

**OPERATIONAL MANUAL
FOR
COOPERATIVE BANKS
(REVISED - 2013)**

**VOLUME-I
BRANCHES AND BANKING OPERATIONS**



National Federation of State Cooperative Banks Ltd.

J. K. Chambers, 5th Floor, Plot No. 76

Sector - 17, Vashi, Navi Mumbai - 400 703

Phone: 022 - 2789 2741, 2789 2697, 2789 2738 FAX: 022 - 2789 2604

E-mail: nafscob@nafscob.org / nafscob@gmail.com

Website: <http://www.nafscob.org>

**OPERATIONAL MANUAL
FOR
COOPERATIVE BANKS
(REVISED - 2013)**

**VOLUME-I
BRANCHES AND
BANKING OPERATIONS**



National Federation of State Cooperative Banks Ltd.

J. K. Chambers, 5th Floor, Plot No. 76

Sector - 17, Vashi, Navi Mumbai - 400 703

Phone: 022 - 2789 2741, 2789 2697, 2789 2738 FAX: 022 - 2789 2604

E-mail: nafscob@nafscob.org / nafscob@gmail.com

Website: <http://www.nafscob.org>

FOREWORD

The 'Operational Manual for Cooperative Banks' brought out by National Federation of State Cooperative Banks Ltd. (NAFSCOB) in four volumes in 2004 was extensively used and appreciated by the member State Cooperative Banks, District Central Cooperative Banks and their affiliates, cooperative training establishments, research scholars, freelancers etc. The manual had facilitated adaption of standardised procedures and practices in the member banks and their affiliates helping them in providing professional customer services. The said manual also had facilitated number of member banks to bring out their own in house manuals/handbooks on various operational issues for efficient functioning, resulting in professional approach to cooperative banking and improved regulatory compliances.

With the increasing demand for higher quality of services, ever increasing competition in the banking sector, innovations in the banking sector, policy guidelines, directives from the policy makers as well as higher financing agencies, regulatory compliance requirements etc. an urgent need for revision/upgradation of the manuals brought out in 2004 was felt. The member banks urged NAFSCOB to take necessary initiatives in this direction. Accordingly the Executive Committee/Board of Directors of NAFSCOB constituted a 'Working Group' and 'Sub Groups' to examine and suggest necessary revision. The Working Group/Sub Groups, after extensive deliberations, suggested various alterations/incorporations to the existing volumes of the manual. The expert intervention of Tamil Nadu State Apex Cooperative Bank in this regard is highly appreciated. NAFSCOB also requested NABARD headquarters to re-examine the revised volumes of the manual and suggest improvements. NABARD suggested number of improvements which have been incorporated in the revised manual to make it more up-to-date. With the ever changing and improving operations in the financial sector, the user of this manual need to constantly cross refer the latest guidelines/directives on many of the issues for clarity as well as updated direction.

The revised and updated 'Operational Manual for Cooperative Banks' is now ready for publication and distribution among all the stakeholders. It is a matter of pride for NAFSCOB that we could undertake such a mammoth task and accomplish the same. This would not have been possible without the collective and concerted efforts of so many experts, expert agencies and the member banks.

I would like to place on record my personal appreciation to Shri B Subrahmanyam, Managing Director, NAFSCOB for his relentless endeavour to bring out the Operational Manual. Further, I am pleased to acknowledge the efforts made by each one of the members of the Working Group/Sub-Groups constituted by NAFSCOB for re-examining the existing 'Operational Manual for Cooperative Banks'. I am especially thankful to Chairman, NABARD for ensuring valuable inputs and contributions from NABARD in finalising the Operational Manual.

MUMBAI
01-03-2013


(DR. BIJENDER SINGH)
CHAIRMAN

PREFACE

The National Federation of State Cooperative Banks Ltd. (NAFSCOB) for the first time published an 'Accounting Manual' in 1979 to facilitate the member State Cooperative Banks (SCBs) and their affiliates to adopt standardised procedures and practices in their banking and other operations. Subsequently, many of the SCBs also brought out operation specific manuals/handbooks such as 'Loan Manual', 'Inspection Manual', 'HRD Manual', etc. for strengthening their in-house operations. After more than two decades, it was in the year 2000, NAFSCOB initiated steps to review the 'Accounting Manual'. As a result of extensive review, research, deep insight and laborious effort, an extensive and elaborate set of operational guidelines was finally brought in the form of 'Operational Manual for Cooperative Banks' in the year 2004.

The 'Operational Manual for Cooperative Banks' in four volumes was made available to all SCBs and their branches, District Central Cooperative Banks (DCCBs) and their branches, as well as few Urban Cooperative Banks, cooperative training institutes, research scholars, academicians, higher financing organisations, regulators, etc. The feedback received with regard to the contents and usefulness of the said manual from various stake holders and others has been very encouraging.

Over a period of time with innovations and improvements in the finance and banking sector, new policy guidelines, operational directives, regulatory compliance requirements etc., there has been an increased demand for revision/upgradation of the said 'Operational Manual for Cooperative Banks'. As a result, in 2009, the Executive Committee/Board of Directors of NAFSCOB decided to constitute a high-level 'Working Group' and four 'Sub Groups' consisting of Chief and Senior Executives of member SCBs with adequate representation from key departments such as IDD, PCD, DOS, HRDD and DCRR from NABARD to review and revise the Operational Manual for Cooperative Banks. The Working Group and the Sub-Groups had extensive consultations and deliberations on various segments of the 'Operational Manual for Cooperative Banks'. With the inputs provided by various stakeholders and the number of experts, the said Four Volumes of the 'Operational Manual for Cooperative Banks' were suitably modified and upgraded. The modified volumes were reassigned to Tamil Nadu SCB for final fine-tuning and finalisation. These four volumes were then forwarded to NABARD for their suggestions, comments and views. The feedback received from NABARD were duly incorporated and the '**Operational Manual for Cooperative Banks' (Revised)** in following four volumes has been finalised.

- Volume – I : Manual on Branches and Banking Operations
- Volume – II : Manual on Functions of Head Office
- Volume – III : Manual on Loans and Advances (Part – I & Part – II)
- Volume – IV : Manual on Inspection and Internal Audit

It is hoped that the revised 'Operational Manual for Cooperative Banks' will further enhance the operational efficiency of the short-term cooperative credit structure, in general and the cooperative credit & banking sector, in particular. Further, it is also hoped that the said revised manual will serve as an effective and broad-based set of operational guidelines for cooperative practitioners as well as preachers. It has to be

borne in mind that the said manual per se is not an end by itself but a means for higher quality of performance, efficiency, better housekeeping, improved customer services and viable operations. It is necessary to refer to the latest policy directives, operational guidelines, regulatory requirements on each of the issues dealt in the manual as there is constant innovation and changes in these aspects.

We would like to place on record our heartfelt gratitude to all members of the 'Working Group' as well as the members of 'Sub-Groups' for their relentless efforts, keen interest and valuable contributions in developing a broad framework for finalisation of the revised 'Operational Manual for Cooperative Banks'. We would also like to place on record the keen interest, positive interventions and valuable contributions of NABARD, particularly IDD, PCD, DOS, HRDD and DCRR etc.

We would like to place on record our deep appreciations and gratitude to Thiru M.P. Sivan Arul, Administrator, The Tamil Nadu State Cooperative Apex Bank; Thiru K.M. Thamizharasan, the then Special Officer of The Tamil Nadu State Cooperative Apex Bank; Thiru R. Elango, General Manager, The Pondicherry State Cooperative Bank; Thiru K. Manohar, Deputy General Manager, The Tamil Nadu State Cooperative Apex Bank, K. Sudhakar, the then Director, NAFSCOB and presently our Consultant, for shouldering the responsibility of editing, correcting and fine tuning the revised Operational Manual.

We are sure that the revised 'Operational Manual for Cooperative Banks' will meet the requirements, expectations and aspirations of the cooperative credit and banking sector and will serve as an effective operational and management tool in further enhancing the quality and quantity of various services of the sector.

MUMBAI
01-03-2013



(B.SUBRAHMANYAM)
MANAGING DIRECTOR

**OPERATIONAL MANUAL
FOR
COOPERATIVE BANKS**

VOLUME – I (REVISED)

BRANCHES AND BANKING OPERATIONS

CONTENTS

CHAPTERS	TITLE	PAGE NOS.
	FOREWORD	i
	PREFACE	ii-iii
	CONTENTS	iv-xii
CHAPTER-1	INTRODUCTION	1-3
	1. General.	
	2. Volume – I : Manual on Branches and Banking Operations.	
CHAPTER-2	OPENING OF ACCOUNTS	4-41
	1. General.	
	2. Opening and operating of accounts under different categories.	
	3. Annexure/s.	
CHAPTER-3	INTRODUCTION TO OPENING OF ACCOUNTS	42-43
	1. General.	
	2. Who can introduce a customer.	
	3. Who cannot introduce a customer.	
	4. Method of obtaining introduction.	
	5. Verification of introduction.	
CHAPTER-4	NOMINATION	44-55
	1. General.	
	2. Nomination for Deposit Accounts.	
	3. Nomination for Pension Accounts.	
	4. Who can Nominate.	
	5. Who can be Nominated.	
	6. Procedures for Nomination.	
	7. Cancellation or Variation of Nomination.	
	8. Nomination for Safe Deposit Lockers.	
	9. Nomination for Articles held in Safe Custody.	
	10. Nomination Register.	
	11. Death of a Customer.	
	12. Annexure/s	

CHAPTER-5	MAINTENANCE OF ACCOUNTS & OPERATIONAL PROCEDURES	56-64
	<ol style="list-style-type: none"> 1. General. 2. Return of Cheques. 3. Cash Payment of Cheques. 4. Passing of Cheques. 5. Payment of Cash. 6. Security Measures. 7. Transfer of Accounts. 8. Stocks of Cheque Books / DD Books / Pay Orders and Stationery Items. 9. Inoperative Accounts. 10. Weeding out Un-remunerative / Un-desirable Accounts. 11. Procedures for submission of records to Statutory Authority. 12. Attachment Orders. 13. Other Attachment Orders. 	
CHAPTER-6	CURRENT ACCOUNT	65-80
	<ol style="list-style-type: none"> 1. Who can open. 2. Who cannot open. 3. Procedure for Opening Accounts. 4. Opening the Account in the Ledger and other Operational Procedures. 5. Posting in the Ledger. 6. Posting of Cheques in the Ledger. 7. Issue of Cheque Book. 8. Cheque Returned Book. 9. Cheque Returned Outward Register. 10. Stop Payment Register. 11. Pass Books / Statement of Accounts. 12. Withdrawals / Payments / Remittances. 13. Precautions to be taken while opening Current A/c. 	
CHAPTER-7	SAVINGS BANK (S.B.) ACCOUNTS.	81-89
	<ol style="list-style-type: none"> 1. Who can open Savings Bank Accounts. 2. Procedures. 3. Other Documents Required. 4. Minimum Balance. 5. Method of Opening S. B. A/c & Maintenance of Books. 6. Withdrawals. 7. Posting in the Ledger. 8. Pass Books. 9. Interest on S.B. Account. 10. Non-eligibility for Interest. 11. Preferential Rate of Interest. 12. Transfer of Accounts. 13. Inoperative Accounts. 14. Conversion of Accounts. 15. Staff Accounts. 16. Balancing of Ledgers. 	

17. Monthly Interest Provision.
18. Application of Interest.
19. Interest on Inoperative Accounts.
20. Closing of Account.

