

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

DRAFT FOR COMMENTS

RBI/2025-26/--

DOR.MCS.REC.No./00.00.000/2025-26

XX, 2025

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

Table of Contents

Chapter I: Preliminary	2
Chapter II: Institutional Framework	7
Chapter III: Customer Service in Banks	9
Chapter IV: Customer Guidance and Protection	15
Chapter V: Financial Inclusion	27
Chapter VI: Payments and Clearing Services	35
Chapter VII: Deposit and Other Liabilities	37
Chapter VIII: Responsible Lending Conduct	84
Chapter IX: Miscellaneous Instructions	109
Chapter X : Repeal and Other Provisions	110

Introduction

In exercise of the powers conferred by Sections 21, 35A, 45ZC(3), 45ZE(4) and 56 of Banking Regulation Act, 1949, the Reserve Bank of India (hereinafter called the Reserve Bank or RBI), 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 (Urban Co-operative Banks – Responsible Business Conduct) Directions, 2025.
2. These Directions shall come into effect immediately upon issuance.

B. Applicability

3. These directions shall be applicable to all Urban Co-operative Banks (hereinafter collectively referred to as 'banks' and individually as a 'bank'). The Directions related to Settlement of claims, however, 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.

In this context, urban co-operative banks shall mean Primary Co-operative Banks as defined under section 5(ccv) read with Section 56 of Banking Regulation Act, 1949.

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 Stock Brokers, 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) **Personal Loan** - Personal loans shall have the same meaning as defined in XBRL Returns – Harmonization of Banking Statistics dated January 04, 2018, as amended from time to time.

(15) **Savings Deposits** - Savings Deposit shall have the same meaning as defined in Reserve Bank of India (Urban Co-operative Banks – Interest Rate on Deposits) Directions, 2025 (as amended from time to time)

(16) **Term Deposits** – Term Deposit shall have the same meaning as defined in Reserve Bank of India (Urban Co-operative Banks – Interest Rate on Deposits) Directions, 2025 (as amended from time to time)

(17) **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.

(18) **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. 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.

A.1 Board approved policies

- (1) Customer Compensation Policy
- (2) Policy on Basic Savings Bank Deposit Account (BSBDA)
- (3) Policy on Service Charges for various types of serviced offered
- (4) Policy on Penal Charges on loans/advances
- (5) Policy on settlement of claims
- (6) Comprehensive Policy and SOP on safe deposit lockers facility
- (7) Customer Relations Policy covering customer protection
- (8) Policy on reset of floating rate loans including option to borrowers for switch between fixed and floating interest rates
- (9) Branch Insurance Policy
- (10) Policy regarding the conduct of employees and system for their recruitment, training and monitoring

A.2 Reviews to be carried out by the Board

- (1) The Board/ Customer Service Committee of Board shall review the progress in providing ramps at the entrance of bank branches and status of making all new ATMs as talking ATMs with Braille keyboards.

(2) Periodical evaluation of implementation of recommendations of Goiporia Committee.

Chapter III: Customer Service in Banks

A. Service at the Counters

A.1 Business and working hours

6. The employees 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. With a view to ensuring that the service to customers is made available exactly at the commencement of business hours, the bank may fix the working hours of the staff 15 minutes before the start of business hours at their branches in metropolitan and urban centres.

A.2 Display of time norms

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

8. The bank shall issue instructions that all customers who enter the banking hall before the close of business hours may be attended to before closing the counters.

A.3 Extension of business hours for non-cash transactions

9. Staff at the counters may undertake the following transactions during the extended business hours (branches to indicate the timings)

(1) non-voucher generating transactions:

- (i) issue of passbook/statement of accounts
- (ii) issue of cheque book
- (iii) delivery of term deposit receipts/drafts
- (iv) acceptance of share application form; and
- (v) acceptance of clearing cheques/bills for collection

(2) voucher generating transactions:

- (i) issue of term deposit receipts (TDR)
- (ii) acceptance of cheques for locker rent due;
- (iii) issue of travellers' cheques
- (iv) issue of gift cheques
- (v) acceptance of individual cheques for transfer credit

A.4 Uninterrupted Service

10. The bank shall 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.

A.5 Guidance to Customers

11. All branches, except very small ones, should have "Enquiry" or "May I help you" counters. Such counters may exclusively attend to enquiries or may be combined with other functions depending upon the requirement. As far as possible, such counters should be near the entry point to the banking hall.

A.6 Provision of Note Counting Machines on counters

12. The bank shall install dual display note counting machines at the payment counters of their branches for the use of their customers towards building confidence in the minds of the public to accept note packets secured with paper bands.

A.7 Facilities at Extension Counters

13. The bank is allowed to undertake following limited transactions at the Extension Counters:

- (1) Deposit / withdrawal transactions,
- (2) Issue and encashment of drafts and mail transfers,
- (3) Issue and encashment of travellers' cheques,

- (4) Collection of bills,
- (5) Advances against fixed deposits of their customers (within the sanctioning power of the official concerned at the Extension Counter) and
- (6) Disbursement of other loans (only for individuals) sanctioned by the Head Office/ base branch up to the limit of ₹10 lakh only.

B. Work Culture, Discipline and Attitude

B.1 Identity badges

14. Each employee shall wear on his person, identity badge with photograph and name prominently displayed on it.

B.2 Job enrichment

15. Periodic change of duties and job rotation among employees is necessary.

B.3 Training

16. It is essential to align the training programmes to the needs in various areas with an eye on customer service. The employees should be trained to develop the right kind of attitude towards customer service, and empathy towards customer needs and expectations. Training programmes may be so devised as to bring about positive attitudinal changes compatible to customer orientation.

B.4 Induction training

17. Training to new recruits shall be a precursor to other follow-up training programmes. All new recruits, i.e., clerks/officers should be necessarily exposed to induction programme immediately after recruitment. A co-ordinated approach amongst banks is required in this regard.

B.5 Reward and recognition

18. The system of reward/recognition shall be such that it puts an indifferent employee to a considerable disadvantage - psychologically and even financially. Indifferent and casual approach to work (customer service) should not go unnoticed, giving such

employees wrong signals. The bank shall ensure a fair system whereby employees are gauged or rated in the area of customer service and good work is rewarded.

B.6 Complaint prone employees

19. Placement of employees in customer contact slots should be on a selective basis. By imaginative and innovative approaches, enough number of employees can be brought-up by training. Cases of deliberate recalcitrance and disregard of customer service spirit should be taken note of and kept in concerned employees' service records apart from taking other action against such employees.

B.7 Systems and procedures

20. The bank shall 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.

B.8 Banking facilities to the visually challenged

21. 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. shall be invariably offered to the visually challenged without any discrimination. The bank shall also advise its branches to render all possible assistance to the visually challenged for availing the various banking facilities.

22. The bank shall take necessary steps to provide all existing ATMs / future ATMs with ramps so that wheelchair users / persons with disabilities can easily access them. Care may also be taken to make arrangements in such a way that the height of the ATMs do 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. 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/wheelchair 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.

23. The bank shall ensure all ATMs as talking ATMs with Braille keypads.

24. In addition to the above, magnifying glasses should 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. Branches should display at a prominent place notice about the availability of magnifying glasses and other facilities available for persons with disabilities.

B.9 Customer service audit

25. The bank shall subject itself to an audit approach towards their customer service points at grass root levels and also at policy prescription and macro levels in the matter of extension of customer service.

B.10 Periodical visits by senior officials

26. Senior officials while visiting the branches shall also give priority to the customer service aspects. The senior official may counter check the actual 'branch atmosphere' by having in hand a report on customer service submitted by the branch.

B.11 Infrastructure provision

27. The bank shall 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.

B.12 Customer education

28. Customer education both regarding rights and responsibilities in dealing with the bank shall be viewed as a fundamental issue in any attempt to improve customer service. Customer shall 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. The bank should involve its employees in all customer education programmes.

