

**General Circular No 2023/01**

**12th January 2023**

**IN-OPERATIVE SAVINGS ACCOUNTS**

This circular is issued as an addendum to Paragraph 44 in page 24 of the “Savings and Term Deposits Policy and Procedures Manual Version II”

1. **TRANSFER OF ACCOUNTS FROM ACTIVE TO DORMANT SECTION**
2. eFinance system is programmed to segregate savings accounts as DORMANT and is now functional.
3. For the above purpose, the savings accounts which have not been debited or credited for a period of 24 months by the account holder will be recognized.
4. Debits relating to Company’s service charges, Postage. Savings interest , and Withholding Tax as applicable is exempted from 1 (ii) above.
5. On completion of 24 months the system will automatically transfer such accounts to the Dormant Section and will not permit **cash withdrawals** This is a precaution to protect the funds of the Savings Depositors. Only credits to the account will be permitted (Refer vi (a) below
6. Details of accounts transferred to the Dormant Section should be obtained from the daily “Dormant Account Report” monthly & the relative mandates transferred to a separate file titled “Dormant Accounts”. This file should be held in a Fire Resistance Filling Cabinet under dual control (Manager and the Assistant Manager) On activation of the account Mandate should be transferred to the active Mandate file
7. A Dormant Account could be reactivated in the event of either of the activities taking place **in the presence & request of the customer,**
8. **Deposit or Withdrawals** of funds from the account on Identification of customer and verification of his signature (Refer section 2 below)
9. **Presenting the pass book for updating** by the customer personally and on Identification of customer and verification of his signature.
10. Placing a **Standing Order** to recover the installment / rental of an approved credit facility, transfer of funds from savings to another savings with us.
11. If the Standing Order is to transfer funds to an account in any other financial institution (Accept such request only after Identification of customer and verification of his signature.)

1. **WITHDRAWALS FROM DORMANT ACCOUNT**
2. When withdrawal from Savings Account is requested, (subject to the compliance with the required verifications of the withdrawal form and identification of the customer as per vi (a ) the account should be first transferred from the Dormant Section to the active section by the Branch Manager only who should validate / authorize the activation of Dormant Account in the system as provided. ( Contact Head of IT for system operational guidance)

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1. The Branch Manager should place his signature in the **1st. Cash Withdrawal** from an Account that has been classified as a dormant account, under the seal “Pay Cash “ placed on the withdrawal forma, irrespective of the amount, and authorize payment of cash, **having established the Identity of the Depositor.**
2. Teller should pay cash only after the Branch Manager place his signature and authorize payment as stated above. (**Payment of cash pending authorization of the Branch Manager is prohibited)**
3. **LEVYING OF COMMISSION ON DORMANT ACCOUNTS**
4. In order to reduce the cost of maintaining un-economical accounts, a quarterly service charge of Rs. 100/-- should be recovered from all Dormant Accounts reflecting a balance of less the Rs. 500/-.
5. This commission should be recovered through the System & credited to the Income account of the respective Branches. (Contact Finance Department for guidance).

4. **DEATH OF SAVINGS ACCOUNT HOLDER**

1. On receipt of notice of death of a customer having verified such notification the balance in the account should be blocked as in the case of a dormant account **preventing withdrawals.**
2. Thereafter follow the Section “Accounts of Deceased Depositors – Savings / Fixed Deposits” (page 35 onwards ) in the “Savings & Tern Deposits Policy and Procedures Manual” Version II which has been approved by the Board of Directors on 26th September 2022.
3. **Lending against balances in either savings or term deposit accounts of deceased persons is prohibited.**
4. **General Conditions**
5. Head of IT should ensure that the system is available to comply with the requirements in this circular and notify the staff the applicable operational procedures as appropriate.
6. Subject to 4 (a) above please ensure compliances with the requirements of this circular having brought its contents to the notice of your staff members.
7. Please place a copy of this circular in “Savings & Tern Deposits Policy and Procedures Manual” Version II for easy reference. (Manual Updated after this Cirecular)

Signed

**CEO / Executive Director**