CHAPTER-8	INOPERATIVE ACCOUNTS	90-91
	<ol style="list-style-type: none"> 1. Normal Inoperative Accounts. 2. Exceptional Cases. 3. Annual Returns. 	
CHAPTER-9	UNREMUNERATIVE & UNDESIRABLE ACCOUNTS	92
	<ol style="list-style-type: none"> 1. Unremunerative Accounts. 2. Undesirable Accounts. 	
CHAPTER-10	TERM DEPOSITS-GENERAL	93-100
	<ol style="list-style-type: none"> 1. Introduction. 2. What is Term Deposit. 3. Types of Term Deposits. 4. Period of Deposits. 5. Rate of Interest. 6. Interest Payments. 7. Who can invest in Term Deposits? 8. Procedure for Investment / Opening the Account. 9. Investment by Cheque. 10. Maturity Notice. 11. Repayment of Term Deposit. 12. Renewal of Term Deposits. 13. Additional / Alteration / Substitution of Name/s. 14. Differential Rate of Interest. 15. Preferential Rate of Interest. 16. Issue of Duplicate Receipt. 17. Procedure. 18. Term Deposit Receipts: Non-Negotiable. 19. Nomination. 20. Annexure/s. 	
CHAPTER-11	FIXED DEPOSITS	101-109
	<ol style="list-style-type: none"> 1. What is Fixed Deposit. 2. Opening. 3. Issue of Deposit Receipts. 4. Due Date Calculation. 5. Ledger Posting. 6. Subsidiary Books. 7. Interest Payment. 8. Interest Calculations (Manual). 9. Calculating Interest Provisions. 10. Renewal of Fixed Deposits. 	

11. Foreclosure.
12. Penal Interest for Foreclosure.
13. Loan against FD.
14. Foreclosure of FD under loan cover.
15. Closure on loan a/c on due date.
16. Annexure/s.

CHAPTER-12 CASH CERTIFICATES (REINVESTMENT) 110-112

1. What is Cash Certificate.
2. Procedure for investment in Cash Certificate.
3. Types of Accounts.
4. Period of Deposit.
5. Nomination.
6. CC is non - negotiable.
7. Foreclosure.
8. Loan.
9. Interest on Loan.
10. Special Deposits.

CHAPTER-13 RECURRING DEPOSITS 113-118

1. What is Recurring Deposit.
2. Who can open Recurring Deposit Accounts.
3. Other points.
4. Remittance of monthly instalments.
5. Penalty for delayed remittance.
6. Opening of Recurring Deposit Accounts.
7. Pass Book.
8. Interest Provision.
9. Foreclosure of Recurring Deposit Accounts.
10. Discontinued Accounts.
11. Loans against Recurring Deposit.
12. Nomination.
13. Balancing of Books.
14. Penal Interest calculation on Recurring Deposit Account.

CHAPTER-14 NON-RESIDENT INDIAN ACCOUNT 119-132

1. General.
2. Procedure.
3. Non-Resident Ordinary (NRO) Rupee Account.
4. Opening of Account.
5. Nature of Accounts.
6. Type of Accounts.
7. Nominations.
8. Mode of Opening the Account.
9. Operation on the Account.
10. Debit Transactions.
11. Conduct of Accounts.

12. Tax on income on Deposits.
13. Sanction of Loans & Overdrafts.
14. Continuance of Loans to Residents who become Non-Residents.
15. Maintenance of Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR).
16. Non-Resident (External) Rupee Account.
17. Who can open.
18. Credits.
19. Nature of Accounts.
20. Joint Accounts.
21. Rate of Interest.
22. Nomination.
23. Premature Closure.
24. Transactions in the NRE Account.
25. Operations.
26. Loans & Over Drafts to NRE Account Holder in India.
27. Renewal of Overdue Term Deposit.
28. SLR / CRR requirements.
29. Tax Liability.
30. Statements & Returns.
31. Annexure/s

CHAPTER-15 BILLS FOR COLLECTION

133-145

1. General.
2. A. Documentary Bills
B. Demand & Usance Bills.
3. Procedure for Collection.
4. Sending of Cheques / Bills for Collection.
5. Scrutiny of Bills.
6. Bills for Collection Register / Outward Bills Register.
7. Sending the Bills for Collection.
8. Despatch of Bills.
9. Delay in Realisation and Non- Payment Advice.
10. Realisation of Bills.
11. AIMAS- Collecting Bank / Branch.
12. Advice of Payment by Telegram / Telex.
13. Rebate on Bills.
14. Return of Unpaid Bills.
15. Review of Pending Bills and Balancing of Outward Bills for Collection (OBC).
16. Inward Bills for Collection (IBC).
17. Entries in Inward IBC Register.
18. Presentation for Payment.
19. Payment of Bills.
20. Inward Bills Realisation Book.
21. Remittance of Proceeds.
22. Safe Custody of Bills.
23. Books / Registers.

24. Balancing of Books.
25. Non-Payment of a Bill.
26. Post Parcels.
27. Usance Bills.
28. Period of Usance.
29. Scrutiny.
30. Acceptance.
31. Delivery of Documents.
32. Procedures.
33. Annexure/s

CHAPTER-16 PURCHASE AND DISCOUNTING OF BILLS 146-151

1. General.
2. Precautions to be taken for Purchase of Bills.
3. Scrutiny of Bills.
4. Procedure for Purchase/Discounting of Bills.
5. Purchase of Cheques.
6. Bills Purchased Returned Unpaid.
7. Liability Register.
8. Book Entries.
9. Annexure/s.

CHAPTER-17 LOCAL CHEQUES, DEMAND DRAFTS AND OUTSTATION CHEQUES-PURCHASE/INSTANT CREDIT 152-154

1. General.
2. Monetary Ceiling.
3. Safe Guards to be observed.
4. Books.
5. Procedure.
6. Vouchers/Entries.

CHAPTER-18 DEMAND DRAFTS AND PAY ORDERS 155-156

1. General.
2. Custody.
3. All India Mutual Arrangement Scheme (AIMAS) and State Drafts Scheme (SDS).
4. Procedure for issue of DDs & POs.
5. Unclaimed DDs.

CHAPTER-19 PAYMENT SYSTEMS -CLEARING OPERATIONS & E-PAYMENT OPERATIONS 157-197

A. Clearing Operations :

1. General.
2. Clearing House.
3. Operations in the Non- MICR Clearing Centre.
4. Operations in the MICR Clearing Centre.

B. E-Payment Operations:

1. Introduction.
2. Electronic Clearing Service (ECS).

3. National Electronic Funds Transfer (NEFT).
4. Real Time Gross Settlement (RTGS).
5. Check Truncation System (CTS).
6. Automated Teller Machine (ATM).
7. Annexure/s.

CHAPTER-20 CASH MANAGEMENT.

198-214

1. General.
2. Strong Room / Safe.
3. Functional duties and responsibilities of Personnel in Cash Department.
4. Cash Balance of the Bank.
5. Shortage or Excess in Cash.
6. Remittance of Cash.
7. Insurance.
8. Object and Advantages of maintaining the Currency Chest.
9. Operation of Currency Chest.
10. Remittances of Treasury on RBI Account.
11. Cash Verification Certificate.
12. Custody of Keys.
13. Duplicate Keys
14. Bank Guards.
15. Annexure/s.

CHAPTER-21 SAFE DEPOSIT LOCKERS

215-231

1. General.
2. Renting the Lockers.
3. Illiterates & Lockers.
4. Staff Members & Lockers.
5. Terms for Hiring Lockers.
6. Addition & Deletion of Names.
7. Locker Rent.
8. Operation of Lockers.
9. Locker left open by Hirer.
10. Valuables/Articles found in Locker Room.
11. Shifting of Locker Units.
12. Surrendering of Locker.
13. Death of a Locker Hirer.
14. Nomination.
15. Prohibitory Orders.
16. Breaking open of Locker.
17. Report of Locker Broken Open.
18. Care of locker Keys.
19. Master Key.
20. Books to be maintained.
21. Annexure/s.

CHAPTER-22	SAFE CUSTODY AND SAFE DEPOSIT	232-242
	<ol style="list-style-type: none"> 1. General. 2. Safe Custody Ledger. 3. Custody Scrip. 4. Delivery of Securities & Shares. 5. Safe Custody Receipts. 6. Safe Custody Fees. 7. Safe Deposit of Articles. 8. Safe Custody of Wills. 9. Verification of Articles in Safe Custody. 10. Delivery of Articles in Safe Custody. 11. Nomination. 12. Deceased Customer. 13. Service Charge/Commission. 14. Documents and Keys of the Bank 15. Annexure/s. 	
CHAPTER-23	SETTLEMENT OF CLAIMS.	243-267
	<p>(In case of Death / Insanity / Insolvency of a customer)</p> <ol style="list-style-type: none"> 1. General. 2. Joint Accounts. 3. Either or Survivor Accounts. 4. Anyone or Survivor Accounts. 5. Partnership Concern. 6. Other Accounts. 7. Insanity of an Account Holder. 8. Insolvency of an Account Holder. 9. Settlement of Claims under Nomination. 10. Settlement of Claims under Nomination – Locker Facility. 11. Settlement of Claims under Nomination – Deposit A/c 12. Settlement of Claims where Nomination has not been received. 13. Check List for verifying Claim Papers. 14. Annexure/s. 	
CHAPTER-24	BANK'S ACCOUNTING PROCEDURE	268-277
	<ol style="list-style-type: none"> 1. General. 2. Branch Cash Scroll. 3. Tokens. 4. Transfer Scroll. 5. Subsidiary Day Book. 6. Cash Book (Day Book). 7. General Ledger. 8. Sundry Debtors & Sundry Creditors Account. 9. Stamp Account. 10. Periodical Balancing of Accounts. 11. Other Items of work. 12. Petty Cash 13. Monthly Interest Provisions. 14. Annexure/s. 	

CHAPTER-25	BOOK ENTRIES	278-282
	<ol style="list-style-type: none"> 1. General. 2. Current Accounts & Savings Bank Accounts. 3. Clearing 4. Bills. 5. Demand Drafts & Pay Orders. 6. Cancellation of Demand Drafts. 7. Cancellation of Pay Orders. 8. Interest on Fixed Deposits. 9. Standing Instructions. 	
CHAPTER-26	MANAGEMENT INFORMATION SYSTEM	283-285
	<ol style="list-style-type: none"> 1. General 2. Need for Building MIS. 3. TPS & MIS. 4. A Model for Problem Solving. 5. Decision Making. 6. Goals of MIS. 7. Typical Inputs and Outputs. 8. Functional Perspectives of MIS. 	
CHAPTER-27	TAPALS (MAIL) – INWARD & OUTWARD	286-288
	<ol style="list-style-type: none"> 1. Inward Tapals. 2. Despatch. 3. Annexure/s. 	
CHAPTER -28	COMPUTERISATION OF BANKS/BRANCHES (Approach of Tamil Nadu SCB)	289-315
	<ol style="list-style-type: none"> 1. General. 2. Environmental Set up. 3. Physical Security. 4. Logical Security. 5. System Administration. 6. Usage of Software. 7. Procedure for PBA Operations. 8. Procedure for TBA Operations 9. Any Branch Banking (ABB)/Any Where Banking (AWB). 10. Automated Teller Machine (ATM). 	
CHAPTER -29	BANKING OPERATIONS : DOS AND DON'TS	316-335
	<ol style="list-style-type: none"> 1. General. 2. Dos and Don'ts. 	
CHAPTER –30	GENERAL ANNEXURE/S	336-364

