small depositors are fully protected. The compensation payable for the delay in the collection of cheques has also been included in the Cheque Collection Policy.
- 1.3. This collection policy of the Bank is a reflection of the Bank's on-going efforts to provide better service to their customers and set higher standards for performance. The policy is based on principles of transparency and fairness in the treatment of customers. The bank is committed to increased use of technology to provide quick collection services to its customers.
- 1.4. This policy document covers the following aspects:
  - 1.4.1. Collection of cheques and other instruments payable locally, at centers within India and abroad.
  - 1.4.2. Bank's commitment regarding time norms for collection of instruments.
  - 1.4.3. Policy on payment of interest in cases where the bank fails to meet time norms for realization of proceeds of instruments.
  - 1.4.4. Bank's policy on dealing with collection instruments lost in transit.
  - 1.4.5. Bank's branches will give wide publicity to the CCP by prominently displaying salient features thereof in bold and visible letters on their notice boards. A copy of the complete CCP shall also be made available by the branch manager, if any customer requires so.
- 1.5. Account payee cheques for any person other than the payee constituent shall not be collected. However, in line with regulatory directives, account payee cheques, drawn for an amount not exceeding rupees fifty thousand, may be collected to the account of Bank's customers who are co-operative credit societies, provided the payees of such cheques are the constituents of such co-operative credit societies.

### **2. Arrangements and Time Frame for Collection of Local / Outstation Cheques / Instruments**

#### **2.1. Local Cheques:**

2.1.1. All cheques and other negotiable instruments payable locally would be presented through the clearing system prevailing at the centre. Instruments deposited at branch counters and in collection boxes within the branch premises before the specified cut off time will be presented for clearing on the same day. Acknowledgement will be provided to customers who tender the cheques at the counter. The cut off timings varies from branch to branch depending on the local clearing arrangements. The applicable cut off timings are displayed on the cheque drop boxes and in branch notice boards for the benefit of the customers. Cheques deposited after the cut off time will be presented in the next clearing cycle.

2.1.2. As a policy, the Bank will give credit to the customer account on the same day clearing settlement takes place. Withdrawal of amounts so credited would be permitted as per the cheque return schedule of the clearing house.

2.1.3. Branches situated at centers which are not members of any CTS Grid or where no clearing house exists, would present local cheques on drawee banks across the counter and it would be Bank's endeavor to credit the proceeds at the earliest, but not later than third working day from the date of deposit by customer.

## **2.2. Payable at par (PAP) Cheque books:**

2.2.1. Payable at par / multi-city CTS 2010 standard cheques are issued to all customers of the bank. There will be no value cap for PAP cheque issuance and no charges will be levied for payment of PAP cheques.

## **2.3. Outstation Cheques:**

2.3.1. Cheques drawn on other banks at outstation centres will normally be collected through bank's own branches at those centres. Where the Bank does not have a branch of its own, the instrument would be directly sent for collection to the drawee bank or collected through a correspondent bank. Cheques drawn on Bank's own branches at outstation centers will be collected using inter-branch arrangements in vogue. The Branches which are connected through a centralized processing arrangement and are offering anywhere banking services to its customers will provide same day credit to customers in respect of outstation instruments drawn on any of its branches in the CBS network if received in the branch within branch business hours

2.3.2. Time frame for collection of Outstation Cheques / Instruments: For cheques and other instruments sent for collection to centers within the country the following time norms shall be applied:

2.3.2.1. Cheques payable at CTS centers – Maximum period of 7 days.

2.3.2.2. Non CTS Centers - Maximum period of 10 days

2.3.3. Charges will be applicable on the above as defined from time to time in the Bank's Schedule of Charges.

### **3. Immediate Credit for Local / Outstation cheques**

- 3.1. No immediate credit of local cheques would be given in view of the Bank's efficient clearing procedures, which ensure that delays do not occur in realization of proceeds of the cheques. At centers where no clearing house exists cheques will be presented across the counter and the proceeds will be credited at the earliest.

### **4. Interest payment for delayed collection**

- 4.1. As part of the compensation policy of the Bank, the Bank will pay interest to its customer on the amount of collection instruments in case there is delay in giving credit beyond the time period mentioned above. Such interest shall be paid without any demand from customers in all types of accounts. There shall be no distinction between instruments drawn on the Bank's own branches or on other banks for the purpose of payment of interest on delayed collection

#### **4.2. Payment of Interest for delayed collection of Local Cheques**

- 4.2.1. Payment of interest for delayed collection of local cheques, will be as per the Bank's base rate of interest on savings bank account on the amount of the clearing instrument and for the period of delay beyond 3 working days in case there is delay in giving credit beyond the time period mentioned above after the cheque is presented in clearing subject to the cheque being otherwise in order.

#### **4.3. Payment of Interest for Delayed Collection of Outstation Cheques:**

- 4.3.1. Savings Bank rate for the period of delay beyond 7/10/14 days as the case may be in collection of outstation cheques.
- 4.3.2. Where the delay is beyond 14 days from the maximum time-frame (7/10/14 days) interest will be paid at the rate applicable to for term deposit for the respective period.
- 4.3.3. In case of extraordinary delay, i.e. delays exceeding 90 days from the maximum time-frame (7/10/14 days) interest will be paid at the rate of 2% above the corresponding Term Deposit rate.
- 4.3.4. In the event the proceeds of cheque under collection was to be credited to an overdraft/loan account of the customer, interest will be paid at the rate applicable to the loan account. For extraordinary delays, interest will be paid at the rate of 2% above the rate applicable to the loan account
- 4.3.5. It may be noted that interest payment as given above would be applicable only for instruments sent for collection within India.

#### **4.4. Cheques / Instruments lost in transit / in clearing process or at paying bank's branch:**

- 4.4.1. In the event a cheque or an instrument accepted for collection is lost in transit or in the clearing process or at the paying bank's branch, the Bank shall immediately on coming to know of the loss, bring the same to the notice of the account holder so that the account holder can inform the drawer to record stop payment and also take care that cheques, if



any, issued by him/her are not dishonoured due to non-credit of the amount of the lost cheques/instruments. The Bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque. As a part of the Compensation Policy of the Bank, it will compensate the account holder in respect of instruments lost in transit in the following way

- 4.4.2. In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection (7 or 10 days as the case may be) interest will be paid for the period exceeding the stipulated collection period at the rates specified above
- 4.4.3. In addition, Bank will pay interest on the amount of the cheque for a further period of 15 days at Savings Bank rate to provide for likely further delay in obtaining duplicate cheque/instrument and collection thereof
- 4.4.4. The Bank would also compensate the customer for any reasonable charges he/she incurs in getting duplicate cheque/instrument upon production of receipt, in the event the instrument is to be obtained from a Bank/ Institution who would charge a fee for issue of duplicate instrument.