B.13 Security arrangements

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

Chapter IV: Customer Guidance and Protection

A. Fair Practices Code - Display of Bank/ Service Charges

30. The bank has the freedom to prescribe service charges with the approval of its Board. However, while fixing service charges, for various types of services like charges for cheque collection, etc., it should ensure that they are reasonable and are not out of line with the average cost of providing these services. The bank should also take care to ensure that customers with low volume of activities are not penalised.

31. A scheduled bank may place the details of service charges and fees on the homepage of its website at a prominent place under the title of 'Service Charges and Fees' so as to facilitate easy access to the bank customers. A weblink to the websites of the banks is provided in the RBI website to enable the bank's customers to know the service charges and fees prevailing in the banks for various services.

A.1 Display of information – Comprehensive Notice Board

32. The bank shall display important aspects or indicators on a notice board, covering areas such as customer service information, service charges, grievance redressal. The notice board shall be updated on a periodical basis.

33. Additionally, the bank should display information relating to interest rates and service charges in their premises as well as post it on their websites, to enable the customer to obtain the desired information at a glance. An indicative format is enclosed at **Annex I**.

34. Further, all banks, shall also display at their offices/ branches the service charges relating to the following services in the local languages:

- (1) Services rendered free of charge
- (2) Others
 - (i) Minimum balances to be maintained in the SB account
 - (ii) Charges leviable for non-maintenance of minimum balance in SB account

- (iii) Charges for collection of outstation cheques
- (iv) Charges for issue of Demand Draft
- (v) Charges for issue of cheques books, if any
- (vi) Charges for account statement
- (vii) Charges for account closure, if any
- (viii) Charges for deposit/withdrawal at ATM locations, if any

35. The bank shall leverage technology available with it and the telecom providers to ensure that the charges levied by the bank for sending SMS alerts are levied on all customers on actual usage basis.

36. The bank shall also ensure that the charges levied for offering various electronic products and for outstation cheque collection service do not exceed the framework of charges prescribed by the Reserve Bank, (for transactions originated and payable in India), which is summed up as under:-

(1) Electronic products –

(i) Inward Transactions	
RTGS /NEFT/ECS transactions	Free, no charge to be levied
(ii) Outward transactions	
(a) RTGS	
₹1 to ₹5 lakh	Not exceeding ₹25 per transaction
₹5 lakh and above	Not exceeding ₹50 per transaction
(b) NEFT	
Up to ₹1 lakh	Not exceeding ₹5 per transaction
₹1 lakh and above	Not exceeding ₹25 per transaction

The charges prescribed by the bank shall not be higher than cheque return charges for ECS debit returns.

(2) Outstation cheque collection

Value	Service charge from Savings a/c of customers
Up to and including ₹5,000	₹25 ^
Above ₹5,000 and up to and including ₹10,000	₹50 ^
Above ₹10,000 and up to and including ₹1,00,000	₹100 ^
Above ₹1,00,000	Left to the banks to decide
^All-inclusive maximum amount chargeable by the bank to the customers	

(3) Service Charges for Cheque Collection under Speed Clearing (by Collecting Banks from customers)

Value	Service charge from Savings a/c of customers
Up to and including ₹1,00,000	Nil
Above ₹1,00,000	Left to the banks to decide

37. The bank is free to fix charges for collection of instruments for credit to other type of accounts.

38. While fixing service charges not mandated herein, the bank may note the following:

- (1) The service charge structure put in place by the bank shall have the approval of the Board of Directors.
- (2) Charges fixed shall be reasonable and computed on a cost-plus-basis and not as an arbitrary percentage of the value of the instrument. The service charge structure shall not be open ended and shall clearly specify the maximum charges that would be levied on customers including charges, if any, payable to other banks.

(3) While sharing service charges, the bank shall be guided by the provisions of circular CIR/RB-I/CCP/64 dated April 8, 2010 issued by the Indian Banks Association.

(4) The updated service charges structure shall be incorporated in the cheque Collection Policy (CCP) and the customers shall be notified accordingly. The revised rates shall also be placed on the bank's web site.

(5) The service charges mandated/fixed by the banks is inclusive of all charges (postal, courier, handling, etc.) other than service tax.

Note: The above provisions are not applicable to cash handling charges levied by the bank for handling large value cash transactions.

39. With a view to streamline practice of charges for cheque returns to be levied by bank, the bank shall adhere to the following instructions:

(1) Cheque return charges shall be levied only in cases where the customer is at fault and is responsible for such returns. The illustrative, but not exhaustive, list of returns, where the customers are not at fault are indicated below:.

Code No.	Reason for Return
33	Instrument mutilated; requires bank's guarantee
35	Clearing House stamp / date required
36	Wrongly delivered / not drawn on us
37	Present in proper zone
38	Instrument contains extraneous matter
39	Image not clear; present again with paper
40	Present with document
41	Item listed twice
42	Paper not received
60	Crossed to two banks

61	Crossing stamp not cancelled
62	Clearing stamp not cancelled
63	Instrument specially crossed to another bank
67	Payee's endorsement irregular / requires collecting bank's confirmation
68	Endorsement by mark / thumb impression requires attestation by Magistrate with seal
70	Advice not received
71	Amount / Name differs on advice
72	Drawee bank's fund with sponsor bank insufficient (applicable to sub-members)
73	Payee's separate discharge to bank required
74	Not payable till 1st proximo
75	Pay order requires counter signature
76	Required information not legible / correct
80	Bank's certificate ambiguous / incomplete / required
81	Draft lost by issuing office; confirmation required from issuing office
82	Bank / Branch blocked
83	Digital Certificate validation failure
84	Other reasons-connectivity failure
87	'Payee's a/c Credited' - Stamp required
92	Bank excluded

(2) 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.

B. Customer Service- Redressal of Grievances

40. In the case of fraudulent encashment of third party instruments by unscrupulous persons, by opening deposit accounts in the name/s similar to already established concern/s resulting in erroneous and unwanted debit of drawers' accounts, (i) in cases where banks are at fault, the bank shall compensate the customers without demur; and (ii) 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 customer (up to a limit) as part of a Board approved customer relations policy.

C. Customer Protection - Limiting Liability of Customers in Unauthorised Electronic Banking Transactions

C.1 Strengthening of systems and procedures

41. 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.).

42. 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.

C.2 Reporting of unauthorised transactions by customers to banks

43. 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.

C.3 Limited Liability of a Customer

C.3.1 Zero Liability of a Customer

44. 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.

C.3.2 Limited Liability of a Customer

45. 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 45(2)

Type of Account	Maximum liability (₹)
• BSBD Accounts	5,000
<ul style="list-style-type: none"> • 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 • Credit cards with limit up to ₹5 lakh 	10,000
<ul style="list-style-type: none"> • All other Current/ Cash Credit/ Overdraft Accounts • Credit cards with limit above ₹5 lakh 	25,000

46. 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.

47. Overall liability of the customer in third party breaches, as detailed in paragraphs 44(2) and 45(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

48. 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.

C.4 Reversal Timeline for Zero Liability/ Limited Liability of customer

49. 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.

50. 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 44 to 49 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 44 to 49 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.

C.5 Board Approved Policy for Customer Protection

51. 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 50 above. The instructions contained in this circular shall be incorporated in the policy, and the policy should be prominently displayed at branches.

C.6 Burden of Proof

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

C.7 Reporting and Monitoring Requirements

53. 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.

Chapter V: Financial Inclusion

A. Financial Inclusion - Access to Banking Services - Basic Savings Bank Deposit Account (BSBDA)

54. The Basic Savings Bank Deposit (BSBD) Account is designed as a savings account to offer certain minimum facilities, free of charge, to the holders of such accounts. The bank shall offer the following basic minimum facilities under the BSBD Account, free of charge, without imposing any requirement for maintaining a minimum balance.