CHAPTER – 1

INTRODUCTION

1. General:

- a. The Short Term Cooperative Credit Structure (ST CCS) comprising of State Cooperative Banks (SCBs) at the apex level, District Central Cooperative Banks (DCCBs) at the intermediary level in the districts, and Primary Agricultural Credit Societies (PACS) at the grass root level in the villages play an important role in deployment of credit to agriculture and allied activities. The ST CCS also provides efficient banking and other ancillary services to contribute effectively to the overall socio-economic development of the country. As at the end of March 2012, the STCCS consisted of 31 SCBs with a branch network of 1047 branches, 371 DCCBs with 13495 branches and 92432 PACS.
- b. The SCBs and DCCBs perform the role of both credit purveyors and banking organisations. They are covered under the provisions of Reserve Bank of India Act, 1934, the Banking Regulation Act, 1949 (AACS), respective State Cooperative Societies Act and Rules etc. Presently, the ST CCS has a market share of more than 22% of agriculture credit and has collectively issued more than 70% of the Kisan Credit Cards issued in the country. The policies of Reserve Bank of India with regard to banking operations and practices as well as other statutory regulations and requirements such as maintenance of CRR and SLR etc. including investment of funds as per the prescribed norms are also applicable to the SCBs and the DCCBs. The Prudential Norms such as Provisioning, Income Recognition, Assets Classification and Capital Adequacy have been made applicable to SCBs and DCCBs. However, Basel Norms are yet to be introduced to the SCBs and DCCBs.
- c. The cooperative credit and banking institutions are expected to be democratic in their functioning and member driven in their character. Notwithstanding number of constraints in maintaining these important features on a continuous basis, the cooperative credit and banking institutions have been functioning as an important channel for deployment of rural credit and other services, particularly in the rural areas where the commercial banks are yet to make a significant presence.
- d. The National Cooperative Policy formulated by the Ministry of Agriculture, Government of India provides necessary framework, encouragement, support and assistance to ensure cooperative organisations function as autonomous, self-reliant, accountable people's institutions and ensure significant contributions to the mainstream economy. Further, the policy also impresses on the need for innovations in the Cooperative Societies Act with regard to banking as well as cooperatives in other sectors. The successive National Policy on Cooperatives identified number of constraints related to legislative and policy matters, availability of resources, infrastructural deficiencies, institutional inadequacies, insufficient awareness among members, lack of member participation, erosion of democratic character and management constraints, avoidable bureaucratic & political interference etc. in their operations. In spite of the visible

quantitative as well as qualitative improvement in the functioning, STCCS is faced with number of policy as well as operational hurdles which do not facilitate the growth of a robust cooperative credit delivery system in the country.

- e. Banking being the most delicate and important operation, depends on public trust and active participation. The banks in addition to offering prompt and satisfactory customer services also have additional responsibility of ensuring safety of funds of the investing public. SCBs and DCCBs keeping in line with the banking norms and procedures of the country are expected to develop suitable and appropriate systems and procedures to streamline their operations including banking operations both at Head Office and the Branches and are required to constantly upgrade the same to comply the regulatory and supervisory requirements. Realising the need for such appropriate systems and procedures, some of the banks have already prepared their own Book of Instructions or Manuals to serve as guidelines to their employees with a view to put in place a robust and prudent banking practices and provide value added services.
- f. National Federation of State Cooperative Banks (NAFSCOB) for the first time prepared a set of operational guidelines entitled ‘Accounting Manual’ in 1979 in three volumes, covering various procedural and practical aspects of banking. Further, in the light of changed banking requirements and to keep pace with the financial sector reforms, NAFSCOB initiated steps to upgrade as well as revise the said ‘Accounting Manual’. After an elaborate exercise, NAFSCOB brought out the ‘Accounting Manual’ in the form ‘Operational Manual for Cooperative Banks’ in 2004, in four volumes, i.e. Volume – I : Manual on Branches and Banking Operations, Volume–II : Manual on Functions of Head Office, Volume–III : Manual on Loans and Advances, Volume – IV : Manual on Inspection and Internal Audit.
- g. Since the last revision of the ‘Operational Manual for Cooperative Banks’ in 2004, there have been number of innovations and improvements in the finance and banking sector, new policy guidelines, operational directives, regulatory compliance requirements etc. for the banking institutions and there has been increased demand for revision/modification of the ‘Operational Manual for Cooperative Banks’. As a result, in 2009, the Executive Committee/Board of Directors of NAFSCOB decided to constitute a high-level ‘Working Group’ and four ‘Sub Groups’ consisting of Chief and Senior Executives of member SCBs and NABARD to review and revise the said Operational Manual. After extensive consultations and deliberations on various segments of the ‘Operational Manual for Cooperative Banks’ and with the inputs provided by various stake holders and number of experts, the said manual has been suitably modified, updated and finalised as:

Volume – I	:	Manual on Branches and Banking Operations
Volume – II	:	Manual on Functions of Head Office
Volume – III	:	Manual on Loans and Advances (Part – I & Part – II)
Volume – IV	:	Manual on Inspection and Internal Audit

2. Volume – I : Manual on Branches and Banking Operations

- a. Volume-I of the ‘Operational Manual for Cooperative Banks’ covers various aspects and mechanisms of retail banking. The Volume is divided into 30 Chapters covering procedures and aspects of branch banking and functioning of branches etc. This segment of the ‘Operational Manual’ details the prospects and procedures of opening of different kind of accounts, prerequisites for the same, obligations of the bank as well as the customers in maintaining and operating such accounts, utilising banking instruments, banking services etc. The Manual enumerates the requirements under each of the operations, maintenance of books, role and responsibilities of banking personnel, etc. The revised manual also includes a chapter on computerisation. Further, suggested formats for opening and operating different type of accounts, operational guidelines etc. are appended to respective chapters to provide in-depth information as well as broad guidelines for the banks to formulate suitable systems and procedures in line with the local requirements. The formats/guidelines used in the current volume have been drawn from the best practices adopted in few of the selected SCBs. Some of the guidelines/instructions/formats which have references in more than one chapter have been grouped under the Chapter ‘General Annexures’ i.e. Chapter - 30.
- b. The practitioners, researchers as well as the casual users etc. are advised to keep in mind that there is constant revision/modification/amendment in the policy directives/guidelines on various operational aspects. While referring/using the revised operational manual it is important to refer to the latest circulars/directives/operational instructions etc. issued by RBI, NABARD and various other regulatory authorities for up-to-date guidance, clarity and professional operations.

★ ★ ★

CHAPTER – 2

OPENING OF ACCOUNTS

1. General:

a. Preliminaries:

- i. All new Savings Bank Account (S.B.), Current Account (C.A.), and Recurring Deposit Account (R.D.) Term Deposit Account/Cash Certificate (FD/CC) shall be opened only with the authorisation of authorised officers in the branch, by strictly adhering to KYC norms.
- ii. All applications for opening Current Account, Savings Bank Account and R.D. Account, Term Deposit Account etc. must be made in writing in the Bank's printed application forms only. The banks may devise common account opening form to avoid duplicity and multiplicity of forms. A specimen of the common KYC compliant account opening form adopted by The Tamil Nadu state Apex Cooperative Bank is given in the **Annexure-1** to this Chapter.
- iii. It is desirable that the prospective customer signs the Account Opening Form and the "Specimen Signature Card" in the presence of the officer of the branch.
- iv. In the Account Opening Form both the residential address as well as office address (if the customer is employed/ businessman) with phone numbers, Mobile Number, e-mail Address etc. of the customer must be furnished.
- v. In case the customer desires to have nomination facility, the same should be recorded in the account opening application form itself.
- vi. All the Current Accounts, S. B. Accounts and R. D. Accounts and Term Deposit Accounts must be given distinct numbers which must be in serial order. This account number must be recorded in the system Ledger Account, Passbook, Specimen Signature Card, Account Opening Form.
- vii. Whenever Cheque Books are issued, the account number of the customer must be written/ stamped on each cheque leaf.
- viii. The bank has to obtain Income Tax Permanent Account Number (PAN) and /or Aadhaar Card/letter (Issued by the UIDAI) of the customer while opening any type of accounts. In case, the PAN is not available, a declaration in Form 60 to that effect has to be obtained from the customer.
- ix. Requisite number of copies of relevant photographs have to be obtained while opening of accounts and affixed on appropriate forms after due authentication by the authorised officer as indicated under each type of accounts.

b. Photographs:

- i. Branches should obtain recent passport size photographs of the customers for opening Current, Savings as well as Term Deposit Accounts. Two copies of photographs have to be obtained in each case of Current and Savings Bank Accounts and one photo for Term Deposit Accounts.
- ii. In respect of Current and Savings Bank Accounts, one copy of the photograph as to be affixed to the application form and the other to the Passbook/Specimen Signature Card as may be applicable.
- iii. In respect of Term Deposits, the photograph of the customer has to be attached to the application form.
- iv. In the case of joint accounts, i.e., account being opened in the names of more than one person/partnership accounts, separate set of photographs of all joint depositors/partners have to be obtained.
- v. In the case of institutional customers, a set of photographs of all the officials authorised to operate the account must be obtained.
- vi. Name of the account holder and the account number have to be written on the back of the photographs and the officer authorising the opening of the account has to affix his signature on the reverse of the photographs with date before affixing the same to the application form.
- vii. The officer authorising the opening of Current and Savings Bank Accounts has to authenticate the same by affixing the round stamp of the branch and his signature with date at the bottom corner on the face of the second copy of photograph while affixing the same in the Pass Book.
- viii. In the case of minor's account, operated by the guardian, photograph of the Guardian has to be obtained.
- ix. In the case of Minor operated Savings Bank accounts opened by minors of age 12 years and above, photographs of the Minor (Account Holder) has to be obtained.
- x. In the case of Hindu Undivided Family (HUF) accounts, photographs of the "Karta" (eldest Male member of HUF) have to be obtained.
- xi. In the case of Non-Resident Depositor, photographs of the depositor/account holder has to be obtained.
- xii. In respect of accounts opened by illiterate persons and blind persons three copies of recent passport size photographs have to be obtained. One copy is to be attached to the application form, the second copy to the Pass Book and the third copy to the ledger account.

- xiii. In respect of accounts opened prior to 01.04.1994 photographs need not be obtained. However, in all such accounts in which names have been either added or deleted after 1.4.1994, photographs of all the Account Holders have to be obtained. In order to scan the photograph of the customers in the computer system to facilitate payment of cheques under 'Anywhere Branch Banking' etc., the Bank has to obtain photographs at the time of computerization of the branch transactions.
- xiv. In the case where the same customer has more than one type of account, separate photograph for each category of account need not be insisted. A reference of the other Account in which photograph is available has to be recorded in the ledger/system.

c. Eligibility to open accounts:

The following persons / institutions are eligible to open accounts with the Bank:

- i. Individuals in single name,
- ii. Two or more persons in joint names in any of the following forms:
 - Either or Survivor (E or S)
 - Jointly / Jointly or Survivors (J or S)
 - Anyone or Survivor / Survivors (A or S)
- iii. In the names of Companies, Associations, Partnership firms, Clubs, Religious & Charitable Institutions, Educational Institutions, Social Organisations.
- iv. Minor literates including student of age 12 years and above can open Savings Bank account and operate the same by himself/herself.
- v. Bank should not open more than one Savings Bank account for the same person in his individual name.
- vi. At the time of opening joint accounts (in the name of more than one person) instructions regarding operations and survivorship should be obtained from all the account holders and properly recorded in ledgers duly authenticated by an officer.

d. Operational Instructions:

Operational instructions in the joint accounts have to be carefully followed. They may be:

- i. Joint Account without survivorship clause: This account is to be operated jointly by all the account holders. In the event of death of one of the account holders, operations in this account should be stopped and the balance in this account is payable to the survivors and the legal heirs of the deceased Customer.