**5. Cheques returned unpaid by the payee bank or Cheques deposited with wrong account number:**

- 5.1. In the event of a cheque presented in local clearing or sent for collection being returned unpaid, the instrument along with an advice providing reasons for return would be dispatched to the account holder at his / her mailing address recorded with the Bank within 48 working hours on the address recorded in Bank's database. However, these will be kept in Bank for returning to the customer over the counter if he or she makes a request for the same. If not collected by the customer within 15 days Bank will send them back at the recorded address by post or courier. The instrument may also be handed over to the account holder or to his/her representative with the consent of the account holder. Charges applicable as per the Bank's Schedule of Charges will be levied

- 5.1.1. In case a cheque was deposited in non-home branch location, the returned instrument will be despatched to the home branch for onward delivery to the account holder.

- 5.2. Cheques which are deposited with wrong account number mentioned on the pay-in slip Bank will return such cheques to the customers on the address mentioned within 48 working hours. However, in cases with incomplete address, incomplete phone number, no phone number mentioned on the pay-in slip the Bank will be responsible to keep these instruments for a maximum period of 3 months.

- 6. Cheque return charges** would be levied only in cases where the customer is at fault and is responsible for such returns. Cheque return charges will be levied for the illustrative list of reasons for returns, where the customers are not at fault as advised by Reserve Bank of India vide its Circular DPSS.CO.CHD. No.2030 / 03.06.01 / 2012-2013 dated May 7, 2013. The appropriate service charges for cheque collection services if any, will be as per the Bank's policy and is displayed in the



Banks' website. In case of cheque deposited by a customer is returned unpaid, intimation will be provided through SMS.

7. **Re-presentation of technical return cheques:** Cheques that need to be re-presented without any recourse to the payee, shall be made in the immediate next presentation clearing not later than 24 hours (excluding holidays) with due notification to the customers of such re-presentation through SMS alert, email, etc.
8. **Force Majeure:**
  - 8.1. The Bank shall not be liable to compensate customers for delayed credit if some unforeseen event (including but not limited to civil commotion, sabotage, lockout, strike or other labour disturbances, accident, fires, natural disasters or other "Acts of God", war, damage to the Bank's facilities or of its correspondent bank(s), absence of the usual means of communication or all types of transportation, etc.) beyond the control of the Bank prevents it from performing its obligations within the specified service delivery parameters.

## **C. POLICY FOR SETTLEMENT OF CLAIMS IN CASE OF DECEASED DEPOSITORS**

### **1. Introduction**

- 1.1. Death of a person is a turbulent period, both mentally and financially, for the members of the bereaved family. Speedy disposal of claim petitions of deceased depositors would be a solace to the legal heirs/nominee/survivor of the deceased depositor. The Bank shall adopt the policy of efficient and hassle-free handling of claim petitions by branches/banking units while ensuring that the money of deceased depositor is claimed by the persons who are entitled thereto.
- 1.2. The Bank shall settle all claims in respect of deceased depositors and shall 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.

### **2. Educating Customers about Nomination and Survivorship Mandate:**

Bank will take steps to educate Customers about the advantages of Nomination Facility and Survivorship Mandate.

#### **2.1 Survivorship Mandate:**

- a) A joint account opened as "Either or Survivor" or "Anyone or Survivor" or "Former or Survivor" or "Latter or Survivor" will facilitate the surviving account holder(s) to have unimpeded access to the credit balance in the account for withdrawal if one of the co-account holders dies.
- b) If the mandate of survivorship is given / provided, the survivor(s) can give a valid discharge to the bank and payment to survivor(s) can be made in the normal course subject to the only rider that there is no order from a competent court restraining the bank from making such payment.

#### **Nomination Rules in respect of liability accounts:**

- a) Nomination is the facility made available to depositors whereby in case of death of depositors, the nominee can easily withdraw the deposits without going through the cumbersome procedures of obtaining succession certificates or letter of administration or probate of Will etc. The nomination facility was introduced with the intention of minimizing the hardships caused to the family members on the death of depositor.
- b) The Banking Company (Nomination) Rules form part of the Banking Regulation Act. The nomination facility simplifies the procedure for settlement of claims of deceased depositors as the Bank shall get a valid discharge by making payment of the balance outstanding in a depositor's account at the time of his death or delivering contents of locker or articles kept in safe custody to the nominee.
- c) Nomination facility is purely voluntary and at the discretion of the depositor(s)/hirer(s). It is to be made clear to the depositors/hirers that the nomination is introduced solely for the purpose of simplifying the procedure for settlement of claims of deceased depositors and nomination facility does not take away the rights of legal heirs on the estate of the deceased. The nominee shall be receiving the money/stock from the bank as a trustee of the legal heirs.

- d) Nomination can be made in respect of all types of deposit accounts held jointly or singly including sole proprietorship accounts. However, nomination facility is not available for the following types of deposit accounts.
  - i. Accounts held in the representative capacity – e.g. as trustee, as liquidator, as treasurer etc
  - ii. Accounts held in the capacity of partnership firm
  - iii. Accounts of joint stock companies/associations/clubs and such other organizations
- e) The essence of the nomination rule is that the facility shall be available only to individual account holders in their own capacity singly or jointly. Since an overdraft account is not a deposit account, no nomination facility is available for credit balance held in overdraft accounts. Settlement of credit balance shall be processed through the usual legal process
- f) Nomination facility is available for non-resident accounts also, i.e. for NRE, NRO, FCNR, RFC as well as the following types of accounts:
  - i. Accounts opened by foreign nationals who are permanently resident in India
  - ii. Accounts opened by foreign nationals who are staying in India for pursuing studies, employment, business etc.
  - iii. Accounts opened by foreign nationals who are on a temporary visit to India for tour purposes
- g) Only the account holders can nominate. In the case of joint deposits with other individuals, the nomination shall be done by the depositors jointly. In the case of joint deposits, the right to the nominee arises only on the death of all the joint depositors. A nominee cannot appoint another nominee as the right to make nomination vests with the depositor(s) alone.
- h) Nomination can be accepted either at the time of opening the account or at any time subsequently during the period in which the deposit is held by the Bank to the credit of the depositor.
- i) If the depositor is a minor, the nomination shall be made by a person lawfully entitled to act on behalf of the minor. In such cases the nomination shall be made by the natural guardian or the person who is lawfully entitled to act on behalf of the minor. When the minor attains majority a fresh nomination form or a consent letter shall be given by the depositor (erstwhile minor).
- j) Nomination can be accepted in favour of an individual only. Nomination can be made in favour of only one person only, and nomination in favour of more than one person shall never be accepted, even if deposit is held by two or more individuals jointly. Further a nominee cannot be an Association, Society, Trustee or any other organization or Office bearer in his official capacity.
- k) A minor can also be appointed as a nominee. However, in such cases, the depositor may appoint another individual, not being a minor, to receive the amount of deposit on behalf of the nominee in the event of death of the depositor(s) during the minority of the nominee
- l) Rights of a Nominee: The Bank shall follow Banking Company (Nomination) Rules wherever applicable. As per the Banking Company (Nomination) Rules, on the death of the sole depositor or all the depositors as the case may be, the nominee shall be entitled to the following rights:
  - i. The nominee shall be entitled to receive the principal money along with accrued interest on account of the deposit in respect of which he is nominated.
  - ii. The nominee shall not be entitled to receive the periodical interest during the currency of deposit. However, on maturity of the deposit, the principal as well as accrued interest may be paid to the nominee at the time of settling the claim.