- (1) The deposit of cash at bank branch as well as ATMs/CDMs
- (2) Receipt/ credit of money through any electronic channel or by means of deposit /collection of cheques drawn by Central/State Government agencies and departments
- (3) No limit on number and value of deposits that can be made in a month
- (4) Minimum of four withdrawals in a month, including ATM withdrawals
- (5) ATM Card or ATM-cum-Debit Card

55. The BSBD Account shall be considered a normal banking service available to all.

56. The bank is free to provide additional value-added services, including issue of cheque book, beyond the above minimum facilities, which may/may not be priced (in non-discriminatory manner) subject to disclosure. The availment of such additional services shall be at the option of the customers. However, while offering such additional services, banks shall not require the customer to maintain a minimum balance. Offering such additional services will not make it a non-BSBD Account, so long as the prescribed minimum services are provided free of charge.

57. The holders of BSBD Account shall not be eligible for opening any other savings bank deposit account in that bank. Customers having any other existing savings bank deposit account in that bank shall be required to close it within 30 days from the date of opening a BSBD Account. The bank shall take a declaration from the customers

that they are not having a BSBD account in any other bank, before opening a BSBD account.

58. The BSBD Account shall be subject to RBI instructions on KYC/AML for opening of bank accounts issued vide Reserve Bank of India (Urban Co-operative Banks – Know Your Customer) Directions, 2025, as amended from time to time.

59. The instructions issued on free transactions available for normal savings bank account in own-bank/other bank ATMs vide circulars DPSS.CO.PD.No.316/02.10.002/2014-15 dated August 14, 2014 and DPSS.CO.PD.No.659/02.10.002/2014-15 dated October 10, 2014 are not applicable to BSBD accounts. The minimum free withdrawals available to the BSBD Account holders can be made at all ATMs (own-bank/other bank ATMs).

60. The bank is advised to frame Board approved policy/ operational guidelines in this regard.

A.1 IT-enabled Financial Inclusion

61. The bank is urged to scale up its financial inclusion efforts by utilizing appropriate technology. Care may be taken to ensure that the solutions developed are:

- (1) highly secure,
- (2) amenable to audit and
- (3) follow widely accepted open standards to allow inter-operability among the different systems adopted by different banks.

A.2 Printed material in trilingual form

62. 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.

A.3 Rights of Transgender Persons – Changes in bank forms/ applications etc.

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

B. Deposit and other Accounts

B.1 Rights of Transgender Persons-Changes in Bank Forms/Applications

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

B.2 Savings bank passbooks/ statement of accounts

65. The bank shall ensure that full address/telephone number of the branch is invariably mentioned in the Passbook/Statement of Accounts issued to account holders.

66. The bank shall provide MICR code and IFSC Code of the branch in all passbook /statement of account to their account holders.

67. The bank shall invariably offer passbook facility to all their savings bank account holders (individuals). The cost of providing such passbooks should not be recovered from the customers.

68. The bank shall devise controls to ensure that the passbooks are updated on an ongoing basis, and complete and correct particulars are written in a legible hand.

69. Customers also need to be educated to submit the passbooks regularly for updating.

70. The bank may take the following steps to provide customer satisfaction in these areas:

(1) Customer education drives may be launched to bring home the advantages of getting the passbooks updated regularly / periodically.

(2) Employees may be exhorted to attach importance to this area to provide customer satisfaction.

71. As a rule, passbooks shall be updated immediately on submission. If updating is not possible immediately due to a large number of entries, then paper tokens be issued for collection of passbooks on the next day.

B.2.1 Furnishing remitter details in pass book / pass sheet / account statement for credits received by customers through NEFT / NECS / ECS

72. The bank shall enable its Core Banking Solutions (CBS) to capture complete information from the relevant fields in the messages/data files which can be displayed to customers when they access their accounts online or provide to them additionally when they approach the branch counters/help desks/call centres.

B.3 Term deposits

73. The bank should ensure that various term deposit schemes are made known to the customers through proper publicity and advice. The customers shall 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.

74. Term deposit application forms may be so devised as to contain a direction for disposal of deposits on maturity. In those cases where the customer does not indicate the course of action by the bank on maturity of deposits, the bank shall as a rule send intimation of impending due date of the deposit well in advance.

B.4 Advisory Services on deposit schemes

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

B.5 Brochures/pamphlets for guidance of customers

76. The bank shall 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, dos 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 on maturity, etc.

B.6 Issue of Cheque Books

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

78. The bank shall take due care to ensure that any unusually large demand by any account holder for cheque books is looked into carefully to make sure that the cheque leaves are needed for genuine short-term business requirements. Banking facilities should not be allowed to be misused by any constituent for mobilising resources by giving people a false sense of assurance through issue of such long duration post-dated cheques.

B.7 Display of Unclaimed Deposits and Search Facility

79. 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.8 Customer Awareness

80. 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.

81. 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

B.9 Levy of charges for non-maintenance of minimum balance

82. While levying charges for non-maintenance of minimum balance in savings bank account, the bank 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 should 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 may 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 should be directly proportionate to the extent of shortfall observed. In other words, the charges should 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 may be finalized.

- (5) It should be ensured that such penal charges are reasonable and not out of line with the average cost of providing the services.
- (6) It should 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.

B.10 Operation of Bank Accounts by Old/Sick/Incapacitated Customers

83. In order to facilitate old/sick/incapacitated bank customers to operate their bank accounts, procedure as laid down below shall be followed. The cases of sick/old/incapacitated account holders fall into the 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, and
- (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 defect/incapacity.

84. The banks may follow the procedure as under:

- (1) Wherever thumb or toe impression of the sick/old/incapacitated account holder is obtained, it should be identified by two independent witnesses known to the bank, one of whom should be a responsible bank official.
- (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 obtained on the cheque/withdrawal form which should be identified by two independent witnesses, one of whom should be a responsible bank official.

85. In such cases, the customer shall be asked to indicate to the bank as to who would withdraw the amount from the bank on the basis of cheque/withdrawal form as obtained above and that person should be identified by two independent witnesses. The person who would be actually drawing the money from the bank should be asked to furnish his signature to the bank.

86. In this context, according to an opinion obtained by the IBA from their consultant on the question of opening of a bank account of a person who had lost both his hands and could not sign the cheque/withdrawal form, there must be physical contact between the person who is to sign and the signature or the mark put on the document. Therefore, in the case of the person who has lost both his hands, the signature can be by means of a mark. This mark can be placed by the person in any manner. It could be the toe impression, as suggested. It can be by means of mark which anybody can put on behalf of the person who has to sign, the mark being put by an instrument which has had a physical contact with the person who has to sign.

B.11 Providing bank facilities to persons with disabilities: 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)

87. 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.

Chapter VI: Payments and Clearing Services

A. Cheque Books/Cheque Collection etc

A.1 Issue of Cheque Books

88. The bank shall 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. All CBS enabled banks are advised to issue only “payable at par”/” multi city”/ CTS 2010 standard cheques to all eligible customers.

89. No branch of the bank shall repay any deposit otherwise than by an account payee cheque or an account payee bank draft where 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.

A.2 Cheque Drop Facility and the Facility for Acknowledgement of cheques

90. While the cheque drop facility may be made available to the customers, the facility for acknowledgement of cheques at the regular collection counters should not be denied to them. No branch should refuse to give an acknowledgement on cheques being tendered by customers at its counters. Further, customers should be made aware of both options available to them i.e., dropping cheques in the drop box or tendering them at the counters so that they can take an informed decision in this regard. Therefore, banks shall display on the Cheque Drop-Box itself that "Customers can also tender the cheques at the counter and obtain acknowledgement on the pay-in-slips". The above message shall be displayed in English, Hindi and the concerned regional language of the State.