- ii. Joint or Survivor with Survivorship: This account is to be operated jointly by all the account holders. In the event of death of one of the account holders, the survivor/s can be allowed to continue to operate the account or the balance in the account can be paid to survivor/s.
- iii. Either or Survivor: This account is opened in the names of two persons and this account can be operated by either of them. In the event of the death of one them, the survivor can be allowed to operate this account or the balance in the account can be paid to the survivor.
- iv. Anyone or Survivor: This account is opened by more than two persons and can be operated by any one of them. In the event of death of one of them, a fresh mandate has to be obtained from all the survivors, if the account is to be operated as E or S or otherwise. On the death of all except one of the account holders the balance in the account is payable to the lone survivor.
- v. Any variation in the instructions given by the joint account holders at the time of opening the account can be made only if it is authorised by all the account holders jointly.
- vi. Original authority relating to the operations of joint accounts as well as the survivorship clause may be later on revoked by anyone of the joint account holder. Due diligence has to be adopted by banks for allowing further operation in the account.

e. Conversion of Accounts – Single into Joint or Joint into Single:

- i. To convert an existing single account into a joint or E or S account, a letter from the existing account holder attesting the specimen signature of the new person(s) along with their photographs has to be obtained and attached to the Account Opening Form. Specimen signatures of existing as well as the newly added person(s) have to be obtained in a fresh specimen signature card and maintained in the specimen signature card rack or in the specimen signatures loose leaf binder. All the changes have to be properly recorded in the ledger accounts duly authenticated by an authorised officer and /or in electronic form.
- ii. In case the customer having a joint account with the Bank intends to convert the same into a single account, it is desirable to close such account by getting necessary instructions from the existing account holders and then open a new account in the name of the person in whose name the account is to be maintained.

2. Opening and operating of Accounts under different categories:

a. Minor:

- i. According to 'Indian Majority Act', a Minor is one who has not completed 18 years of age.

- ii. Any contract with a Minor is not a valid one. Hence no overdraft should be allowed to a minor. No collection of Cheques should be allowed in such Accounts.
- iii. An account may be opened in the name of a minor by the guardian and operated by the guardian. Proof of date of birth of the minor from appropriate authorities has to be obtained at the time of opening the account and should be retained in the records of the bank.
- iv. The guardian must not be allowed to operate the minor’s account once the minor attains majority status or in the event of the death of the minor. In the event of death of the minor, the guardian has to close the account.
- v. In the Account Opening Form as well as specimen signature card, the guardian must sign in representative capacity.
For example, guardian should sign as
“For and on behalf of minor”.
- vi. If specific request is made to the Bank, a Savings Bank account can be opened in the name of a minor with mother as guardian.
- vii. Savings Bank account can be opened and operated by a minor student who is above the age of 12 years.
- viii. No cheque book is to be issued in Minor operated Savings Bank accounts .
- ix. Accounts in the name of minor to be operated by the natural guardian or by the guardian or by the guardians appointed by the court or to be operated by the minor himself, must be opened in the ledger as detailed below:

Ram (Minor)		Ram (Minor)		Ram (Minor)
by father and	(or)	by guardian	(or)	by himself
natural guardian		appointed by		
Shri. Krishna		the Court		
		Shri. Krishna		
- x. Date of Birth of the minor must be noted in the ledger and authenticated by an authorised officer of the bank. On the date of minor attaining majority, the bank has to issue a notice in the prescribed format with regard to the eligibility of the minor to operate the account personally. A specimen of the relevant format is given in the **Annexure - 2** to this Chapter.
- xi. On the date of minor attaining majority, fresh Account Opening Form duly signed by the account holder in the status of a major with his/her fresh set of specimen signatures duly counter signed by the guardian should be obtained and retained in Bank records. Proper notings about the minor attaining majority status should be made in the ledger and authenticated by an authorised officer of the bank. From such date of minor attaining majority, the guardian should not be permitted to operate the account in the status of guardian.

b. Guardians (in case of Minor) :

- i. The natural guardian of a Hindu Minor in respect of minor's property according to the 'Hindu Majority and Guardianship Act, 1956' is:
 - in the case of a boy or unmarried girl the father and if the father is not alive, the mother;
 - in the case of illegitimate boy or illegitimate unmarried girl - the mother and if she is not alive the father;
 - in the case of a minor married girl - the husband.
- ii. If both the father and mother are not alive, no one other than the person appointed by a competent court can act as a guardian of a minor.
- iii. Under Mohammedan Law, the father is the guardian for the property of the minor but after the father's death, the following persons are entitled, in the order mentioned hereunder, to be the guardians of a minor:
 - the Executor appointed by the father's will;
 - father's father;
 - the Executor appointed by the will of the father's father.
- iv. If none of the above persons is alive only the person appointed by the competent court can act as the guardian of a minor.
- v. Under no circumstance mother can act as guardian of the minor under Mohammedan Law.

c. Illiterate Persons:

- i. The rules relating to Savings Bank or other deposit account have to be clearly explained to an illiterate person intending to open such accounts in a language in which he understands. He should be advised that for withdrawing money from his account, he has to personally come to the bank with the Pass Book, every time.
- ii. Cheque Book should not be issued to him under any circumstances.
- iii. Left hand thumb impression of the constituent has to be obtained on the Account Opening Form and specimen signature card in the presence of the authorised bank officer and a person well known to the bank who will attest his thumb impression on the Account Opening Form.
- iv. Three passport size photographs have to be obtained from the customer. One copy will have to be affixed on the Account Opening Form. At the lower portion of this photograph (without covering the face of the constituent) his Left Thumb Impression (LTI) has to be

affixed in such a way as to half of the thumb impression is on the photograph and the other half on the Account Opening Form. The authorised officer of the bank will have to attest this thumb impression beneath that.

- v. Every time before passing the withdrawal, the Passing Officer should ask him whether he intends to withdraw the amount mentioned in the withdrawal slip. Only on getting his oral confirmation the withdrawal must be passed for payment.
- vi. In the ledger, it must be clearly noted after the 'name of the customer' as 'illiterate person' and in the case of the customer operating his account with left hand thumb impression that fact also must be noted in the ledger as 'left hand thumb impression.'
- vii. An illiterate depositor if he intends to allow a literate person to operate his account, he has to submit an authorisation cum indemnity letter in the prescribed format. A specimen of the relevant format is given in the **Annexure - 3** to this Chapter.
- viii. Current Account should not be opened in the name of an illiterate person.
- ix. In case the illiterate person wants to open an account jointly with a literate person such account must be opened with the condition that it can be operated only jointly by both. No account should be opened with operation facility of 'E' or 'S' or by "literate person only."
- x. No cheque book is to be issued even for such joint accounts.

d. Blind persons:

- i. There is no legal bar for a blind person to open a bank account.
- ii. Due care must be exercised in opening accounts for blind persons as there may not be consistency in their signature. As they always depend on someone the chance for cheating them is greater; and it may not be always possible for blind person to come to the Bank in person and he may send a messenger for transaction whose reliability may be known to the bank.
- iii. Three copies of recent passport size photographs of the blind person have to be obtained at the time of opening the account — one to be attached to Account Opening Form — second copy to the ledger and the third copy to the Pass Book. The signature / thumb impression of the blind person has to be attested by a person well known to the bank and countersigned by the authorised officer of the bank on the reverse of two photographs. The third photograph affixed to his Pass Book should not have his specimen signature.
- iv. Signature of the blind person in the Account Opening Form and Specimen Signature Card are to be attested by a witness who must be a person well known to the bank or a longstanding customer of the bank.

- v. It must be boldly written as “BLIND” in red ink in the Account Opening Form, specimen signature card, ledger and the Pass Book.
- vi. In the cases where the Branch Manager is satisfied, he may allow the blind persons to operate their accounts by themselves, or on merits of each case the Branch Manager may allow a next of kin of the blind customer to operate the account as representative after taking proper ‘letter of authority’ from the blind customer to that effect. A specimen of the format of ‘Letter of Authority’ is given in the **Annexure - 4** to this Chapter.
- vii. Whenever inconsistency in the signature of the blind customer is noticed, his left hand thumb impression may be obtained by the Bank in addition to his signature.
- viii. Entries and the balance must be made up to date at the time of each transaction by the blind customer and should also be read out to him when no other person is in hearing distance of the blind customer.

e. Sole Proprietorship:

- i. The law does not distinguish between the Proprietor and the Proprietary Concern and therefore such accounts can be treated as individual accounts and he has to submit a declaration in the prescribed format. A specimen of the format of declaration is given in the **Annexure – 5** to this Chapter. However the Proprietor must sign all the documents as well as the cheques relating to the account in the name of the Proprietorship Concern as below:

*For Ganesh Trading Company,
Rajkumar
Sole-Proprietor*

f. Executors / Administrators:

- i. An Executor is a person named in the ‘Will’ and derives title immediately after the date of death of Testator for the purpose of administration of the property of the deceased. He must obtain a Probate from a court of law before acting as an Executor.
- ii. An Administrator is a person appointed by the Court to manage the property of the deceased who had died without leaving any will.
- iii. Executors and Administrators cannot delegate power to third parties.
- iv. Any power of attorney or authority given to third parties on the account of the estate should not be accepted unless they are cleared by Head Office (H.O.) after examination by the Legal Department / Legal Advisor of the Bank.

- v. The opening of accounts for Executors / Administrators has to be approved by the Legal Advisor / Legal Department of the Bank.
- vi. Account Opening Form should be signed by all the Executors / Administrators if there is more than one Executor / Administrator - photographs of all Executors / Administrators have to be obtained and retained on Bank records.
- vii. Cheques drawn in favour of Executor / Administrator should not be credited to the personal account of the Executor / Administrator.
- viii. Branch Officers must very carefully read the contents of the Will or Letter of Administration so that the operations in the account of Executor / Administrator are allowed only as per the terms of the Will / the letter issued by the Court.
- ix. The account should be opened in the name of the individual with the addition of the words "Executor" or "Administrator." (Of the estate of the deceased person)

g. Hindu Undivided Family (HUF) Account:

- i. The Bank may open accounts in the names of joint Hindu families. The account should be opened in the name of 'Karta' (senior male member of the family) or in the name of the family business. The bank has to obtain two copies of the photographs of the 'Karta', one to be affixed on the Account Opening Form and the other on the Specimen Signature Card. A specimen of the format of "Account Opening Form / Specimen Signature Card" is given in the **Annexure - 6** to this Chapter.
- ii. It must be written in bold letters in red ink as "HUF Account." in the Account Opening Form, Specimen Signature Card, Ledger and Passbook. Further, the bank has to obtain the HUF declaration duly signed by the 'Karta' and the coparceners. A specimen of the format of "Declaration Letter" is given in the **Annexure - 7** to this Chapter.

h. Power of Attorney:

- i. A person may authorise another person to open and operate a bank account on his behalf. This authority may be given by issuing a "Power of Attorney". Power of Attorney is a document executed by one person called donor (Principal) in favour of another person (donee /Agent) to act on behalf of the former, as per the delegated authority given in the document. It is a stamped document and is executed in the presence of a Notary Public / Magistrate of a Court.
- ii. The Power of Attorney may be 'special or general'. Special Power of Attorney authorises a person to act in a simple transaction. A General Power of Attorney authorises the person to have wide range of powers to carry out various transaction.