- iii. The nominee shall be entitled to get the account closed prematurely, subject to identification and other procedures. Wherever nominee has to sign, the word “Nominee” may be added beneath his signature to indicate the capacity in which he is claiming.
- iv. The nominee shall not be entitled to raise loan on the security of deposit.

### **2.3. Nomination Rules in respect of Safe Deposit Lockers and Safe Custody Articles:**

- a) The facility is available to lockers held in individual capacity either singly or jointly. Hence lockers hired in representative capacity such as Trustee, Liquidator or in the name of Companies, Associations etc. are not eligible for this facility. In the case of Safe Custody Articles also, the facility is available to only a depositor who has deposited the article for safe custody in his individual capacity. The facility is not available if the safe custody article is deposited jointly by more than one individual.
- b) Only the locker hirer/depositor of safe custody article can make nomination. If locker is hired by more than one individual, the nomination shall be made jointly by all the hirers.
- c) Nomination can be accepted at any time as long as all the hirers are alive and the contract of locker hire is in force. So also, nomination in respect of the safe custody articles can be accepted at any time as long as the article is in Bank’s custody.
- d) For each locker/safe custody article, a separate nomination application shall be required. However, where there are already some lockers/safe custody articles held/deposited by an individual and no nomination has been made in respect of them, then nomination for all such lockers/articles can be exercised through a single nomination application form provided the same individual is appointed as a nominee for all the lockers/articles.
- e) A nominee cannot appoint another nominee.
- f) In the case of jointly hired lockers, on the death of one of the hirers, no further operations shall be allowed. The locker shall be vacated observing the prescribed procedure and the contents of the locker shall be handed over to the nominee and the surviving hirers jointly.
- g) Nomination shall be accepted in favour of individuals only. A nominee cannot be an Association, Society, Trustee or any other organization or Office bearer in his official capacity.
- h) In the case of lockers/safe custody articles hired/deposited by sole hirer/depositor, nomination shall be accepted in favour of one individual only.
- i) In the case of lockers hired jointly by two or more individuals, nomination can be made in favour of more than one person.
- j) A minor can also be appointed as a nominee to receive the contents of a Safe Deposit Locker/Safe Custody Article. But at the time of nomination itself, the person who is entitled to receive the contents of Safe Deposit Locker/Safe Custody Article on behalf of the minor nominee shall be specified.
- k) 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.
- l) Illiterate persons can also be appointed as a nominee.

### **3. Action to be taken by bank on intimation of death of an account holder**

- 3.1. An announcement of death in newspaper, production of a death certificate or a report from a

reliable source etc., will be sufficient notice to the Bank about the death of the account holder.

3.2. As soon as the Branch becomes aware of the death of the account holder, it will record the fact in the relevant account in the system and restrict operation in the account as applicable.

3.3. If the deceased account holder had appointed a nominee, a letter will be issued to the nominee informing him/her about the death of the account holder.

**4. Further operation in the Account: Further operation in the different types of account will be allowed as follows: -**

4.1 Individual Accounts: No further cheques should be paid even though they be dated prior to the date of death of the account holder.

4.2 Joint Accounts: If the balance is payable to the survivor(s), cheques signed by the survivor(s) may be paid to the debit of the account. Further, in the case of a joint account:

- a) Standing in two names with mode of operation being either or survivor, upon intimation of death of one of the account holders by production of death certificate, the account needs to be converted into single account in the name of the survivor.
- b) Standing in three or more names where the mode of operation is 'Anyone or survivor', upon intimation of death of one of the account holders by production of death certificate the account will continue in the name of the remaining two account holders with the mode of operation to continue as 'Either or survivor'.
- c) Standing in joint names where the mode of operation is jointly upon intimation of death of one of the account holders by production of death certificate, all operations in the account to be stopped till the legal heirs of the deceased are identified. The same process as outlined as regards single account wherein there is no nomination shall be followed as regards the share of deceased account holder.

4.3 Proprietary Accounts: No further cheques should be paid even though they be dated prior to the date of death of the account holder.

4.4 Partnership Accounts: The death of a partner has, ordinarily, the legal effect of dissolving the firm. The surviving partner(s) can, however, operate the A/C for the purpose of winding up; and any cheques drawn by the surviving partner(s) can be paid. Cheques drawn by the deceased partner and presented after his death, should not be paid. The branches should request the surviving partner(s) to close the a/c by drawing a cheque signed by all of them and open a new a/c through which all further transactions may be passed.

4.5 Hindu Undivided Family Firm Accounts: In case of death of the Karta, the operation in A/c should be stopped. In such an event the HUF account may be settled as under:

- i. In case the balance in the account is within Rs. 10,000/- by obtaining an affidavit cum indemnity from surviving members and legal heirs with two guarantors confirming their acceptance to one of the members as the new Karta. Bank shall allow the new Karta to continue to operate the existing account on the basis of such documents.
- ii. In case the balance in the account is more than Rs. 10,000/- similar procedure as mentioned above to be followed and account is to be closed and balance in the account to be paid to the new Karta.

4.6 Trust Accounts: The Trustees have to act jointly unless there is an express provision to the contrary in the Trust Deed. In case of death of any, trustee, the operation on the a/c should be stopped

unless the, relative Trust Deed confers express powers on the surviving trustee to act. In the absence of any specific provision in the Trust Deed, it is not safe for the Bank to assume that the surviving trustees possess full powers to deal with the A/C. Branches should, therefore, not allow the surviving trustees to operate on the a/c or withdraw the balance. In case of death of sole trustee, operation on the A/C should be immediately stopped.