A.3 Rounding off cheques to the nearest rupee

91. The bank shall ensure that cheques / drafts issued by clients containing fractions of a Rupee are not rejected or dishonoured by it. The bank shall review the practice being followed by it in this regard and take necessary steps, including through issue of internal circulars, etc., to ensure that the concerned staff are well versed with these instructions so that the general public does not suffer. The bank shall also ensure that

appropriate action is taken against members of its staff who are found to have refused to accept cheques / drafts containing fractions of a Rupee.

B. Other instructions

B.1 Customer Service-Periodical Review and Monitoring

92. The bank shall undertake periodical evaluation of the position in regard to the extent of actual implementation at the grass root level of the various recommendations of the Goiporia Committee, the CPPAPS and instructions issued by the Reserve Bank.

93. The bank shall evolve an appropriate monitoring system in respect of 15 core recommendations of the Goiporia Committee. The bank is free to include more items for such monitoring and evaluation by its Board of Directors.

94. The bank should introduce a system of periodical evaluation on customer service on half yearly basis, as at the end of June and December, with a view to ensuring their implementation at all offices of the bank as also upgrading the quality of services to achieve higher satisfaction among the bank's customers.

B.2 Issue of Duplicate Demand Draft

B.2.1 Issue of Duplicate Demand Draft without receipt of Non-Payment Advice

95. The duplicate draft amounting to ₹5,000 or less, may be issued on the basis of adequate indemnity and without obtaining Non-Payment Advice (NPA) from the drawee branch.

B.2.2 Fixation of time-frame for issue of duplicate demand draft

96. The bank shall ensure that a duplicate demand draft is issued within a fortnight from the receipt of such requests. For delay in issuing duplicate demand draft beyond the above stipulated period, it shall pay interest at rate applicable for fixed deposit of corresponding maturity in order to compensate the customer for such delay. These 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 third party endorsements. Senior Officials, while visiting branches, shall make it a point to check implementation of the above instructions.

Chapter VII: Deposit and Other Liabilities

A. Opening of Deposit Accounts

A.1 Photographs of Account Holders

A.1.1 Mandatory Obtention of Photographs

97. The bank should obtain photographs of the depositors/account holders who are authorised to operate the accounts at the time of opening of all new accounts. The customers' photographs should be recent and the cost of photographs to be affixed on the account opening forms may be borne by the customers.
98. Only one set of photographs need to be obtained and separate photographs should not be obtained for each category of deposit. The applications for different types of deposit accounts should be properly referenced.
99. Photographs of persons authorised to operate the deposit accounts viz. S.B. and Current accounts should be obtained. In case of other deposits viz. Fixed, Recurring, Cumulative etc. photographs of all depositors in whose names the deposit receipt stands may be obtained, except in the case of deposits in the name of minor, where guardians' photographs could be obtained. Fresh photographs will be required to be obtained from minor customers on their becoming major.
100. The bank should also obtain photographs of 'Pardanashin' women.
101. The bank should also obtain photographs of Non-Resident (External) (NRE), Non-Resident Ordinary (Rupee) (NRO), Foreign Currency Non-Resident (FCNR) account holders.
102. For operations in the accounts, the bank should not ordinarily insist on the presence of account holder unless the circumstances so warrant. Photographs cannot be a substitute for specimen signatures.

A.1.2 Exceptions

103. Banks, local authorities and Government departments (excluding public sector undertakings or quasi-Government bodies) are exempted from the requirement of photographs.

104. The photographs need not be obtained for borrowal accounts viz. Cash Credit, Overdrafts accounts, etc.

105. The bank may not insist for photographs in case of accounts of staff members (Single/Joint).

A.1.3 Address of Account Holders

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

A.2 Operations in Accounts

A.2.1 Joint Accounts

A.2.1.1 Modes of Operations in Joint Accounts

107. The bank, at its discretion, may consider the desirability of issuing suitable instructions to their branches for their information and necessary guidance on the subject based on the following observations mentioned by IBA in its letter no. LA.C/19-96-29 dated August 28, 1980:

(1) Joint Accounts

- (i) In the case of joint accounts (Current, Savings or Deposits) in the names of two or more persons, the terms relating to which do not provide for payment of the amount due under the account to the Survivor(s) in the event of death of one of them, for the banks to obtain a valid discharge payment should be made jointly to Survivor(s) and the legal heirs of the deceased joint account holder. In such a case, in view of the difficulty in ascertaining with certainty

as to who the legal heirs of the deceased are, it is the practice of the banks to insist on the production of legal representation (to the estate of the deceased) before settling the claim.

- (ii) As obtaining a grant of legal representation would entail delay and expenses, the bank should encourage the opening of joint accounts on terms such as, payable to (a) Either or Survivor, (b) Former/Latter or Survivor, (c) Anyone or Survivors, or Survivor, etc.

(2) Benefits of Survivorship

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

(3) Joint Savings Bank Account – Either or Survivor/Anyone or Survivors or Survivor

- (i) As stated in paragraph 107(2) above, the survivor can give a valid discharge to the bank.

- (ii) If the legal heirs claim the amount, the bank can inform them that unless they obtain and have served on the bank an order of competent court restraining the bank from effecting payment to the survivor, the bank will be within its rights to do so.

(4) Joint Term Deposit Account – Premature/Payment or Loan on death of one of the account holders

(i) Account in the style of ‘Either or Survivor or ‘Anyone or Survivors or Survivor’

- (a) In a joint term deposit account which has been opened in the style of either or survivor/any one or survivors or survivor, the bank often receives a request, on the death of one of the joint account holders, from the surviving depositors to allow premature encashment or the grant of a loan against the term deposit receipt.
- (b) It would be in order to accede to the request of the surviving depositors for premature payment if there is an option included in the contract of deposit to repay before maturity and “either/any one or survivorship” mandate has been obtained from original depositors.
- (c) Requests for loans from surviving depositor(s) could also be considered in special cases, though in the case of such loans, the bank may face a possible risk if the legal representatives of the deceased depositor lay an effective claim to the deposit before it is paid on maturity. In such an event, the bank will have to look to the borrower(s) for repayment. This position for premature payment or grant of loan is applicable also in respect of a joint account (in the style of either or survivor/any one or survivors or survivor), where all the account holders are alive.
- (d) As a measure of operational prudence, a clause to the effect that loan/premature payment can be permitted to either/any one of the depositors any time during the deposit period can, however, be included in the term deposit contract, i.e. the account opening or application form itself, in the manner indicated in paragraph 108 below.

(ii) Joint Term Deposit - Former or Survivor/Latter or Survivor etc.

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

(5) Special clause in the application/account opening form for Term Deposit Receipt

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

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

109. If fixed/term deposit accounts are opened with operating instructions ‘Either or Survivor’, the signatures of both the depositors need not be obtained for payment of the amount of the deposits on maturity. However, the signatures of both the depositors shall 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 is deceased 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.

110. 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 shall be obtained, in case the deposit is to be paid before maturity. If the former is deceased before the maturity of the fixed /term deposit, the 'Survivor' can withdraw the deposit on maturity. Premature withdrawal would however require the consent of both the parties, when both of them are alive, and that of the surviving depositor and the legal heirs of the deceased in case of death of one of the depositors.

111. If the joint depositors prefer to allow premature withdrawals of fixed / term deposits also in accordance with the mandate of 'Either or Survivor' or 'Former or Survivor', as the case may be, it would be open to banks to do so, provided they have taken a specific joint mandate from the depositors for the said purpose.

A.3 Restrictions on opening of Certain Types of Deposit Accounts

A.3.1 Deposit schemes with lock-in period

112. Before launching new domestic deposit mobilisation schemes with the approval of their respective Boards, the bank shall ensure that the provisions of Reserve Bank's directives on interest rates on deposits, premature withdrawal of term deposits, sanction of loans/advances against term deposits, etc., issued from time to time, are strictly adhered to. Any violation in this regard will be viewed seriously and may attract penalty under the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies).