- iii. The Power of Attorney must give specific authority to open and operate a bank account, to overdraw in Current Account, to borrow, to accept / endorse bills of exchange, etc.
- iv. Branch Officers must study the Power of Attorney very carefully and allow operations only as per the terms of Power of Attorney. If any operation outside the terms of Power of Attorney is permitted in the account, such transaction will not bind the principal.
- v. The Power of Attorney can be revoked at any time by the grantor. It is also automatically revoked by the death, insanity or insolvency of the grantor and also by the death or insanity of Attorney. But in case, the Attorney becomes insolvent, he cannot receive payments on behalf of the principal but the authority given by the principal does not dissolve automatically. The principal, in such cases, has to give confirmation that the power holder will continue to exercise the powers conveyed in the Power of Attorney executed by him (the Principal).
- vi. Copy of the Power of Attorney should be carefully compared with the original by an Officer of the Bank who will attest the copy as “Compared with the Original”
- vii. The branch must maintain the “Power of Attorney Register” bearing all relevant terms and conditions of the Power. It should be recorded and duly authenticated by an Officer. Main operational clauses should also be recorded in the Ledger.

i. Partnership Accounts:

- i. Partnership is the relation between persons who have agreed to share the profits of a lawful business, carried on by all or any of them acting for all. Any partner can by his act, bind all the partners of the firm.
- ii. It is desirable that the partnership firm is a registered one.
- iii. Account should be opened in the name of the firm and not in the name of any partner.
- iv. Account Opening Forms should be signed by all the partners in their official capacity (i.e., as partner) and also in personal capacity. A specimen of the format of “Account Opening Form” is given in the **Annexure - 8** to this Chapter.
- v. While operating the partnership account the partners should sign as ‘**for and on behalf of the firm**’ and not as individuals. Complete Instruction /Mandate in this regard is to be obtained.
- vi. Partnership Deed should be very carefully examined and in case the branch offices have any doubt it is always desirable to refer such cases, before opening the account, to H.O. for examination and approval by Bank’s Legal Department / Legal Advisor.

- vii. Once a partnership account is opened operations in such account should be strictly in conformity with the provisions of the deed. If there are any restrictive clauses in the Partnership Deed they must be clearly noted in Power of Attorney Register as well as ledger and strictly followed while allowing operations in the account.
- viii. A Partnership letter signed by all the partners should be obtained and kept along with the Account Opening Form. This letter must be signed by all the partners in their individual capacity and not on behalf of the firm.
- ix. Cheques payable to the firm should not be credited to the private account of any partners or any employee of the firm.
- x. In case any one partner in the firm advise the bank not to allow operations on the firm's account by the other partner(s), all operations on the account must be stopped under intimation addressed as a joint letter to all partners as well as the firm. This letter must be sent to all the partners and the firm. However, the Authority cancelled can be reinstated only under the signature of the Partners of the firm.

j. Limited Company:

- i. While opening an account in the name of a limited company, the following documents are to be obtained along with the Account Opening Form. A specimen of the format of "Accounting Opening Form" is given in the **Annexure - 9** to this Chapter. A separate file containing various documents as noted below should be maintained:
 - A certified true copy of the Certificate of Incorporation.
 - A copy of Memorandum and Articles of Association duly certified as true and up to date by a competent officer of the company for Bank's records. This document will contain a provision as to who is the competent officer of the company to certify the copy of the Memorandum and Articles of Association as "True and up to date." In case of any doubt these documents submitted to the Bank should be verified from the records of the Registrar of Companies.– Certified copy of the latest resolution of the General Body / Board, etc., regarding opening of the account, with names and designation of persons authorised to operate the account.
 - In the case of Public Limited Company certified true copy of the "Certificate of Commencement of Business" duly verified with the original should be obtained. An officer of the Bank who verified this certificate must authenticate on the copy submitted to the bank to the effect that "verified with the original".
 - List of Directors / Chairman and other office bearers of the institution with designation.
 - Before opening an account for such a company, the bank must satisfy itself that the

said company is a well-established, or the directors of the company are well known to the Bank or properly introduced by a respectable person well known to the Bank.

- Where an account for such a Company has been opened on the proper introduction of a well known person, the Bank must before accepting any cheque drawn in favour of the company for collection and issue of cheque book, make independent inquiry about the company and its Directors.
- Specimen signatures of authorised persons to operate the account duly countersigned by the Chairman of the meeting with the official seal of the company.
- Recent passport size photographs of the person(s) opening the account / authorised persons to operate the account.

k. Trust Accounts:

- i. Before opening the account in the name of a Trust, a copy of Trust Deed must be obtained from the Trustee(s) concerned and carefully studied with particular reference to restrictive clauses regarding the amounts that can be withdrawn, provisions regarding the opening and operation of an account in the name of Trust, etc. A specimen of the format of “Account Opening Form” is given in the **Annexure - 10** to this Chapter. Branch has to obtain prior permission from the Legal Department of Head Office before opening account in the name of Trust.
- ii. A Resolution adopted by the Trustees in specified format should be obtained with regard to operation of the Account. A specimen of the resolution to be adopted by the Trustees is given in the **Annexure - 11** to this Chapter.
- iii. In case of a Public Trust, a copy of certificate issued by Charity Commissioner together with a copy of Trust Deed has to be obtained.
- iv. The account must be opened as
“Trustee(s)..... Fund” (or)
“Trustee(s) to the Estate of ”
and the Specimen signature must be obtained as for Fund Trustee(s).
- v. Operational instructions and the name(s) of the Trustee(s), should be properly written in the Ledger and authenticated by an authorised officer.
- vi. It should always be ensured that all payments in the Trust account are made only in accordance with the provisions of the Trust Deed.
- vii. A Trustee cannot delegate his powers.

- viii. Trustees have no implied power to borrow unless such powers have been expressly provided in the Trust Deed.
- ix. Cheques payable to the Trust should not be collected for credit of private accounts of Trustees.
- x. Bank has no right to set off against the Trust Fund for debts owed by Trustees in their individual capacity.

I. Others:

i. Schools / Colleges:

- In the case of Schools / Colleges, the Account Opening Form should be signed by the Correspondent / Principal / Headmaster.
- A certified copy of the rules and regulations of the Management of the educational institution must be obtained and retained.
- The operation of the account shall be strictly as per instructions of competent authority of the institution / resolution.
- In the case of Government aided School, the permission of Board of Secondary Education may be necessary for opening an account with the Bank.

ii. Insolvents:

- No account should be opened in the name of an undischarged insolvent.

iii. Lunatics:

- Though there is no legal bar to open an account in the name of a lunatic it is desirable to refer such cases to Head Office (H.O.) / Central Office (C.O.) for clearance by Legal Department / Legal Advisor of the Bank.

iv. Liquidators:

- Account in the name of a Liquidator has to be opened only with the prior approval of H.O.

v. Staff Accounts:

- Normally Current Accounts should not be opened for the Staff members of the Bank to avoid undesirable operations and “Kite-flying” by the staff members. It is desirable to restrict number of Savings Bank Accounts to be maintained by each staff member to two, one of which could be in the branch nearest to his residence and the other one in the Branch / H.O. where he is working.

- In all the accounts of the staff member it must be prominently marked in the Ledger as “Staff Account”.
- While issuing cheque books to staff members it must be ensured that all the cheque leaves of the previous cheque books have been used.
- If any cheque issued by the staff member on his account has to be returned unpaid for want of funds the facts must be informed to H.O. Administration / Personnel Section for further action.

vi. **Cooperative Societies:**

- For opening an account in the name of a Cooperative Society permission from Cooperative Department is necessary. Such permission letter must be carefully gone through particularly for restrictive clauses if any and operations in the account should be allowed only as per the terms mentioned in the permission letter.
- The following documents must be called for while opening the Account in the name of the Cooperative Society.
- Bye-laws of the Cooperative Society and Audited Balance Sheet (if already existing).
- Attested copy of the Board Resolution of the Co-Operative Society, containing nature of the Account to be opened, name and designation of the persons authorized to operate the account together with the mode of operation of the account etc.

vii. **Other Eligible Institutions:**

- Various Govt. Departments / Bodies which are dependent upon budgetary allocation of the Govt. for performing their functions are required to open Current Accounts as the banks cannot open Savings Bank Accounts in their names. A specimen of the relevant Account Opening Form is given in the **Annexure - 12** to this Chapter.
- However, the following institutions are exempt from the above restrictions and the Bank can open Savings Bank Accounts for them.:-
 - District Rural Development Agency (DRDA)
 - Drought Prone Areas Programme (DPAP)
 - District Development Authority (DDA)
 - Integrated Rural Development Programme (IRDP)
 - Khadi and Village Industries Board (KVIB)
 - Integrated Tribal Development Agency (ITDA)
 - Agriculture Produce Market Committee (APMC)
 - Fish farmers Development agency. (FFDA)
 - Societies Registered under the Societies Registration Act 1860 or any other law in force in a State / Union territory.
 - Institutions whose entire income is exempted from payment of Income Tax under IT Act, 1961.

viii. **Fiduciary Accounts:**

- There may be certain funds, mostly connected with recreation etc. and usually of temporary in nature and are not Registered. For example a constituent may ask the Bank to open account styled as “Cyclone Fund”, “Sports Fund” etc. Before opening such accounts the Manager must make full enquiry and satisfy himself about the genuineness of the parties concerned or if the proposal is from Government, a copy of relevant Government Order must be obtained and retained.
- No overdraft should be allowed in such accounts.

3. A detailed ‘KYC Guidelines’ is given in **Annexure - 13.**

4. **Annexure/s :**

Following Annexures are appended to this Chapter

- Annexure – 1 : A specimen of Common Account Opening Form (C/A, SB, FD, RD)
- Annexure – 2 : A specimen of Notice to be given to the Guardian (on the Minor attaining Majority)
- Annexure – 3 : A specimen of Authorisation–cum–indemnity letter where an illiterate depositor intends to allow a literate person to operate account (except pension fund)
- Annexure – 4 : A specimen of Blind Persons Account – Authority to operate by a near relation (except pension fund)
- Annexure – 5 : A specimen of Sole Proprietorship – Declaration
- Annexure – 6 : A specimen of Joint Hindu Family – Current Account Opening Form / Specimen Signature Card
- Annexure – 7 : A specimen of Joint Hindu Family – Declaration Letter
- Annexure – 8 : A specimen of Current Account Opening Form – Partnership Firm
- Annexure – 9 : A specimen of Current Account Opening Form – Limited Companies
- Annexure – 10 : A specimen of Current Account Opening Form – Trust Account
- Annexure – 11 : A specimen of Specimens of resolution to be passed by Trustees
- Annexure – 12 : A specimen of Current Account Opening Form – Accounts of Govt. / Semi-Govt. Department
- Annexure- 13 : KYC Guidelines

★ ★ ★

Specimen of Common Account Opening Form (C/A, SB, FD, RD)
(Page 1 to 5)

Customer Id :	1 Photo	2 Photo	3 Photo																			
Nomination No.....	Account No. <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 15px; height: 15px;"></td><td style="width: 15px; height: 15px;"></td><td style="width: 15px; height: 15px;"></td><td style="width: 15px; height: 15px;"></td><td style="width: 15px; height: 15px;"></td><td style="width: 15px; height: 15px;"></td><td style="width: 15px; height: 15px;"></td><td style="width: 15px; height: 15px;"></td><td style="width: 15px; height: 15px;"></td><td style="width: 15px; height: 15px;"></td><td style="width: 15px; height: 15px;"></td><td style="width: 15px; height: 15px;"></td><td style="width: 15px; height: 15px;"></td><td style="width: 15px; height: 15px;"></td><td style="width: 15px; height: 15px;"></td><td style="width: 15px; height: 15px;"></td><td style="width: 15px; height: 15px;"></td><td style="width: 15px; height: 15px;"></td><td style="width: 15px; height: 15px;"></td></tr></table>																					
 TNSC BANK	THE TAMIL NADU STATE APEX COOPERATIVE BANK LTD., Head Office / Branch																					
Account Opening Form for Individuals (Single / Joint) (SB/CURRENT/RD/TERM DEPOSIT)			Date :																			
I/We request the Bank to open an account as per details below :																						
Savings Account	Term Deposits																					
With Cheque Facility <input type="checkbox"/>	Nature of Deposit	Amount Rs.	Period																			
Without Cheque Facility <input type="checkbox"/>	Fixed Deposit		Int. payable																			
Current Account <input type="checkbox"/>	Cash Certificate		Rate of Int.																			
	F.D. Tax Saving		Mat. value Rs.																			
	C.C. Tax Saving		Mat. Date																			
	Recurring Deposit																					
Operational Instruction	Single	Jointly	E or S																			
			A or S																			
			Others																			
Customer Name & Address (All in BLOCK Letters)																						
Name	Father / Spouse Name	Sex	Date of Birth																			
			PAN / GIR No. @																			
			Address Proof																			
<small>@ In the absence of PAN / GIR No., the applicant should submit Form 60 as in Page 3</small>																						
RESIDENTIAL ADDRESS		OFFICE ADDRESS																				
1.		1.																				
PIN :	Phone : Mobile :	PIN :	Phone :																			
2.		2.																				
PIN :	Phone : Mobile :	PIN :	Phone :																			
3.		3.																				
PIN :	Phone : Mobile :	PIN :	Phone :																			
<small>Copy of Passport / Latest Telephone / Electricity Bill / Income/Wealth Tax Assessment Order/Ration Card / Bank Account / Credit Card Statement / Letter from Employer (subject to the satisfaction of the Bank) should be submitted as proof of residence. Please produce the original for verification</small>																						
1.	1.	1.																				
2.	2.	2.																				
Signature of Applicant 1	Signature of Applicant 2	Signature of Applicant 3																				

Standing Instruction :

Fixed Deposit	Credit Monthly / Quarterly Interest : S.B. / C.A. / POD / A/c. No. _____ Pay Order / Other Branch :
----------------------	--

Recurring Deposit	Debit S.B. / C.A. / POD / A/c. No. _____ on Date ____/____/____ every month.
--------------------------	--

_____ Signature of Applicant/s

Staff Declaration : I/We declare that the monies deposited or which may from time to time be deposited hereafter into above mentioned account in my/our name(s) belong to me / us.