- 4.7 Executor's and Administrator's Accounts: On the death of an executor or administrator unless otherwise provided for in the Will or Probate or Letter of Administration, all the powers of the office bearers become vested in the surviving executors or administrators. The a/c should be allowed to be operated by co-executor(s), but the cheques signed by the deceased executor or administrator and presented after notice of his death should not be paid in the a/c. In case of death of a sole Executor or Administrator, it will be necessary to obtain fresh order of the court appointing a new Administrator.
- 4.8 Limited Company's Accounts: Where notice of death is received in respect of a person who is authorized to operate an A/C of a Limited Co., outstanding cheques drawn by such person of the Company can still be paid. The Board resolution submitted by the Company regarding the operation of its Account should be examined by the branch to see whether any amendment or new resolution is necessary.
- 4.9 Association, Society, club Account: The instructions given in respect of Limited Company accounts shall also apply to accounts of Association, Society, Club etc.
- 4.10 Accounts operated by a holder of Power of Attorney or Letter of Mandate: Upon the death of the principal, the authority of Attorney or Mandate holder stands cancelled. The operation on the a/c should be immediately stopped and no cheques signed by Attorney/Mandate holder should be paid after receipt of notice of death of the Principal.

## **5. Treatment of inflow of funds in the name of the deceased depositor**

- 5.1 In the event there is an inflow of funds in the name of the deceased depositor, The Bank may seek authorisation from the survivor(s)/nominee to return the pipeline flows to the remitter with the remark 'Accountholder deceased' and to intimate the survivor(s)/nominee accordingly. This will enable the survivor(s)/nominee to approach the remitter to effect payment in the name of the appropriate beneficiary.

## **6. Settlement of claims – Single holder accounts / facilities**

### **6.1 Savings Account / Current Account**

a) With nomination -The balance outstanding shall be paid to the nominee on verification of his/her identity and submission of proof of death of the depositor.

b) Without nomination - The balance outstanding shall be paid to the legal heirs (or any one of them as mandated by all of the legal heirs) on verification of the identity / authority of the legal heirs and submission of proof of death of the depositor.

### **6.2 Term Deposit Account**

a) With nomination - The balance outstanding shall be paid to the nominee, on verification of his/her identity and submission of proof of death of the depositor, at maturity. The nominee named for the deposit is entitled to prematurely withdraw the said deposit, if he /she so requests the bank, without seeking the concurrence of the legal heirs. Payment of the proceeds of such deposits to the nominee will represent a valid discharge of the bank's liability

b) Without nomination - The balance outstanding shall be paid to the legal heirs (or any one of them as mandated by all the legal heirs) on verification of the identity / authority of the legal heirs and submission of proof of death of the depositor. Premature termination shall be permitted on joint request by all legal heirs (or any of them as mandated by all the legal heirs).

### **6.3 Safe Deposit Locker**

a) With nomination - The nominee shall be allowed to access the locker and remove the contents on identification and verification of proof of death of locker hirer. Before permitting the nominee to remove contents of the Safe Deposit Locker, the Bank shall prepare an inventory of the articles in the presence of nominee and two independent witnesses.

b) Without nomination - Legal heir(s) of the deceased locker hirer or a person mandated by the legal heir(s) shall be allowed to access the locker and remove the contents on verification of proof of death of locker hirer. The legal heir(s) shall have to produce documents to establish his/ their identity. Before permitting legal heir(s) to remove contents of the Safe Deposit Locker the Bank shall prepare an inventory of the articles in the presence of legal heir(s)/ mandate holder and two independent witnesses.

### **6.4 Safe Custody Articles**

a) With nomination - Safe custody articles shall be delivered to the nominee on identification and verification of proof of death of depositor. Before permitting nominee to remove contents of the Safe Deposit Locker, the Bank shall prepare an inventory of the articles in the presence of nominee and two independent witnesses.

b) Without nomination - Safe custody articles shall be delivered to the legal heir(s) or a person mandated by the legal heir(s) on establishing his/ their identification and verification of proof of death of the depositor. Before permitting legal heir(s) to remove contents of a Safe Custody Articles the Bank shall prepare an inventory of the articles in the presence of legal heir(s)/ mandate holder and two independent witnesses.

## **7. Nomination and treatment of funds in the accounts**

### **7.1 Savings Account/ Current Account**

a) With nomination:

In the event of death of one (or more but not all) of the joint account holders, the balance outstanding shall be paid jointly to survivor(s) and the legal heirs of the deceased joint account holder (or any of them as mandated by all the legal heirs) against their joint claim on verification of the authority of the legal heirs and submission of proof of death of the depositors.

In the event of death of both / all joint account holders, the balance outstanding at the time of death of the depositors shall be paid to the nominee on verification of his identity and submission of proof of death of the depositors

b) Without nomination:

In the event of death of one (or more but not all) of the joint account holders, the amount outstanding shall be paid jointly to survivor(s) and the legal heirs of the deceased account



holder (or any one of them as mandated by all the legal heirs) against their joint claim on verification of the authority of legal heirs and submission of proof of death of the depositor.

## 7.2 Term Deposit Account

### a) With nomination:

- i. In the event of death of one (or more but not all) of the joint account holders, the balance outstanding shall be paid jointly to survivor(s) and the legal heirs of the deceased joint account holder (or any one of them as mandated by all the legal heirs) on verification of identity of the legal heirs and proof of death of the depositor on maturity of the deposit.
- ii. In the event of death of both/ all the joint account holders, the balance outstanding at the time of death of the depositors shall be paid to the nominee on verification of his/her identity and the proof of death of depositors on maturity of the deposit

### b) Without nomination:

- i. In the event of death of one (or more but not all) of the joint account holders, the balance outstanding shall be paid jointly to the survivor(s) and the legal heir(s) of the deceased joint account holders (or any of them as mandated by all the legal heirs) against their joint claim on verification of authority of the legal heirs and proof of death of the depositor on maturity of the deposit
- ii. In the event of death of both/ all the joint account holders, the balance outstanding shall be paid jointly to the legal heirs of all the deceased depositors (or any one of them as mandated by all legal heirs) on verification of authority of the legal heirs and proof of death of depositors on the maturity of the deposit

### c) Premature termination of Term Deposit Account

- i. With nomination: In the event of death of one (or more but not all) of the joint account holders, premature termination shall be permitted against joint request of the survivor(s) and the legal heir(s) (or any one of them as mandated by all legal heirs) as per the terms of contract on verification of identity of the legal heirs and proof of death of depositor

In the event of death of both/ all the joint account holders Premature termination of term deposit account as per the terms of contract shall be permitted at the request of the nominee on verification of his/her identity and proof of the death of the depositors

- ii. Without nomination: In the event of death of one (or more but not all) of the joint account holders, premature termination shall be permitted against joint request by the survivor(s) and the legal heir(s) of all the deceased depositors (or any one of them as mandated by all legal heirs) as per the terms of contract on verification of authority of legal heirs and proof of death of depositor.