A.4 Opening of and operation in deposit accounts of minors

113. 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 (Urban Co-operative Banks – Know Your Customer) Directions, 2025, as amended from time to time.

B. Unclaimed Deposits and Inoperative Accounts

B.1.1 Review of Accounts

114. 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.

115. 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.

116. 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.

117. 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.

118. 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.

119. 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.1.2 Treatment of accounts opened for credit of scholarship amount and credit of Direct Benefit Transfer under Government Schemes

120. 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.

B.1.3 Segregation and Audit of Inoperative Accounts/ Unclaimed Deposits

121. 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.

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

B.1.4 Tracing of Customers of Inoperative Accounts/ Unclaimed Deposits

123. 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.

124. 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.

125. 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.1.5 Activation of Inoperative Accounts

126. 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 (Urban 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.

127. 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 (Urban 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.

128. 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.

129. The bank shall automatically intimate the inoperative account/ unclaimed deposit holders through 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.1.6 Payment of Interest

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

B.1.7 Levy of Charges

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

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

B.1.8 Fraud Risk Management in Inoperative Accounts

133. 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 126 to 129 above. 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.

134. 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.

C. Safe Deposit Lockers/Safe Custody Article Facility

C.1 Allotment of Lockers

C.1.1 Customer Due Diligence (CDD) for Lockers

135. 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 (Urban 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.

136. 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 (Urban 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.

137. 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.

138. 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.

C.1.2 Locker Allotment

139. 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.

C.1.3 Model Locker Agreement

140. 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.

141. 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.

C.1.4 Locker Rent

142. 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.

143. 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.

144. 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.

C.2 Infrastructure and Security Standards

C.2.1 Security of the Strong Room/Vault

145. 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.

146. 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.

147. 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.

C.3 Locker Standards

148. 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.

149. 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.

150. 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.

C.4 Locker Operations

C.4.1 Regular Operations by Customers

151. 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.

152. 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.

153. 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.

C.4.2 Internal Controls by banks

154. 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.

155. 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.

156. 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.

C.5 Closure and Discharge of locker items

157. 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.

158. 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.

C.5.1 Discharge of locker contents at the request of customer

159. 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.

160. 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.

161. 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.

C.5.2 Attachment and recovery of contents in a Locker and the Articles in the safe custody of the bank by any Law Enforcement Authority

162. 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.

163. 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.

164. 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.

C.5.3 Discharge of locker contents by banks due to non-payment of locker rent

165. 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.

166. 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.

167. The bank shall ensure that the inventory prepared after breaking open of the locker and during settlement of claims, is in the appropriate 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.

C.5.4 Discharge of locker contents if the locker remains inoperative for a long period of time

168. 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 166 and 167 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.

169. 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.

C.6 Compensation Policy / Liability for Banks

C.6.1 Liability of the bank

170. 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.

C.6.2 Liability of bank arising from natural calamities like earthquake, flood, thunderstorm, lightning etc. or due to sole negligence of the customer

171. 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.

C.6.3 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

172. 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.

C.7 Risk Management, Transparency and Customer Guidance

C.7.1 Branch Insurance Policy

173. 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.

C.7.2 Insurance of locker contents by the customer

174. 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.

C.7.3 Customer guidance and publicity

175. 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.

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

177. 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).

C.7.4 Board approved policies and SOPs

178. 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.

179. Further, the UCB shall ensure the following:

C.7.5 Customer Guidance and Publicity of Lockers: Benefits of nomination / survivorship clause

180. The bank shall give wide publicity and provide guidance to locker-hirers / depositors of safe custody articles on the benefits of the nomination facility and the survivorship clause.

C.7.6 IT enabled Financial Inclusion

181. The bank is urged to scale up IT initiatives for financial inclusion speedily while ensuring that solutions are highly secure, amenable to audit, and follow widely accepted open standards to ensure eventual inter-operability among the different systems.

D. Nomination facilities

182. The account opening forms should incorporate a space to mention the name and address of the nominee and statutorily prescribed nomination forms shall be obtained and preserved with the account opening forms. Availability of nomination facility shall be widely publicised by printing compatible messages on cheque books/pass books and any other literature reaching the customers.

183. Nomination should be a rule (rather than an exception) and the bank should endeavour to cover all accounts, existing as well as new, under nomination, exception being the ones where the customer himself/herself would prefer not to nominate; this fact may be recorded rather than left to the conjecture of non-compliance.

184. As nomination facility for deposit accounts is more known to the customers, compared to the one available for safe custody articles and safe deposit lockers, publicising availability of the facility for these two services shall also be effectively done.

D.1 Operational instructions

185. Nomination facility should be made available to all types of deposit accounts, irrespective of the nomenclature used by different banks.

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

187. Nomination facility is available for saving bank accounts opened for credit of pension. However, Co-operative Societies (Nomination) Rules, 1985, are distinct from the Arrears of Pension (Nomination) Rules, 1983, and the nomination exercised by the

pensioner under the latter Rules for receipt of arrears of pension will not be valid for the purpose of deposit accounts held by the pensioners with banks for which a separate nomination is necessary in terms of Co-operative Societies (Nomination) Rules, 1985, in case a pensioner desires to avail of nomination facility.

188. 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 should explain the advantages of nomination facility. If the person opening the account still does not want to nominate, the bank should ask him/her to give a specific letter to the effect that he/she does not want to make nomination. In case the person opening the account declines to give such a letter, the bank should record the fact on the account opening form and proceed with opening of the account if otherwise found eligible. Under no circumstances, the bank should refuse to open an account solely on the ground that the person opening the account refused to nominate. This procedure should be adopted in respect of deposit accounts in the name of Sole Proprietary Concerns also.

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

D.2 Statutory provisions for Nomination Facility

190. The Banking Regulation Act, 1949 (AACS) has been amended by incorporating among others, new sections 45 ZA to 45 ZF, 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, of 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.

D.3 Nomination Rules

191. Since such nomination has to be made in the prescribed manner, the Central Government has framed Co-operative Banks (Nomination) Rules, 1985 in consultation with the Reserve Bank. These Rules, together with the provisions of new Sections 45 ZA to 45 ZF, of Banking Regulation Act, 1949 (AACCS) regarding nomination facilities have been brought into force with effect from March 29, 1985.

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

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

193. For the various Forms (DA1, DA2, and DA3 for Bank Deposits, Forms SC1, SC2 and SC3 for articles in safe custody and Forms SL1, SL1A, SL2, SL3 and SL3A for Safety Lockers) prescribed under the Co-operative Banks (Nomination) Rules, 1985 only Thumb-impression(s) shall be attested by two witnesses. The signatures of the account holders need not be attested by witnesses.

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

- (1) The nomination to be made by the depositor or, as the case may be, all the depositors together in respect of a deposit held by a co-operative bank to the credit of one or more individuals.

- (2) The said nomination shall be made only in respect of a deposit, which is held in the individual capacity of the depositor and not in any representative capacity as the holder of an office or otherwise.
- (3) Where the nominee is a minor, the depositor or, as the case may be, all the depositors together, may, while making the nomination, appoint another individual not being a minor, to receive the amount of the deposit on behalf of the nominee in the event of the death of the depositor or, as the case may be, all the depositors during the minority of the nominee.
- (4) In the case of a deposit made in the name of a minor, the nomination shall be made by a person-lawfully entitled to act on behalf of the minor.
- (5) The cancellation of the said nomination shall be made by the depositor or, as the case may be, all the depositors together.
- (6) A variation of the said nomination to be made by the depositor or, as the case may be all the depositors together.
- (7) The said nomination shall be made in favour of only one individual.
- (8) A nomination, cancellation of nomination or variation of nomination may be made as aforesaid at any time during which the deposit is held by a co-operative bank to the credit of the depositor or depositors, as the case may be.
- (9) In the case of a deposit held to the credit of more than one depositor, the cancellation or variation of a nomination shall not be valid unless it is made by all the depositors surviving at the time of the cancellation or variation of the nomination.
- (10) The co-operative bank shall acknowledge in writing, to the depositor or depositors concerned the filing of the relevant duly completed Form of nomination or cancellation of nomination or variation of nomination, as the case may be, in respect of a deposit.
- (11) The relevant duly completed Form of Nomination or cancellation of nomination or variation of nomination filed with the co-operative bank shall be registered in the books of the co-operative bank.