_____ Signature of Staff

In case of Minor : Name of Parent / Natural Guardian : _____ Address of the guardian : _____ _____ _____ _____	DECLARATION IN A MINOR ACCOUNT OPERATED BY THE GUARDIAN : I hereby declare that the date of birth...../...../..... of the minor who is my and I am his / her natural guardian / lawful guardian appointed by the court order dated.....(copy enclosed). I shall represent the said minor in all future transactions of any description in the above account until the said minor attains majority. I indemnify the Bank against the claim of the above minor for any withdrawal / transactions made by me in his / her account. <p style="text-align: right;">_____ Signature of the Guardian</p>
--	--

Introducer Details
 : Introducer's A/c No. : Since
 Name : _____ Address : _____
 _____ Pin : _____ Phone No. _____

I certify that I have known Thiru. / Tmt./ Selvi _____ for the last ____ months / years and confirm his/her/their occupation and address stated in his/her/their application to open the account. I also attest his/her signature(s)

_____ Signature of Introducer

- ◆ **Operating Instructions for Joint SB / Current Accounts :** We request and authorise you, until any one of us shall give you notice in writing to the contrary, to honour all cheques or other orders drawn or Bills of Exchange accepted or notes made on our behalf signed by (1)(2)..... of us jointly and / or severally and to debit such cheques to our account with you, whether such account be for the time being credit or overdrawn. We also request you to accept the endorsement by (1)(2)..... of us jointly and / or severally on cheques, orders, bills or notes payable to us. We shall be jointly and severally liable to you for any monies owing to you from time to time in case the account is overdrawn and debit balance is caused including your commission, interest at the appropriate rate and other incidental charges. In the event of death, insolvency or withdrawal of any of us, the survivor/s of us shall have full control of any monies then and thereafter standing to our credit in our account with you and in that event the survivor/s will have full powers to operate the account and / or to close the account.
- ◆ **Due Date Notice :** Please ***send / * do not send** due date notice to my / our above address (*strikeout which is not applicable).
- ◆ **Tax Deduction at Source :** Form No. 15G/15H for exemption from TDS is enclosed (for applicant seeking exemption from TDS).
- ◆ **Pre closure :** In the event of my / our seeking pre-closure of term deposit/RD, I/We agree that the Bank shall apply the rules for pre-closure of term deposits/RD prevailing on the date of my/our request for such pre-closure.
- ◆ **For Current Accounts (Individuals only) :**

 - (a) * At present I/We do not enjoy any credit facility with any Bank/Branch. I/We undertake to inform you as and when credit facilities are availed by me/us with other Bank(s) / Branch(es) of your Bank.
 - * At Present, I am/we are having account with the following other Bank(s) / Branch(es) and enjoying facilities.

Name of the Bank / Branch	Nature of Facility	Limit Sanctioned	Balance Outstanding	Securities

(* strikeout which is not applicable)

- ◆ **Minimum Balance :** I/We hereby undertake to maintain a minimum balance of Rs. in the account and also agree to maintain the minimum balance as modified by the Bank from time to time. I/We also agree that the Bank has got every right to close the account for non-maintenance of minimum balance and if cheques are issued by me/us without providing adequate funds.
- ◆ **ATM Card / Debit Card :** Available at select Branches - Terms and conditions can be obtained from Branch Managers concerned.

◆ **Senior Citizens (Completed 60 years of age)** : Please provide copy of Secondary School Leaving Certificate / LIC Policy / Voter's Identity Card / Pension Payment Order / Birth Certificate issued by the competent authority / Passport / any other relevant document providing proof for age.

NOMINATION (Nomination Form DA-1) Nomination under Sec. 45ZA of the Banking Regulation Act, 1949 and rule 2(1) of the Banking Companies (Nomination) Rules, 1985 in respect of bank deposit.

I/We nominate the following person to whom in the event of my / our / minor's death the amount of deposit in the above account may be returned by the Bank. As nominee is minor on this date, I/We appoint Thiru / Tmt. / to receive the amount of deposit in the account on behalf of the nominee in the event of my / our minor's death during the minority of the nominee.

Name & Address of Nominee : _____

Nominee's Relationship with Depositor : _____ Age of Nominee : _____ Years _____

If nominee is minor, date of birth : _____

Signature of Depositor

Nomination received and registered on : No. _____ Date _____

Authorised Officer

Signature of Applicant

FORM No. 60

1. Full Name of the declarant :			
2. Particulars of transactions:			
3. Amount of Transaction	Rs.	Rs.	Rs.
4. Are you assessed to Tax	Yes / No.	Yes / No.	Yes / No.
5. If Yes :			
(a) Details of Ward/Circle/Range where the last return of Income Tax was filed?	_____	_____	_____
(b) Reason for not having PAN / GIR No.	_____	_____	_____
6. Details of document * being produced in support of address in Col. 1	_____	_____	_____

I/We.....do hereby declare that what is stated above is true to the best of my knowledge and belief.

Verified today, the.....day of.....

Date :

Place :

Signature(s)

FOR PROOF OF IDENTITY AND ADDRESS OF THE DEPOSITOR / ACCOUNT HOLDER(S)

✓ Passport copy	✓ Photo Identity Card	✓ Voter's ID card
✓ Employee ID Card	✓ Gas Connection Receipt	✓ Latest Electricity Bill
✓ Driving licence (laminated card) with photograph	✓ Latest Telephone Bill	✓ PAN card or Form 60 in lieu of PAN card
✓ Introducer's confirmation	✓ Ration Card	

✓ **Any other State / Central Govt. Document evidencing Address / Identity or Local Body / NGO / MFI**

Account No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

FOR BANK'S USE

- 1. Applicant(s) interviewed and the purpose of opening account as ascertained is.....
.....
- 2. Introducer called at the Bank/Branch and interviewed (or) introducer did not call at the Bank / Branch, but confirmation obtained by..... (mode of confirmation) / particulars of identification verified with the originals and copies obtained.

Signature of the Chief Manager^s :.....

Name & Code No.....

- 3. Authorisation for Account Opening :

<input type="checkbox"/> Account may be opened <input type="checkbox"/> Cheque Book may be / need not be issued Signature of Branch Chief Manager ^s Name & Code No.

- 4. Account opened on.....(Date) by Mr. / Mrs.....(Name of the Staff/ (Code No.) Customer ID No.....
- 5. Verified the opening of the account and letter of thanks sent to the customer on.....and to the introducer on.....
- 6. Acknowledgement received from customer on..... and from introducer on.....
- 7. Passbook / Deposit Receipt No.delivered to the customer on.....
- 8. The specimen signature(s) of the applicant/s was scanned and added to the account by..... (Staff name). Verified the scanning of the specimen signature(s) and adding to the account.
- 9. Nomination details entered in the system / Nomination Register on.....vide Registration No.....
- 10. ATM / Debit Card No...../ ID despatched on.....(if sent subsequent to date of opening, to be filled in immediately after despatch).

Risk Classification and Fixing of Threshold Limit :

- 11. Potential activity expected in the Account (Monthly / Annual Turnover) Rs.
- 12. Source(s) of Funds :
- 13. Annual Income Rs. The threshold limit is fixed at Rs.....

14. Risk Classification :

	Low		Medium		High
--	-----	--	--------	--	------

- 15. Reasons for risk classification made :

Signature of the CM ^s :..... Code No.....
Name : Date :

^s In the absence of Chief Manager, Manager / Senior Asst. Manager has to sign



THE TAMIL NADU STATE APEX COOPERATIVE BANK LTD.,

.....Branch / Head Office

TNSC BANK

A/c. No.

CUSTOMER PROFILE

(Annexure of Account Opening Form to be obtained for each applicant separately)

Full Name : _____ Father / Husband's Name : _____

A. OCCUPATION

1. Occupation : Salaried Self employed / Professional Business Student
 Retired Agriculture & Allied Others (specify.....)
2. If self employed : Doctor / C.A. Lawyer Engineer Business Others
3. Source of Funds :
4. Monthly Income Upto Rs. 20000/- Upto Rs. 50000/- Upto Rs. 1 lakh
 Upto Rs. 5 lakhs Upto Rs. 10 lakhs Above Rs. 10 lakhs
5. Annual Turnover

B. PERSONAL :

6. Date of Birth : DD MM YY 7. Marital Status : Married Unmarried
8. Educational Qualification : Upto HSC Graduate Post Graduate
 Professional (Pl. Specify))
9. Spouse's Qualification : Upto HSC Graduate Post Graduate
10. Family Members

Age Group	Upto 10 years	11 to 12 yrs.	13 to 20 yrs.	21 to 45 yrs.	46 to 60 yrs.	Above 61 yrs.	Total
No. of Males							
No. of Females							

11. Any relative settled abroad : Yes No. If yes, please mention their names and address :

Names	Address
1.	
2.	
3.	

12. How many times you have been abroad in last three years : Never 1-5 Times Above 5 Times
13. Do you have a Credit Card : Yes No. If yes, Name of the card :

C. DEALING WITH OTHER BANKS :

14. Name of the Bank and Branch :
15. Type of Accounts / Facilities :

D. EXISTING CREDIT FACILITIES :

16. Personal Loan Yes No. 20. Housing Loan Yes No.
17. Consumer Loan Yes No. 21. Against Security Yes No.
18. Car Loan Yes No. 22. Education Loan Yes No.
19. Jewel Loan Yes No. 23. Others Yes No.

E. ASSETS : Total Rs.....(approximate)

24. Vehicle Car Two Wheeler Others None
25. House you live in Ancestral Owned Rented Employee's
26. Insurance Policy Upto Rs. 1 lakh Upto Rs. 2 lakhs Upto Rs. 5 lakhs Above Rs. 5 lakhs
27. Other Investment Upto Rs. 1 lakh Upto Rs. 2 lakhs Upto Rs. 5 lakhs Above Rs. 5 lakhs
28. Any other Assets

Place :

Date :

(Signature of the Customer)

Specimen of “Notice To Be Given To The Guardian”

(on the Minor attaining Majority)

_____ **Branch / H.O**

Date _____

To

Dear Sir,

Account opened by you on behalf of _____(Minor).