In the event of death of both/ all the joint account holders, premature termination shall be permitted against joint request by all legal heirs of the deceased depositors

(or any one of them as mandated by all legal heirs) as per the terms of contract on verification of authority of legal heirs and proof of death of depositors

### **7.3 Safe Deposit Lockers**

a) With nomination:

- i. In the event of the death of one (or more but not all) of the joint locker hirers the nominee(s) shall be jointly allowed to access the locker and remove the contents on identification and verification of proof of death of the locker hirer(s) along with the surviving hirer(s).
- ii. In the event of death of both/ all joint locker hirers the nominee(s) shall be allowed to access the locker and remove the contents on establishing his/her/their identity and verification of proof of the death of the hirers.
- iii. Before permitting surviving hirer(s) and/or nominee(s) to remove contents of the Safe Deposit Locker, the Bank shall prepare an inventory of the articles in their presence along with two independent witnesses.

b) Without nomination:

- i. In the event of death of one (or more but not all) of the locker hirers, the surviving hirer(s) and legal heirs of the deceased hirer (or a person mandated by them) shall be allowed to access the locker and remove the contents on verification of authority of legal heirs and proof of death of the hirer.
- ii. In the event of death of both/ all the joint account holders Premature termination of term deposit account as per the terms of contract shall be permitted at the request of the nominee on verification of his/her identity and proof of the death of the depositors
- iii. Before permitting surviving hirers and mandated legal heir(s) to remove contents of a Safe Deposit Locker, the Bank shall prepare an inventory of the articles in the presence of surviving hirers, mandated legal heir(s) and two independent witnesses.

### **7.4 Safe Custody Article(s):**

Generally, Safe custody articles are not accepted in joint names. Even if accepted in joint names nomination facility is not provided.

## **8. Settlement of claims – Joint holder accounts / facilities, with survivorship mandate**

### **8.1 Savings Account/ Current Account**

a) With nomination:

- i. In the event of death of one (or more but not all) of the depositors, the balance outstanding shall be paid to survivor (s) on verification of proof of death of the depositor.
- ii. In the event of death of both/all the joint depositors, the balance outstanding shall be paid to the nominee on verification of his/her identity (such as Election ID Card, PAN Card, Passport etc.) and proof of death of depositors.

b) Savings Account/ Current Account – without nomination

- i. In the event of death of one (or more but not all) of the depositors, the balance outstanding shall be paid to survivor on verification of proof of death of the depositor.

- ii. In the event of death of both/ all the joint depositors, the balance outstanding shall be paid jointly to the legal heirs (or any one of them as mandated by all the legal heirs) on verification of authority of legal heirs and proof of death of depositors.

## **8.2 Term Deposit Account:**

### **a) With nomination:**

- i. In the event of death of one (or more but not all) of the depositors, the balance outstanding shall be paid to survivor(s) on verification of proof of death of the depositors on maturity of deposit or as agreed at the time of opening of deposit.
- ii. In the event of death of all joint depositors, the balance outstanding shall be paid to the nominee on verification of his/her identity (such as Election ID Card, PAN Card, Passport etc.) and proof of death of depositors on maturity of deposit or as agreed at the time of opening of deposit.

### **b) Without nomination:**

- i. In the event of death of one of the depositors (or more, but not all), the balance outstanding shall be paid to the survivors on verification of proof of death of the depositor on maturity of deposit or as agreed at the time of opening of deposit.
- ii. In the event of death of all joint depositors, the balance outstanding shall be paid to the legal heir(s) of all the deceased depositors (or any one of them as mandated by all the legal heirs of joint holders) on verification of authority of legal heirs and proof of death of depositors on maturity of deposit.

## **8.3 Premature termination of Term Deposit Account:**

### **a) With nomination:**

- i. In the event of death of all the joint depositors, the nominee shall have right to seek premature termination of term deposit account as per the terms of the contract on verification of his/her identity (such as Election ID Card, PAN Card, passport etc.) and proof of death of depositors.

### **b) Without nomination:**

- i. In the event of death of one (or more but not all) of the depositors, the survivor(s) shall have the right to seek premature termination of term deposit account as per the terms of contract on verification of proof of death of the depositor.
- ii. If the operating instruction is 'Either or Survivor' and one of the depositors expires before the maturity, no pre-payment of the fixed/term deposit may be allowed without the concurrence of the legal heirs of the deceased joint holder. This, however, would not stand in the way of making payment to the survivor on maturity.
- iii. In case the mandate is 'Former or Survivor', if the former expires before the maturity of the fixed/term deposit, the 'Survivor' can withdraw the deposit on maturity. Premature withdrawal would however require the consent of the surviving depositor and the legal heirs of the deceased in case of death of one of the depositors.
- iv. 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. The Bank will, therefore, incorporate the aforesaid clause in the account opening form and also

inform their existing as well as future term deposit holders about the availability of such an option.

- v. The joint deposit holders will be permitted to give the mandate either at the time of placing fixed deposit or anytime subsequently during the term / tenure of the deposit. If such a mandate is obtained, the Bank will 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
- vi. Such premature withdrawal shall not attract any penal charge. However, the interest rate shall be the rate applicable for the period the deposit has remained with the bank or the contacted rate, whichever is lower.
- vii. In the event of death of one (or more but not all) of the depositors premature termination shall be allowed against request from surviving depositor(s) as per the terms of the contract on verification of the proof of the death of the depositor
- viii. In the event of death of all joint depositors, premature termination shall be permitted against joint request by all legal heirs of the deceased depositors (or any one of them as mandated by all the legal heirs) as per the terms of contract on verification of authority of legal heirs and proof of death of depositors

#### **9. Safe deposit Lockers:**

- a) With nomination:
  - i. At present BR Act (Section 45 ZE) does not provide nomination facility in respect of lockers with “Either or Survivor” / “Former or Survivor”/“Anyone or Survivors”/ “Latter or Survivor” mandate. Hence operational instructions are not given in this regard. However, as per the above act, nomination facility is available only where the operations in lockers are done ‘jointly’ under the joint signatures of all the hirers.
- b) Without nomination:
  - i. In the event (Section 45 ZE) does not provide nomination facility in respect of lockers with “Either or Survivor” / “Former or Survivor”/“Anyone or Survivors”/ “Latter or Survivor” mandate. Hence operational instructions are not given in this regard
  - ii. In the event of death of all the locker hirers, all the legal heirs of the deceased joint hirers (or any one of them as mandated by all legal heirs) shall be allowed to access the locker and remove the contents on verification of the authority of legal heirs and proof of death of the locker hirers
  - iii. Before permitting the surviving hirers/ legal heir(s) to remove contents of a Safe Deposit Locker, the Bank shall prepare an inventory of the articles in the presence of surviving hirers/legal heirs and two independent witnesses.

#### **10. Safe Custody Article(s):**

Generally safe custody articles are not accepted in joint names. Even if accepted in joint names nomination facility is not provided.