(12) A nomination or cancellation of nomination or variation of nomination shall not cease to be in force merely by reason of the renewal of the deposit.

D.4 Incorporation of legend 'Nominations Registered' in pass book, deposit receipt etc.

195. The bank should incorporate the legend 'Nominations Registered' on every pass book or deposit receipt so as to enable the relatives to know the availment of the nomination facility by the deceased depositor.

D.5 Record of Nomination

D.5.1 Acknowledgement of Nomination

196. In terms of Rules 2 (9), 3 (8) and 4 (9) of the Co-operative Banks (Nomination) Rules 1985, the bank is required to acknowledge in writing to the depositor(s) / locker hirers (s) the filing of the relevant duly completed Form of nomination, cancellation and / or variation of the nomination. The bank shall strictly comply with the provisions of Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) and Co-operative Banks (Nomination) Rules, 1985 and devise a proper system of acknowledging the receipt of the duly completed form of nomination, cancellation and / or variation of the nomination. Such acknowledgement should be given to all the customers irrespective of whether the same is demanded by the customers. Further, in addition to the legend "Nomination Registered", it should also indicate the name of the Nominee in the Pass Books / Statement of Accounts / Fixed Deposit Receipts, in case the customer is agreeable to the same.

D.5.2 Registration of Nomination

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

198. The following aspects may be adhered to while recording nominations:

(1) In addition to obtaining nomination form, the bank shall provide for mentioning name and address of the nominee in the account opening form. Publicity about nomination facility is needed, including printing compatible message on chequebook, passbook and any other literature reaching the customer as well as launching periodical drives to popularise the facility.

(2) In case of joint deposits, after the death of one of the depositors, the banks may allow variation/cancellation of a subsisting nomination by other surviving depositor(s) acting together. This is also applicable to deposits having operating instructions “either or survivor”. It may be noted that in the case of a joint deposit account, the nominee’s right arises only after the death of all the depositors.

199. The bank shall introduce a practice of recording on the face of the pass book the position regarding availment of nomination facility with the legend ‘Nomination Registered’. This may be done in the case of term deposit receipts also.

D.6 Nomination Facility in Single Deposit Accounts

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

201. 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 should explain the advantages of nomination facility. If the person opening the account still does not want to nominate, the bank should ask him to give a specific letter to the effect that he does not want to make a nomination. In case the person opening the account declines to give such a letter, the bank should record the fact on the account opening form and proceed with opening of the account, if otherwise found eligible. Under no circumstances, the bank shall refuse to open an account solely on the ground that the person opening the account refused to nominate.

202. The bank shall follow the procedure outlined above in respect of deposit accounts in the name of Sole Proprietary Concern as well.

E. Timely Issue of TDS Certificate to Customers

203. The bank shall put in place a system that will enable them to provide TDS Certificate in Form 16A to its customers from whose deposit accounts income tax has been deducted at source, within the time-frame prescribed under the Income Tax Rules.

F. 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.

204. 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.

205. 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.

G. Recording of Details of Transactions in Passbook/Statement of Account by Co-operative Banks

206. 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.

207. 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

208. 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.

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

209. The current instructions in respect of Settlement of Claims are provided in **Annex III – Settlement of Claims (existing instructions)** The instructions in **Annex III – Settlement of Claims (existing instructions)** shall continue to be applicable till the bank implements directions provided in paragraph 212 to 257, which shall be implemented as expeditiously as possible but not later than March 31, 2026. The instructions in **Error! Reference source not found.** shall cease to be applicable once these revised directions are implemented by the bank.

210. These directions (paragraphs 212 to 257) 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.

211. For the limited purpose of directions from paragraphs 212 to 257, 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 (Urban Co-operative Banks – Know Your Customer) Directions, 2025.
- (7) 'Officially Valid Document' refers to the documents as detailed in Reserve Bank of India (Urban 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.

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

212. 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.

213. 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.

214. 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 IV – 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.

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

215. 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.

H.1.1.1 Claim amount up to the threshold limit

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

- (1) Claim form, as given in **Annex V – 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 VI – Bond of Indemnity / Surety***, signed by the claimant(s);

- (5) Letter of disclaimer/ no objection, as given in **Annex VII – 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 VIII – 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.

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

H.1.1.2 Claim amount above the threshold limit

218. 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 216 (1) to (3) above;

OR

- (2) Legal Heir Certificate issued by a competent authority; or Affidavit, as given in **Annex VIII – 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.

219. In such cases, the bank shall call for the documents at paragraph 233 (1) to (5) above. The bank may also call for a bond of surety, as given in **Annex VI – 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.

H.1.2 Settlement of Claims not falling under the Simplified Procedure

H.1.2.1 Claims involving 'Will' without any dispute

220. 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 216 (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.

221. 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 216 (4) and (5) above.

H.1.2.2 Cases involving contesting claims/ dispute

222. 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 216 (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.

223. No bond of surety shall be insisted from a third party in cases falling under either paragraph 220-221 or 222.

H.2 Treatment of credits in the name of a deceased depositor post settlement

224. 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).

H.3 Premature Termination of term deposit accounts

225. In case of term deposits with “Either or Survivor” or “Former or Survivor” mandate, the bank is 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.

226. UCBs shall invariably incorporate the aforesaid clause in the account opening form and also inform their existing as well as future term deposit holders about the availability of such an option.

227. The joint deposit holders shall 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 can allow premature withdrawal of term /fixed deposits by the surviving depositor without seeking the concurrence of the legal heirs of the deceased joint deposit holder. Such premature withdrawal would not attract any penal charge.

228. 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.

H.4 Settlement of Claims in respect of missing persons

229. 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.

H.5 Settlement of Claims in Safe Deposit Locker and Articles in Safe Custody by Deceased Customer

H.5.1 Claims with Nominee(s)/ Survivor(s)

230. 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.

231. 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).

232. 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.

233. 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.

234. The following documents shall be obtained by a bank for processing the claim in cases falling under paragraphs 230 and 231 above:

- (1) Claim form, as given in **Annex IV – 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.

235. 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.

236. 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.

237. After receipt of the documents mentioned at paragraph 234 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** . 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** , 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.

238. 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.

239. Procedure, as prescribed in paragraphs 230 to 238 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 X** shall be used in such cases.

H.5.2 Cases without nominee/ survivorship clause

H.5.2.1 Settlement of claims falling under the simplified procedure

240. 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.

241. 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 V**, 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 VI**, from non-claimant legal heir(s), if applicable; and
- (5) Legal Heir Certificate issued by a competent authority or Affidavit, as given in **Annex VIII**, 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.

H.5.3 Settlement of Claims not falling under the Simplified Procedure

H.5.3.1 Claims involving 'Will' without any dispute

242. 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 241 (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.

243. 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 241 (4) and (5) above.

H.5.3.2 Cases involving contesting claims/ dispute

244. 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 241 (1) to (3) above.

H.5.4 Procedure for taking inventory of contents of safe deposit locker

245. After receipt of the required documents in claims falling under categories at paragraphs 240, 241, 242, 243 and 244 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 IX – 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 XI –**

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.

246. Procedure, as prescribed in paragraphs 240 to 245 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 X – Form of Inventory of Articles left in Safe Custody** shall be used in such cases.

H.6 Standardisation of procedure for submission of claims

247. A bank shall use the standardised forms for receiving the claims and other documents as per the formats provided in **Annex IV – 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 XI – Bond of Indemnity with respect to delivery of contents of safe deposit locker/articles kept in safe custody by the deceased customer.**

248. 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.