According to the particulars furnished to our Bank, Shri./Smt./Kum. _____
the minor, attains majority on _____, from which date operation in the account by you as guardian
ceases.

Please note that as from that date, he/she alone will be entitled to operate on the account. A mandate/
power of attorney, on the Bank’s prescribed form by him/her to you to operate the account will alone entitle
you to operate the account from that date.

In case you desire, we shall be glad to supply the format of the same on application.

Please note accordingly.

Yours faithfully,
Manager / Chief Manage

Copy to: _____ (for information)
(State the name and address of the minor account holder)

Specimen of the Authorisation-cum-indemnity letter where an illiterate depositor intends to allow a literate person to operate account (except pension account)

From:

To

The Manager/Chief Manager,

_____ Bank Ltd.,
_____ Branch / H.O.

Dear Sir,

Sub: Blind person - Authority to operate my _____ Account (No. _____) by my relative Shri./Smt./Ms. _____ Reg..

As I am blind, I find certain difficulties in operating on my account (No. _____) myself.

2. Hence I hereby authorise my relative (mention relationship here _____) Shri. / Smt./ Ms. _____ to operate on my above mentioned account on my behalf.
3. I further authorise you to honour all the cheques/withdrawals drawn on my account with you by the above named person whose specimen signature is given below, payment of which may result in overdraft or may increase it to any extent.
4. Further I authorise the above named person to make, endorse, draw and accept and otherwise sign any bills of exchange, promissory notes or other negotiable instruments discount the same with the Bank or otherwise and also to endorse cheques or other negotiable instruments of any kind.
5. This authority shall continue to be in force until I revoke it by a notice in writing and delivered to you by me.
6. I have been explained of the details about the authority given above and I understand fully the implications of the same. I further indemnify the bank against any loss on account of any operation in the account by the above named person and I shall not at any time dispute any transaction done by the above named person on my account and agree that the bank will be at liberty to recover all outstandings due at all times.

Yours faithfully,

Specimen signature/s
of the person authorised to
operate on the account

1. _____
2. _____
3. _____

(Signature / Left Hand Thumb impression)
Attested by _____
Name and address of attester

**Specimen of “Blind Person’s Account”
Authority to operate by a Near Relation (except pension account)**

From

To

The Manager/Chief Manager,

_____ Bank Ltd.,
_____ Branch / H.O.

Dear Sir,

Sub: Blind person - Authority to operate my _____ Account (No. _____)
by my relative Shri./Smt./Ms. _____ Reg..

As I am blind, I find certain difficulties in operating on my account (No. _____) myself.

2. Hence I hereby authorise my relative (mention relationship here _____) Shri./Smt./Ms. _____ to operate on my above mentioned account on my behalf.
3. I further authorise you to honour all the cheques/withdrawals drawn on my account with you by the above named person whose specimen signature is given below, payment of which may result in over-draft or may increase it to any extent.
4. Further I authorise the above named person to make, endorse, draw and accept and otherwise sign any bills of exchange, promissory notes or other negotiable instruments discount the same with the Bank or otherwise and also to endorse cheques or other negotiable instruments of any kind.
5. This authority shall continue to be in force until I revoke it by a notice in writing and delivered to you by me.
6. I have been explained of the details about the authority given above and I understand fully the implications of the same. I further indemnify the bank against any loss on account of any operation in the account by the above named person and I shall not at any time dispute any transaction done by the above named person on my account and agree that the bank will be at liberty to recover all outstandings due at all times.

Yours faithfully,

Specimen signature of the person

authorised to operate the account (Signature and/or Left Hand Thumb Impression)

(Shri./Smt. _____)

Witness (two) is compulsory (i.e. even when the blind person signs instead of affixing Left Hand Thumb Impression)

Witness :

- | | |
|----------------------|----------------------|
| 1. _____ (Signature) | 2. _____ (Signature) |
| _____ (Name) | _____ (Name) |
| _____ (Address) | _____ (Address) |

Specimen of “Sole Proprietorship – Declaration”

From

.....
.....

To

The Manager / Chief Manager
The Cooperative Bank Ltd.,
..... Branch / H.O.

Sir,

Sub: (Name of sole proprietorship concern) -
Sole Proprietor - Declaration - Reg.

I

S/o.Shri. residing at
.....
.....

hereby declare that I am the Sole Proprietor of M/s
(Name of concern) and further declare that nobody else has any right, title or interest in the above
concern
except myself.

Yours faithfully,
.....
(Signature of Sole Proprietor in
his personal capacity)

JOINT HINDU FAMILY (HUF)

Specimen of “Current Account Opening Form / Specimen Signature Card”

No.....
Date.....

To
The Manager/Chief Manager
The Cooperative Bank Ltd.,
..... Branch/H.O.

Dear Sir,

We, the members of the Joint Hindu Family/Firm, request you to open a Current/Savings Bank Account in the name and style of The Joint Family (HUF) letter signed by all the adult members is enclosed for your reference and records.

We, the undersigned, hereby authorise* on behalf of us to operate upon the account severally/jointly. All transactions entered into and obligations incurred or to be hereafter incurred by them will be binding on all of us. Any acts done/to be done to comply with the Bank’s rules which are in force or as amended from time to time in the matter of maintaining and conduct of such accounts will also be binding on us.

We request and authorise you to honour all cheques, withdrawal forms or other orders drawn by on behalf of us severally/jointly on the said account or bills of exchange accepted or notes drawn by on behalf of us severally/jointly and we request you to debit such cheques and other orders and bills of exchange and notes as also the amount of any dishonoured bills, notes and cheques to the said account whether such account be for the time being in credit or overdrawn.

We agree to comply with the Bank’s rules for the time being in force and such other changes effected from time to time for the conduct of such account.

Please issue the cheque book and pass book for our use

Names and addresses:

Yours faithfully,

* Mention here the name(s) of person(s) authorised to operate the account. (Usually, the Karta, the eldest male member of the family is authorised to operate the account).

Introduced by:

“I certify that I have known Shri./Smt.(The signatories to this application) for the past months/years and confirm his/her occupation and address as stated in this application and the Bank may consider to open the account.”

Introducer’s signature
Occupation
Address
.....

Signature of Introducer verified.
for The Cooperative Bank Ltd.
Asst. Manager/Manager.

Open the account and issue cheque
book and pass book
Manager/Chief Manager.

Specimen of “Joint Hindu Family (HUF) – Current Account Declaration Letter”

Place

Date

From

.....
.....

To

The Manager / Chief Manager

The Cooperative Bank Ltd.,
..... Branch / HO.

Dear Sir,

We desire to open a Savings Bank / Current Account for the Hindu Undivided Family (HUF) and in this regard we wish to notify to you that we are the only adult members of a Joint Hindu Family carrying on business in (place) under the name and style of

We hereby engage that we shall be bound jointly and severally to repay all the debts incurred to you either on bills, pro-notes, or any other documents by anyone of us on behalf of the family, until notice to the contrary is given to you and we further agree that all transactions entered into by any of us whether under the signature of the family or subscribed by the individual signatures of the persons entering upon the transactions may be treated by you as entered into and on behalf of the family, unless intimation to the contrary in writing is given to you previously at the time of any particular transaction to the effect that it is not on behalf of the family.

As each of us is individually liable to you to discharge all the obligations incurred to you by any one of us on behalf of the family, we hereby agree that you will be at liberty to recover all outstanding dues not only from our joint family business assets but also from our separate properties as well as if we had also individually signed the documents and we shall not at any time dispute any transaction as not being for the benefit of the family.

Yours faithfully*,

1.

2.

3.

*To be signed by the Karta and all other adult members of the family.

For Office use only: SB/Current A/c. No.....

**Specimen of
“Current Account Opening Form - Partnership Firms”**

Place

Date

To
The Manager/Chief Manager
The Cooperative Bank Ltd.,
.....Branch/H.O.

Sir,

We request you to open a Current Deposit Account in the name of our firm in the books of the bank. We herewith remit Rs..... in cash for the same.

The names and addresses of all the partners of our firm are given below together with their signature(s). The names of partners who will operate on the account for and on behalf of the firm together with their specimen signatures are given below.

Names of Partners authorised to Operate the Account	Type of Operation	Specimen signature
--	--------------------------	---------------------------

Further, we undertake to notify you of any future changes in the partnership or in operational powers.

* We produce herewith the partnership deed

* We have no deed of partnership

We also agree to comply with the Bank’s rules for the time being in force and such other changes effected from time to time for the conduct of such accounts.

Please furnish us with a Pass-Book/Statement of Account and a cheque book for our use.

Yours faithfully,

Name of all partners in Signature of all partners full with designation and address:

1.	2.
.....
.....

“I certify that I have known(Partners of the above firm) for the past months/years and confirm his/her occupation and address as stated in this application and the bank may consider to open the account.”

Introducer’s Signature
Occupation
Address

Signature of
Introducer verified

Open the account and issue
Cheque Book and Pass Book

For The Cooperative Bank Ltd.

Asst. Manager / Manager
Date:

Manager/Chief Manager.
Date:

* Strike out whichever is inapplicable

**Specimen of
“Current Account Opening Form - Limited Companies”**

..... Company Limited (Registered office))

No.....

Date

To

The Manager / Chief Manager

The Cooperative Bank Ltd.

..... Branch/H.O.

Dear Sir,

1. We request you to open a Current Account for the above mentioned company and we send you herewith the following documents in respect of the Company :
 - i. Certificate of Incorporation (for inspection and return)
 - ii. Memorandum and Articles of Association
 - iii. Certificate of Registrar of Joint Stock Companies that the company is entitled to commence business (for inspection and return)
 - iv. Certified copy of Resolution of the Board of Directors regulating the conduct of the account, together with specimens of the signatures of the authorised signatories (please see reverse of this form).
 - v. Attested copy of Agreement with Managing Director, if any.
2. We agree to comply with the Bank’s rules for the time being in force and such other changes effected from time to time for the conduct of such accounts.
3. Please furnish us with a cheque book containing cheque forms for our Company’s use.

Yours faithfully,

(Authorised Signatory)

..... Co. Ltd.

N.B.:

The Certificate in Sl. No. (iii) is not required when

- a) The company is a private firm
- b) The Company was registered before 1913 and does not invite the public to subscribe for shares
- c) The company is limited by guarantee and does not have share capital

..... Company Limited

NAMES IN FULL

SIGNATURE(S)

Open the account and issue cheque book.
Manager/Chief Manager

The Resolution referred to in item iv above may be in the following terms:

We hereby certify that the following Resolution of the Board of Directors of the _____
_____ Company Limited was passed at a meeting of the Board held
on _____ and has been duly recorded in the Minute Book of the said Company.

RESOLVED that a Current Account for the company be opened with TheCoop. Bank Ltd.,
..... Branch/H.O. that the said Bank be and is hereby authorised to honour
cheques, bills of exchange and promissory notes drawn, accepted or made on behalf of the company by
*..... and to act on any instructions so given relating to the account, whether
the same be overdrawn or not or relating to the transactions of the company.

Secretary

Chairman

Director/s

* Here insert the names of Director/s / officers of the company who are authorised to operate the account
with indication of type of operation (viz. singly or jointly by any two or all etc.)

**Specimen of
“Current Account Opening Form - Trust Accounts”**

No.....

Date

To
The Manager/Chief Manager
The Cooperative Bank Ltd.,
..... Branch/H.O.

Dear Sir,

Please open a Current Account in the name of * _____

The account will be operated upon by (name of Trustee(s)) (1).....
(2) who has/have been authorised by the Trust Deed dated
..... Register ed on / resolution of the trustees dated

A copy of the said Trust Deed duly certified is sent herewith.