#### **11. Settlement of claims in respect of missing persons:**

- 11.1 The settlement of claims in respect of missing persons shall be governed by the provisions of Section 107/108 of the Indian Evidence Act, 1872. Section 107 deals with presumption of continuance and Section 108 deals with presumption of death. As per the provisions of Section 108 of the

said Act, presumption of death can be raised only after a lapse of seven years from the date of his/her being reported missing. As such, nominee/ legal heirs have to raise an express presumption of death of the subscriber under Section 107/ 108 of the Indian Evidence Act before a competent court. If the court presumes that he/ she is dead, then the claim in respect of a missing person can be settled as is done for any other deceased accounts.

## **12. Settlement of claims where minor is a depositor:**

- 12.1 In the case of an account opened on production of a guardianship certificate, the balance would be held at the disposal of the competent Court. The guardian shall not be allowed to draw on the account after notice of death of the minor.
- 12.2 In case of an account opened in the name of a guardian without production of guardianship certificate, the balance may be permitted to be withdrawn by the guardian.
- 12.3 In the case of a joint account with the guardian, the balance will be held at the absolute disposal of the guardian. In each case, the minor's death certificate should be duly recorded.

## **13. Procedure for settlement of balances in deposit accounts**

### **13.1 Liability Accounts with survivor/nominee clause:**

- a) In the case of deposit accounts where the depositor had utilized the nomination facility and made a valid nomination or where the account was opened with the survivorship clause ("either or survivor", or "anyone or survivor", or "former or survivor" or "latter or survivor"), the payment of the balance in the deposit account to the survivor(s)/nominee of a deceased deposit account holder will represent a valid discharge of the bank's liability provided:
  - i. 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,
  - ii. There is no order from the competent court restraining the bank from making the payment from the account of the deceased; and
  - iii. It has been made clear to the survivor(s) / nominee that he would be receiving the payment from the bank as a trustee of the legal heirs of the deceased depositor, i.e., such payment to him shall not affect the right or claim which any person may have against the survivor(s) / nominee to whom the payment is made.
- b) Since the payment made to the survivor(s) / nominee, subject to the foregoing conditions, would constitute a full discharge of the bank's liability, while making payment to the survivor(s) / nominee of the deceased depositor, the Bank will not insist on production of succession certificate, letter of administration or probate, etc., or obtain any bond of indemnity or surety from the survivor(s)/nominee, irrespective of the amount standing to the credit of the deceased account holder.
- c) The Branch Head shall be the competent authority to approve such payments.
- d) Documentary requirements for Claims – Liability accounts with Nomination:
  - i. Claim Form.
  - ii. Death certificate issued by municipal authorities/government department. The photocopy should be original sighted by the Bank officer
  - iii. Death Certificate issued in other than English language in India will be translated by the Bank in India
  - iv. For Death Certificate (DC) issued outside India, the Death Certificate should be authenticated by any one or more of the following modes, done in the country of its issuance:

- i. Verified by the Branch/ Office of the Bank; or
- ii. Notarised by the Notary Public; or
- iii. Apostilled; or
- iv. Consularised
- v. In case the Death Certificate had been not written in English and issued outside India it should be attested by official translator and on letterhead
- vi. KYC details and proofs of the legal heirs/Survivor/Nominee
- vii. Customer Copy of Nomination, if any
- viii. Account details of the Claimant(s) (If available)

### **13.2 Accounts without the survivor/nominee clause:**

A) In a deceased account where there is neither Survivorship clause nor Nomination, the Bank will deliver the assets only to the legal heirs.

B) In case where the deceased depositor had not made any nomination or for the accounts not opened with the survivorship clause ("either or survivor", or "anyone or survivor", or "former or survivor" or "latter or survivor"), the Bank will follow a simplified procedure for repayment to legal heir(s) of the depositor keeping in view the imperative need to avoid inconvenience and undue hardship to the common person.

#### **C. Settlement without legal representation:**

- i. In cases where the total claim amount does not exceed **Rs.10 lakhs (rupees ten lakhs)**, the claim will be settled, without production of legal representation, on the basis of Indemnity – cum – Affidavit.

This is applicable only when:

- a. The customer has died **INTESTATE** i.e. without a **WILL** and
- b. There are no disputes among the legal heirs and all the legal heirs (other than those who have furnished a Letter of Disclaimer) join in indemnifying the Bank and there is no reasonable doubt about the genuineness of the claimant(s) being the only legal heirs.

#### **D. Documents required for settlement without legal representation:**

- i. Death certificate issued by municipal authorities/government department. The photocopy should be original sighted by the Bank officer
- ii. Death Certificate issued in other than English language in India will be translated by the Bank in India
- iii. For Death Certificate (DC) issued outside India, the Death Certificate should be authenticated by any one or more of the following modes, done in the country of its issuance. In case the Death Certificate had been not written in English and issued outside India it should be attested by official translator and on letterhead
  - 1. Verified by the Branch/ Office of the Bank; or
  - 2. Notarised by the Notary Public; or
  - 3. Apostilled; or
  - 4. Consularised

- iv. KYC details and proofs of all the legal heir(s)
- v. Account details of the Claimant(s) (If available)
- vi. Claim Form duly filled and signed by the Claimant(s), other than those who signed the letter of disclaimer.
- vii. Letter of disclaimer
- viii. The Declaration in the Claim Form regarding the Legal Heirs(s) of the deceased is to be signed by-
  - One independent person well known to the family of the deceased but unconnected with it and acceptable to the Bank **OR**
  - By any account holder of the Bank known to the family of the deceased but unconnected with it OR
  - By any Govt. Official whose signature is verifiable by the Bank.
- ix. Stamped Letter of Indemnity from the Claimant(s)
- x. One Surety good for the amount or two Sureties jointly good for the amount. Any legal heir(s) who has signed the Letter of Disclaimer in favour of other legal heir(s) may stand as surety if he/she is independently good for the amount of claim.

e. The Cluster Head /Regional Head/Zonal Head shall be the competent authority to approve such payments as per the following grid after due vetting of the claim documents by the Bank's legal department:

- Cluster Head – Up to an amount of Rs.1 lac
- Regional Head – Up to an amount of Rs. 5 lacs.
- Zonal Head – Up to an amount of Rs. 10 lacs.

### **13.3 Settlement with legal representation:**

a) Cases where the total claim amount exceeds **Rs.10 lakhs (rupees ten lakhs)** or

b) Cases wherein the total claim amount is less than 10 lacs and the requisite documents are not available / conditions are not satisfied for settlement without legal representation.

In such scenarios , the claim will be settled, on the basis of legal representation.