249. 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.

250. 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.

H.7 Time limit for settlement of claims

251. 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.

252. 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.

H.8 Compensation for delay in settlement of claims

253. If any deposit related claim is not settled within the timeframe stipulated at paragraph 251 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.

254. 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 252 above.

H.9 Settlement of claims in respect of deposit accounts of a sole proprietary concern

255. 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.

H.10 Modes for Certification of 'proof of death' document issued outside India

256. 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.

H.11 Customer Guidance and Publicity

257. 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.

I. Deposit Mobilisation

I.1 Acceptance of Deposits by Unincorporated Bodies/ Private Ltd. Companies with 'Bank Guarantee'

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

I.2 Deposit Collection Schemes floated by Private Organisations

259. The bank should not associate themselves directly or indirectly with lottery schemes of organisations of any description.

Chapter VIII: Responsible Lending Conduct

A. Fair Lending Practice - Penal Charges in Loan Accounts

260. The bank shall adhere to following instructions for charging penal charges on loans. These instructions shall be applicable to all credit facilities including Cash Credit, Overdraft, securitisation and co-lending portfolios, etc. However, these instructions shall not apply to Credit Cards, External Commercial Borrowings, Trade Credits (rupee / foreign currency export credit) and Structured Obligations which are covered under product specific directions, as also other foreign currency loans.

(1) Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances. There shall be no capitalisation of penal charges, i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account. Therefore, the bank may charge interest on unpaid interest (including on unpaid EMI) at the contracted rate of interest till the date of remediation, and not at the penal rate of interest.

Notes:

- (i) The material terms and conditions shall be defined, if not already done, as per the credit policy of the bank and they may vary from one category of loan to another, and also, from lender to lender based on their own assessment.
- (ii) Default in repayment by the borrower is also a type of non-compliance of material terms and conditions of loan repayment contract by the borrower and penalty, if charged, for such default shall only be levied in the form of penal charges and not penal interest. Such penal charges shall be reasonable and levied by the lenders only on the amount under default in a non-discriminatory manner as per their Board approved policy. Further, it shall be ensured that there is no capitalization of the penal charges i.e., no further interest computed on such charges.
- (iii) Additional / Fresh penal charges cannot be levied on the earlier outstanding amount of penal charges.
- (iv) In case of the funded facility created on account of invocation of BG / devolvement of LC, the bank may charge an appropriate rate of interest on

the devolved amount taking into account the associated credit risk premium as per the bank's credit underwriting policy. However, penalty, if any, on that funded facility on account of non-repayment by the borrower within the due date may only be levied in the form of penal charges and not penal interest.

- (v) In respect of NPA accounts, penal charges shall be reversed to the extent it remains uncollected for the specific purpose of non-recognition of income. However, the same shall be part of the total liability of the borrower to the bank, unless it is waived as per the bank's Board approved policy.
- (vi) The bank shall disclose fees and charges, including penal charges, recovered from customers in 'Schedule 14: Other Income'.

(2) The bank shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit.

(3) The bank shall formulate a Board approved policy on penal charges or similar charges on loans, by whatever name called.

(4) The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category.

Notes:

- (i) The penal charges can be different within the same product category depending upon the amount of loan and the bank may adopt a suitable structure of penal charges subject to adherence to the above stipulations. The structure of penal charges within a particular loan / product category shall have to be uniform irrespective of the constitution of the borrower.

- (ii) Although no upper limit / cap for penal charges has been prescribed, the bank, while formulating its Board approved policy on penal charges, should keep in mind that the intent of levying penal charges is essentially to inculcate a sense of credit discipline and such charges are not meant to be used as a revenue enhancement tool.

(5) The penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.

(6) The quantum and reason for penal charges shall be clearly disclosed by the bank to the customers upfront in the loan agreement and Most Important Terms & Conditions (MITC) / Key Fact Statement (KFS) as applicable, in addition to being displayed on the bank's website under Interest rates and Service Charges. Further, providing a reference to the schedule of penal charges displayed on the website of the bank in the sanction letter and loan agreement shall not suffice.

(7) Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

(8) In the case of existing loans, the switchover to new penal charges regime shall be ensured on next review or renewal date.

B. Pre-payment charges on loans

261. The bank shall not charge foreclosure charges/ pre-payment penalties on any floating rate loans (including term loans) and advances, for purposes other than business, to individual borrowers with or without co-obligant(s).

262. In addition to the instruction at paragraph 261 above, in respect of all floating rate loans (including term loans and demand loans) and advances, sanctioned or renewed on or after January 1, 2026:

(1) Tier 4 UCBs shall not levy prepayment charges on all floating rate loans/advances granted for business purpose to individuals and MSEs, with or without co-obligant(s).

(2) Tier 3 UCBs shall not levy any pre-payment charges on all floating rate loans/advances 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 262(1) and 262(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.

263. 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 paragraph 262 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 277, 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. Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans

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

265. 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 their 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. The option prescribed shall be allowed for housing loans extended by UCBs, subject to the directions prescribed vide Reserve Bank of India (Urban Co-operative Banks – Credit Facilities) Directions, 2025, as amended in the future.
- (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.

266. 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 265 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.

267. 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.

D. Release of Movable / Immovable Property Documents on Repayment/ Settlement of Personal Loans

268. 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.

269. 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.

270. 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.

271. 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.

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

272. 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.

273. 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 273 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).

274. 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.

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

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

276. 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.

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

277. 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 II**. 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) (SI No. 5 of the KFS template – Part 1)	Monthly 970 24
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 bank 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.

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

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

278. 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.

279. 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.

280. 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 284 below).

281. 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).

G.2 Standardisation of Documents and Communication

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

283. 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).

284. 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 (Urban Co-operative Banks – Credit Facilities) 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.

285. 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.

G.3 Handling and Storage of Collateral

286. 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.

287. 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.

288. The pledged eligible collateral may be transported from one branch to another branch, only as permitted under paragraph 297 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.

289. 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.

290. 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.

G.4 Release of Collateral after Repayment

291. 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.

292. 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 284) to the borrowers' satisfaction.

G.5 Transparency in Auction Procedure

293. 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.

294. 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.

295. 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.

296. 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.

297. 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.

298. 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.

299. 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.

G.6 Compensation

300. 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.

301. 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).

302. 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 291 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.

303. 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.

G.7 Unclaimed Gold and Silver collateral

304. 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.

305. 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.

G.8 Other Instructions

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

307. The lender shall generally disburse loans into borrower's bank accounts. All lenders shall comply with the Reserve Bank of India (Urban 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.

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

- (1) Loan disbursements are made to the borrower's account and not to a third-party account (except for disbursements covered exclusively under statutory or regulatory mandate (of RBI or of any other regulator), flow of money between lenders for co-lending transactions and disbursements 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.

309. 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.

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

310. 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 (Urban Co-operative Banks – Credit Facilities) Directions, 2025.

I. Guidelines on conduct towards Microfinance borrowers

I.1 General

311. 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.

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

313. 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.

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

315. 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.

I.2 Conduct aspects in Pricing of Loans

316. 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.

317. 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.

318. 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.

319. 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.

320. RBI would also make available information regarding interest charged by the bank on microfinance loans.

I.3 Training of Staff

321. 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.

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

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

I.4 Engagement of Recovery Agents

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

325. 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.

326. 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.

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

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

J. Conduct and Customer Protection Requirements applicable to all digital lending activities of the bank

J.1 Assessing the borrower's creditworthiness

329. 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.

330. 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.

J.2 Disclosures to borrowers

331. The bank shall provide a Key Fact Statement (KFS), as per instructions contained in paragraph 277 of this direction.

332. As regards penal charges, the bank shall be guided by the instructions contained in paragraph 260 of this direction.

333. 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 bank) 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.

334. 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 bank'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.

335. 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.