A legal representation is one that is granted by a Court of Law entitling the legal heirs of the deceased to collect the debts/securities or assets of the deceased. Bank may opt for settling the matter through legal representation. The following documents represent different forms of legal representation:

1. Succession Certificate
2. Wills and Probate
3. Letter of Administration
4. Order of the Administrative General attached to the High Court

- c) Settlement of claims with legal representation will be done after due scrutiny of all relevant documents by the legal department of the Bank.
- d) The Cluster Head /Regional Head/Zonal Head/Head Branch Banking / ED & CBO shall be the competent authority to approve such payments as per the following grid after clearance by legal department:
  - a. Cluster Head – Up to an amount of Rs.10 lacs
  - b. Regional Head – Up to an amount of Rs. 30 lacs.
  - c. Zonal Head – Up to an amount of Rs. 50 lacs.
  - d. Head Branch Banking – Up to an amount of Rs. 1 crore
  - e. ED & CBO – Any amount above Rs. 1 crore.

#### **14. Documentary requirements for Claims –**

##### **14.1 Liability/Depositors with Nomination**

- i. Claim Form
- ii. Death certificate issued by municipal authorities/government department. The photocopy should be original sighted by the Bank officer.
- iii. Death Certificate issued in other than English language in India will be translated by the Bank in India
- iv. For Death Certificate (DC) issued outside India, the Death Certificate should be attested by Indian Embassy located in country issuing the DC or embassy of the country issuing DC located in India
- v. In case the Death Certificate had been not written in English and issued outside India it should be attested by official translator and on letterhead
- vi. Proof of Address and Photo ID of the legal heirs/Survivor/Nominee
- vii. Customer Copy of Nomination, if any

##### **14.2 Liability/Depositors without Nomination/Survivor clause:**

- i. Claim Form
- ii. Death Certificate issued by municipal authorities/government department.
- iii. Death Certificate issued in other than English language in India will be translated by the Bank in India
- iv. For Death Certificate (DC) issued outside India, the Death Certificate should be attested by Indian Embassy located in country issuing the DC or embassy of the country issuing DC located in India
- v. In case the Death Certificate had not been written in English and issued outside India it should be attested by official translator and on letterhead
- vi. Proof of Address and Photo ID of the legal heirs/Survivor
- vii. Indemnity cum Affidavit
- viii. Where the claim amount exceeded 10 lakh, along with the claim form, death certificate and Proof of Address, Photo ID as mentioned below, Probated Will/Succession Certificate/Letter of Administration issued by competent jurisdiction, in India need to be submitted

All claims from customers having liability relationship received at banking units (BUs) shall also follow the same process and approval matrix, by routing the requests to the assigned general banking branch.



**14.3 Availability of Forms and Formats on Website:**

Claim forms are available on the bank's website so that claimants of the deceased depositor can access and download the forms without having to visit the concerned bank/branch to obtain such forms for filing claim with the bank.

**15. Payment of interest in case of term deposit accounts of deceased depositor(s): In case of a term deposit of deceased depositors, interest shall be paid in the manner indicated below:**

15.1 If date of payment of claim is date of maturity of the deposit, the maturity proceeds will be paid at the contracted rate.

15.2 In case of premature withdrawal i.e., in the event of the payment of deposit being claimed before the maturity date - interest will be paid on at applicable rate with reference to the period for which the deposit has remained with the Bank up to date of payment without charging penalty.

15.3 For claims after the date of maturity and no auto renewal instructions exist

a) If the date of death of the customer is prior to the maturity date, the Bank shall pay interest at the contracted rate till date of maturity. From the date of maturity to the date of payment, the Bank shall pay simple interest at the applicable rate obtaining on the date of maturity, for the period for which the deposit remained with the Bank beyond the date of maturity.

b) If the date of death of the customer is after the maturity date of the deposit, bank shall pay interest at the savings deposit rate obtaining on the date of maturity on the maturity amount from date of maturity till date of payment.

15.4 Premature withdrawal will not attract any penal charge.

15.5 In case of an NRE deposit, when the claimants are residents, the deposit on maturity should be treated as a domestic rupee deposit and interest should be paid for the subsequent period at a rate applicable to a domestic deposit of similar maturity till such time the claim is settled.

**16. Reporting to Customer Service Committee of the Board**

16.1 A report will be placed before the Customer Service Committee of the Board, at appropriate intervals, on an ongoing basis, comprising 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, therefore.

**17. Release of other assets of the deceased borrowers to their legal heirs.**

The principle and procedure for settlement of balances in deposit accounts would be extended for settlement of claims in respect of other assets of deceased customers including securities held against advances after adjustment thereof.

## **D. POLICY ON INOPERATIVE ACCOUNTS AND UNCLAIMED DEPOSITS**

### **1. Introduction**

- a. Section 26 of the Banking Regulation Act, 1949 provides, inter alia, that every banking company shall, within 30 days after close of each calendar year submit a return in the prescribed form and manner to the Reserve Bank of India as at the end of each calendar year (i.e., 31st December) of all accounts in India which have not been operated upon for 10 years.
- b. In view of the increase in the amount of the unclaimed deposits with banks year after year and the inherent risk associated with such deposits, the Bank shall play a more pro-active role in finding the whereabouts of the account holders whose accounts have remained inoperative. With a view to further strengthen the regulatory framework for inoperative accounts and unclaimed deposits, this policy document is formed which details classification of inoperative accounts/unclaimed deposits, procedure for activation of eligible inoperative accounts, settling claims against unclaimed deposits, grievance mechanism for quick resolution of complaints, record keeping, displaying inoperative accounts / unclaimed deposits on bank's website, delegation of powers for settlement of claims for such accounts and periodic review of such accounts.

### **2. Classification of Inoperative Accounts / Unclaimed Deposits**

#### **a. Inoperative Accounts**

- i. A current account/saving account shall be treated as 'Inoperative Account' if there has been no 'Customer Induced Transaction' for a continuous period of 24 months. In case the customer has given a mandate for crediting the interest on Fixed Deposit account to the Savings Bank account/ Current account, since the interest on Fixed Deposit account is credited to the accounts as per the mandate of the customer, the same shall be treated as a customer induced transaction. As such, the account shall be treated as operative account as long as the interest on Fixed Deposit account is credited to the account. The account shall be treated as inoperative account only after two years from the date of the last credit entry of the interest on Fixed Deposit account, if there are no other operations in the account.

#### **b. Unclaimed Deposits**

- i. Following RBI circular no. RBI / 2008-09 / 138 dated 22<sup>nd</sup> August 2008, the Bank shall (i) pay interest on savings accounts on regular basis whether the account is operative or not, (ii) pay interest at savings rate on the unclaimed amount if a Fixed Deposit Receipt matures and proceeds are unpaid.
- ii. Operative Accounts: An account shall be classified as unclaimed deposits if the same is not operated (other than interest credits and service charge debits which are bank induced transactions) for 10 years and more from the date of last operation.

iii. Term Deposits: A term deposit account shall be classified as unclaimed deposit if the same is not renewed/withdrawn after 10 years or more from the date of maturity.

3. Display of data on unclaimed deposits on web site of the bank:

a. The Bank shall display the list of inoperative accounts /unclaimed deposits which are inactive / inoperative for ten years or more on its website. The list so displayed shall contain only the names of the account holder(s) and his/her address. In case such accounts are not in the name of individuals, the names of individuals authorized to operate the accounts shall also to be indicated. However, the account number, its type and the name of the branch shall not be disclosed on the bank's website.

4. Redressal of complaints and grievances

a. For any complaint / grievance with regard to services rendered by the Bank, customers shall have a right to approach authority(-ies) designated by the Bank for handling customer complaint /grievances. The details of the internal set up for redressal of complaints / grievances shall be displayed in the branch premises. The branch officials shall provide all required information regarding procedure for lodging the complaint.

## **E. POLICY ON FREQUENT DISHONOUR OF INWARD CLEARING CHEQUES & NACH/ECS FOR FINANCIAL REASONS**

### **1. Introduction:**

- 1.1 RBI has advised on Dishonour of Cheques – Procedure thereof in Para number 15 of its Master Circular on Customer Service in Banks, vide Circular DBR NO.Leg.BC.21/09.07.006/2015-16 dated July 01, 2015, placed as **Annexure I**.
- 1.2 Further, RBI, vide its circular DBR.No.BC.3/09.07.005/2016-17 on “Dishonour of Cheques – Modification in procedure” dated August 04, 2016, placed as **Annexure II**, had reviewed the above instructions and left it to the discretion of the banks to determine their response to dishonour of cheques of the account holders and has also advised the Banks to put in place an appropriate and transparent 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.
- 1.3 In light of the above instructions the policy on frequent dishonour of inward cheques & NACH/ECS due to financial reasons and actions to be undertaken thereon has been formulated by the Bank, which shall be duly approved by the Board of the Bank.
- 1.4 The Policy will be hosted on the Bank’s website (www.bandhanbank.com) and shall be referred to in the terms and conditions of the account opening form. SMS would be sent to customers advising them to refer to Policy on frequent dishonour of inward cheques & NACH/ECS for financial reasons hosted on our website.
- 1.5 Bank’s branches will give wide publicity to this Policy by prominently displaying salient features thereof in bold and visible letters on their notice boards.

### **2. Dealing with frequent Dishonour/Return of Inward Clearing Cheques & NACH/ECS:**

- 2.1 A paying branch will return dishonored inward cheques presented through clearing houses strictly as per the return discipline prescribed for the respective clearing house in terms of Uniform Regulations and Rules for Banker’s Clearing Houses.
- 2.2 Inward cheques dishonored for want of funds in respect of all accounts will be returned along with a memo indicating therein the reason for dishonor as “Insufficient Funds”.
- 2.3 The Bank will not levy any penal charges for return of cheques for non-financial (technical) reasons. However, charges are levied in case of cheque returns for financial reasons as per the bank’s standard Schedule of Charges.
- 2.4 These penalties are not only charges for handling the instrument but also act as deterrent for recurrence of such behaviour on part of the customer.

- 2.5 Corrective/punitive actions will be taken by the bank against the drawer including closure of accounts, in case inward cheques & NACH/ECS are returned as per frequency enumerated below. This measure would bring desired discipline in the conduct of liability accounts.

**2.5.1 Rs. 1 crore and above in Savings & Current account**

- 2.5.1 a) In the event of dishonour of an inward cheque valuing rupees one crore and above drawn on a particular account of the drawer on four occasions during the financial year for want of sufficient funds in the account, no fresh cheque book would be issued to that account. The bank may consider closing the account at its discretion.
- 2.5.1 b) If a cheque is dishonoured for a third time on a particular account of the drawer during the financial year, the bank will issue a cautionary advice to the concerned constituent drawing his attention to aforesaid condition and consequential stoppage of cheque facility in the event of cheque being dishonoured on fourth occasion on the same account during the financial year. Similar cautionary advice will be issued if the bank intends to close the account.

**2.5.2 Below Rs. 1 crore**

- 2.5.2 a) When inward cheques & NACH/ECS, dishonored due to financial reasons, reach the below mentioned threshold limit during a financial quarter, branches after conducting enquiries on the customer's transactions, should issue a cautionary advice to the concerned account holder drawing his/her attention to aforesaid irregularity and consequential stoppage of cheque facility and even closure of account. After issuing of letter if the customer is not forthcoming for closing the account voluntarily, the branch shall close the account after expiry of the notice period and the proceeds should be handed over to the customer.

Sr. No	Type of Account	Number of Inward Cheques & NACH/ECS returned due to lack of funds/insufficient funds during a financial quarter
1	Savings	5
2	Current	5

\* Cheque return cases above 1 crore in the quarter shall also be considered

- 2.5.2 b) The bank may consider closing Savings Bank account/Current account in all eligible cases. Such account closed should be checked by auditor and should form part of audit check list.
- 2.6 Accounts such as cash credit account, overdraft account with frequent dishonour/return of inward cheque & NACH/ECS may be treated as stressed accounts and dealt with accordingly.

- 2.7 For all cases of cheque return of higher values (10 lacs & above), for financial reasons, the respective Branch Head/Cluster Head will personally conduct an enhanced due diligence (EDD) in the account & necessary action will be taken, in consultation with the respective Regional Head, based on the outcome of the site visit/profile checks.

Term	Description
ATM	Automated Teller Machine
BU	Banking Units
ECS	Electronic Clearing Service
FCNR	Foreign Currency Non-Resident Account
FD	Fixed Deposit
NRE	Non Resident External Account
NRO	Non Resident Ordinary Account
PNO	Principal Nodal Officer
RFC	Resident Foreign Currency

### 3. Exceptions to Cheque Returns in the accounts:

- 3.1 Any exemption for allowing the accounts to operate despite return of inward cheques & NACH/ECS beyond the threshold limits shall be approved by the Zonal Head after analyzing the reasons and relationship of the customer with the bank for which record should be maintained for verification in future. Monthly control return should be submitted to Head-Branch Banking for such exempted cases with rationale.

### 4. Enablers & MIS:

- 4.1 Monthly report of inward cheques & NACH/ECS returned for financial reasons shall be provided/made available to Branch officials.

### Review of policy

The policy shall be reviewed annually. If any modifications are mandated because of changes in the regulatory directions or if any change /modification is felt necessary in between, the same will be incorporated after seeking approval of the MD & CEO.

### Annexure I

### GLOSSARY