J.3 Loan disbursal, servicing and repayment

336. Disbursement of loan by the bank shall always be made into the bank account of the borrower except for disbursements covered exclusively under statutory or regulatory mandate (of RBI or of any other regulator), flow of money between REs for co-lending transactions and disbursements 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, disbursement 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.*

337. 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.

338. 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.

339. 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.

340. 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 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 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.

J.4 Cooling-off period

341. 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.

342. 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.

J.5 Grievance redressal

343. The bank, and the LSP which has an interface with the borrower, shall designate nodal grievance redressal officers to deal with digital lending related complaints/issues raised by the borrower.

344. Contact details of the nodal grievance redressal officers shall be prominently displayed on the websites of the bank, its LSP and on the DLA, as well as in the KFS provided to the borrower.

345. The facility of lodging complaint shall also be made available on the DLA and on the website as stated above. It is reiterated that responsibility of grievance redressal shall continue to remain with the bank.

346. If any complaint lodged by the borrower against the bank or the LSP engaged by the bank is rejected wholly or partly by the bank, or the borrower is not satisfied with the reply; or the borrower has not received any reply within 30 days of receipt of complaint by the bank, the said borrower can lodge a complaint over the Complaint Management System (CMS) (<https://cms.rbi.org.in/>) portal under the Reserve Bank-Integrated Ombudsman Scheme (RB-IOS) or send a physical complaint to “Centralised Receipt and Processing Centre, 4th Floor, Reserve Bank of India, Sector-17, Central Vista, Chandigarh - 160017” as per the grievance redressal mechanism prescribed by the Reserve Bank. This information shall be suitably conveyed to the borrower.

Chapter IX: Miscellaneous Instructions

A. Greater Co-ordination between Banking System and Income - Tax Authorities

A.1 Co-ordination with Officers of Central Board of Direct Taxes

347. There is a need for greater co-ordination between the Income Tax Department and the banking system. As such, the bank shall ensure that it extend necessary help/co-ordination to tax officials whenever required. Further, the bank will have to view with serious concern cases where its staff connives/assists in any manner with offences punishable under the Income Tax Act. In such cases, in addition to the normal criminal action, such staff member should also be proceeded against departmentally.

Chapter X : Repeal and Other Provisions

A. Repeal and saving

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

349. 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

350. 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

351. 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 – 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					
A. Domestic		Rate of Interest			
Term Deposits (All Maturities)		Up to & including ₹15 lakhs		For deposits above ₹15 lakhs but less than ₹1 crore	

B. Non-Resident Accounts					
a. NRO (All Maturities)					
b. NRE (All Maturities)					
	Rate of Interest				
	1 year & above but < 2 years	2 years & above but < 3 years	3 years & above but < 4 years	4 years & above but < 5 years	For 5 years (Maximum)
c. FCNR(B)					
i) USD					
ii) GBP					
iii) EUR					
iv) CAD					
v) AUD					

Loans

	RATE OF INTEREST				Processi ng Charges
LOANS					
1. Housing Loan	Up to ₹ _ lakhs	More than ₹__lakhs Up to ₹ ____lakhs	Above ₹__lakhs Up to ₹ ____lakhs	Above ₹__lakhs	
Floating Category					
Up to 5 years					

More than 5 Yrs & up to 10 Yrs					
More than 10 Yrs					
Fixed Category					
Up to 5 years					
More than 5 Yrs & up to 10 Yrs					
More than 10 Yrs					
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		
	Repayabl e 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. Debit Cards						
International Debit Card						
3. Drafts/TT/MT						
Issue						
Cancellation						
4. Outstation cheque collection						
5. NEFT Money Transfer		Inward =		Outward =		

6. RTGS Money Transfer	Inward =	Outward =	
7. 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 II – Key Facts Statement (KFS)

Part 1 (Interest rate and fees/charges)

1	Loan proposal/ account No.		Type of Loan				
2	Sanctioned Loan amount (in Rupees)						
3	Disbursal schedule (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						
Referen ce Benchm ark	Benchm ark 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

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

8	Fee/ Charges ²						
		Payable to the bank (A)		Payable to a third party through the bank (B)			
		One-time/ Recurring	Amount (in ₹) or Percentage (%) as applicable ³	One- time/Rec urring	Amount (in ₹) or Percentage (%) 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	
---	--	--

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

³ Mention frequency, where recurring

⁴ Please refer to the illustration in sub-paragraph (3) of paragraph 277 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 bank, along with its funding proportion	Name of the partner bank along with its proportion of funding
		Blended rate of interest
6	In case of digital loans, following specific disclosures may be furnished:	
	(i) Cooling off/look-up period, in terms of the bank'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 III – Settlement of Claims (existing instructions)

A. Settlement of Claims

A.1 Settlement of claims in Respect of Deceased Depositors

1. The bank shall instruct all its branches to adhere to the extant instructions on the subject to facilitate expeditious and hassle-free settlement of claims on the death of a depositor. With a view to facilitating timely settlement of claims on the death of a depositor, the bank shall provide claim forms for settlement of claims of the deceased's account(s), to any person/s who is /are approaching the bank /branches for this. UCB having website shall also place the claim forms on its website prominently so that claimants of the deceased depositor can access and download the forms without their having to visit the concerned bank / branch for obtaining such forms for filing claim with the bank. The bank shall be permitted to call for succession certificate from legal heirs of deceased depositors 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 depositor.

2. To facilitate expeditious and hassle-free settlement of claims on the death of a depositor, the following guidelines may be followed:

A.2 Access to balance in deposit accounts - Accounts with survivor/ nominee clause

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

- (1) 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) there is no order from the competent court restraining the bank from making the payment from the account of the deceased; and
- (3) it has been made clear to the survivor(s) / nominee(s) that they 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 shall not affect the right or claim which any person may have against the survivor(s) / nominee to whom the payment is made.

4. It may be noted that since payment made to the survivor(s) / nominee, subject to the foregoing conditions, would constitute a full discharge of the bank's liability, insistence on production of legal representation is superfluous and unwarranted and only serves to cause entirely avoidable inconvenience to the survivor(s) / nominee and would, therefore, invite serious supervisory disapproval. In such case, therefore, while making payment to the survivor(s) / nominee of the deceased depositor, the 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, irrespective of the amount standing to the credit of the deceased account holder.

A.3 Accounts without the survivor/ nominee clause

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

A.4 Treatment of flows in the name of the deceased depositor

6. 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 with regard to the treatment of pipeline flows in the name of the deceased account holder. In this regard, banks could consider adopting either of the following two approaches:

- (1) The bank could be authorized by the survivor(s) / nominee of a deceased account holder to open an account styled as 'Estate of Shri _____, the Deceased' where all the pipeline flows in the name of the deceased account holder could be allowed to be credited, provided no withdrawals are made.

OR

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

A.5 Time limit for settlement of claims

7. 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. The bank should report to the Customer Service Committee of the Board, at appropriate intervals, on an ongoing basis, the details of the number of claims received pertaining to deceased depositors / locker-hirers / depositors of safe custody article accounts and those pending beyond the stipulated period, giving reasons therefor.

A.6 Customer Guidance and Publicity

8. 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.

A.7 Provisions of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies)

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

A.8 Settlement of Claims in respect of Deceased Depositors – Simplification of Procedure - UCBs

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

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

11. 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.

12. 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.

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

14. 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.

15. 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.

16. 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, banks shall take note of the instructions under paragraph 12.

17. 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 12.

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

C. Claims in respect of missing persons

19. 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 ~~he/she~~ is dead, then the claim in respect of it ~~a missing person~~ 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 IV – 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. I/ 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):

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.

Signature of witness:

*(Delete whichever is not applicable)

FOR OFFICE USE

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

Annex V – 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 "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.

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		

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)

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.

Annex VI – 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 VII – 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 VIII – 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 IX – 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 X – 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 heirs

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 XI – 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))