In future, any change in the name of the Trustee(s) entitled to operate the account will be effected by a resolution of the Board of Trustees and you will be informed accordingly in writing by all the trustees and you will allow such persons to operate the account.

We agree to comply with and be bound by the Bank rules for the time being in force and such other changes effected from time to time for conduct of such account.

Yours faithfully,

Signature@

Name

Occupation

Address

Introduction:

Introduced by (Name)

I know _____ the Trustees of the above Trust for the past years.

I recommend that the Bank may consider to open the account.

Introducer’s signature

Introducer’s Account No.....

Address:

.....

.....

Introducer’s signature verified.

Open the account and issue cheque book
and pass book.

Asst. Manager/Manager

Date:

Manager/Chief Manager.

* Here indicate the name of Trust

@ To be signed by all the Trustees

Specimen of “Resolution to be adopted by Trustees”

Resolution passed by the Trustees of the resolved at their meeting held on the day of 20

Resolved that:

- a) A Current / Savings Bank account be opened in the name ofTrust with TheCooperative Bank Ltd., Branch/HO.
- b) The Account be operated upon and cheques thereon be signed and all instructions regarding the Account be given by all/any (insert the number as authorised by the Trust Document or permitted by Trustees) of the following Trustees, who are all the present Trustees of the above mentioned Trust:

Name	Signature
1)
2)

- c) As and when any change takes place in the Board of Trustees or in the terms of this Resolution, the Bank be advised about such change and a fresh resolution regarding the operation of the Account be forwarded to the Bank forthwith.
- d) This resolution be forwarded to the Bank together with the specimen signatures of all the Trustees and it shall remain in force until the receipt by the Bank of the advice about the change in the Board of Trustees or in any of the terms of this Resolution together with a fresh Resolution referred to in (c) above.

Name	Signature*
.....
.....
.....

*(All the Trustees to sign)

(To be filled only if this facility is required by the depositor)

To

The Cooperative Bank Ltd.,
..... Branch / Head Office

**Specimen of
Current Account Opening Form – Government Accounts
Account of Government/Semi-Government Department, Taluk/District Boards**

Account No.....
Ledger No.....
From Place:
..... Date:
.....
To
The Manager/Chief Manager
The Cooperative Bank Ltd.
..... Branch/H.O.

Dear Sir,

I/We hereby request you to open a Current Account for * to be called** in the books of the Bank.

2. I/We have full authority to open and operate the Bank Account. A true copy of the order empowering me/us and authorising me/us to open and operate the account is enclosed.
3. I/We request and authorise you to honour all cheques or other orders drawn by me/us on the said account and I/we request you to debit such cheques and other orders as also cheques to the said account whether such account be for the time being in credit or overdrawn.
4. I/We agree to comply with and be bound by the Bank's rules for the time being in force and such other changes effected from time to time for the conduct of such accounts. I/We declare that the rules now in force have been read by me/us.
5. I/We hereby confirm that this account is opened by me/us in the capacity of on behalf of the Government of India/State Department of This letter shall be in full force and effect notwithstanding the transfer or on account of the Officer signing hereunder ceasing to function and the incumbent(s) functioning in his/her place shall be entitled to continue to operate/close the account on production of proper authority duly signed by the competent authority.

The specimen signature duly attested by the Head of the Department is enclosed.

Yours faithfully,
(Signature(s) with seal of the Office)

Encl: One
Name and full address of the Depositor(s)

* Name of the Government Departments such as Education, Public Works, Cooperation, etc.
**Description of the account - example, Scholarship A/c, Teachers Salary A/c, etc.

KYC Guidelines

Prevention of Money Laundering Act 2002 (PMLA) and Know your Customer (KYC) Norms.

Money Laundering has been defined in section 3 of Prevention of Money Laundering Act 2002 as “ Whosoever directly or indirectly attempt to indulge or knowingly assist or knowingly is a customer or is actually involved in any process or actively connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money laundering.

Objectives of PMLA.

1. To Prevent Criminal elements from using the banking system for money laundering activities.
2. To enable the bank to know /understand the customers and their financial dealings better.
3. To put in place appropriate controls for detection and reporting of suspicious transactions in accordance with laid down procedures.
4. To comply with applicable laws and guidelines.
5. To ensure concerned staffs are adequately trained in know your customer (KYC) /AML procedures.

KNOW YOUR CUSTOMER (KYC) & ANTI MONEY LAUNDERING (AML)

Money Laundering – Risk perception

Money laundering activities expose the Bank to various risks such as operational Risk, Reputation Risk, Compliance Risk and legal Risk. To ensure that Banks are not used by Money Launderers, Reserve Bank of India has issued KYC guidelines.

‘Know Your Customer’ Standards: The objective of KYC guidelines is to prevent banks from being used, intentionally or unintentionally, by criminal elements for money laundering activities. KYC procedures also enable banks to know/understand their customers and their financial dealings better which in turn help them manage their risks prudently.

For the purpose of KYC policy, a ‘Customer’ may be defined as:

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

Banks should frame their KYC policies incorporating the following four key elements:

- (i) Customer Acceptance Policy
- (ii) Customer Identification Procedures:
- (iii) Monitoring of Transactions;
- (iv) Risk management

Customer Acceptance Policy (CAP):

Banks should develop a clear Customer Acceptance Policy laying down explicit criteria for acceptance of customers. The Customer Acceptance Policy must ensure that explicit guidelines are in place on the following aspects of customer relationship in the bank.

The Bank will:

- a) Classify Customers into various risk categories and based on risk perception.
- b) Decide on acceptance criteria for each category of customers.
- c) Accept customers after verifying their identity as laid down in customer identification procedure.
- d) Strive not to inconvenience public who desire to transact banking business.

The Bank has to also ensure that

- (i) No account is opened in anonymous or fictitious/benami name (s).
- (ii) Parameters of risk perception are clearly defined in terms of the nature of business activity, location of customer and his clients, mode of payments, volume of turnover, social and financial status etc.
- (iii) Documentation requirements and other information to be collected in respect of different categories of customers depending on perceived risk
- (iv) Not to open an account or close an existing account where the bank is unable to apply appropriate customer due diligence measures
- (v) Circumstances, in which a customer is permitted to act on behalf of another person/entity, should be clearly spelt out in conformity with the established law and practice of banking and
- (vi) Necessary checks before opening a new account so as to ensure that the identity of the customer does not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organizations etc.

Customer Identification Procedure (CIP):

The customer identification has been defined as identifying the customer and verifying his or her identity by using reliable independent source documents, data, or information. Information on nature of business activities, location, mode of payment volume of turn over social and financial status will be collected for completing profile of customers.

Customers will be classified into three Risk categories namely high, medium and low category based on risk perception. Banks should obtain sufficient identification data to verify the identity of the customer, his address location and also recent photograph while for legal person/ entities etc. extra caution has been suggested.

The Bank has a Board approved Policy which clearly spell out the Customer Identification Procedure to be carried out at different stages as explained below i.e. while establishing a banking relationship; carrying out a financial transaction or when the bank has a doubt about the authenticity/veracity or the adequacy of the previously obtained customer identification data.

Customer identification means identifying the customer and verifying his/her identity by using reliable, independent source documents, data or information. Banks need to obtain sufficient information necessary to establish, to their satisfaction, the identity of each new customer, whether regular or occasional, and the purpose of the intended nature of banking relationship.

An indicative list of documents/information required to verify the identity/address and other features suggested is given below.

For individual.

Legal name or any name used in any one of the following.

- 1) Passport
- 2) PAN Card
- 3) Voter Identity Card
- 4) Driving Licence
- 5) Identity card (Subject to Bank's satisfaction)
- 6) Letter from recognized Public Authority.

For correct permanent address any one of the following.

- 1) Telephone bill,
- 2) Bank account statement
- 3) Letter from recognized public Authority
- 4) Electricity bill
- 5) Ration card
- 6) Letter from employer subject to Bank's satisfaction.

For Companies.

To verify the name of the company

- 1) Certificate of Incorporation and Memorandum of Association and Articles of Association. ———
Principal place of business mailing address of the company.

- 2) Resolution of Board of Directors to open an account and identification of those who have Authority to operate the Account.
- 3) Power of Attorney granted to it's Managers, Officers or employees to transact business on it's behalf.
- 4) Telephone number, fax number and telephone bill.

For partnership firms.

To verify legal names.—

- 1) Registration Certificate if registered- address
- 2) Partnership deed — Name of all partners and their addresses.
- 3) Power of Attorney granted to a partner or an employee of the firm to transact it's business on its behalf.
- 4) Any Officially valid document identifying the partners or person holding power of attorney and their addresses, telephone number of the firm.
- 5) Telephone bill.

For Trusts and foundations.

- 1) Certificate of Registration
- 2) Power of Attorney granted to transact business on its behalf- Name and addresses of the founder, Manager, Directors and the beneficiaries.
- 3) Any Officially valid document to identify the trustee , Circulars beneficiaries,
- 4) Resolution of the Managing body of the foundation/ Association , Telephone/ Fax number
- 5) Telephone bill.

General Instructions in the Account opening forms.

The Banks have to follow the guidelines of RBI while opening the accounts and conduct transactions complying with KYC norms and also as per instructions prescribed under prevention of money laundering.

The Common Account opening forms designed for all types of deposit account interalia follow KYC norms. The mandatory columns to be filled by the customers who open accounts are furnished below.

- 1) Occupation.
- 2) Source of funds
- 3) Monthly income.
- 4) Annual turnover.
- 5) Date of birth
- 6) Any relatives settled abroad.
- 7) Dealings with other branches of the Bank.

- 8) Assets owned.
- 9) Existing credit facility.

Optional columns to be filled in by the customer.

- 1) Marital status.
- 2) Educational Qualification (self)
- 3) Educational Qualification of Spouse.
- 4) Details of children
- 5) LIC Policy held.
- 6) Credit Card facility availed.
- 7) Whether owning four wheeler or two wheeler. .

The Banks have to draw time bound action plan to obtain the above details in respect of existing customers also.

The Branches have to obtain PAN numbers of customers for any cash transactions above Rs. 50,000.00

The introducer should have had the account with the branch for at least 6 months to one year period

Obligation under Money Laundering Act, 2002.

Section 12 of Prevention of Money Laundering Act 2002, casts the following reporting obligation for banking Companies to the Director Financial Intelligence Unit India (FIU-IND) besides record keeping.

- a) Cash Transaction report (CTR)
 - All Cash Transactions of the value more than Rs10.00 Lakhs.
 - All series of cash transactions connected to each other where aggregate of such transactions in a month exceed Rs10.00 Lakhs.
 - All transactions where forged or Counterfeit currency notes identified.
- b) Suspicious transactions Report (STR)
 - The suspicious transactions of huge value will be placed before Board of Management by Chief executive. On approval by Board Principal Officer (PMLA) will submit report to Financial Intelligence Unit of India Delhi.
- c) CTR — This month report by 15th of succeeding month.
- d) STR- within 7 days from completing procedure.

Reports of such transactions with full details have to be reported to Head Office under statement CTR (to principal Officer) (PMLA).

Importance of KYC to Staff.

- a) Bank employees to conduct themselves in accordance with the highest ethical standards.
- To comply with regulatory norms.
 - No advice or other assistance should be provided by staff to individuals who are indulging in money laundering activities.
 - To check possible abuse of banking channel for illegal and anti National activities.

Contravention of PMLA will attract penalties under Section 46 of BR act.

KYC procedure to be applied diligently to suit local conditions.

The Banks have designed account opening forms Common for all types of deposit accounts complying with KYC norms.

In the environment of Technology innovation and computerization remittance / Pay in slips are designed in such a way that it suits for all types of deposits accounts / loan accounts /DD application /money remittance etc.

Monitoring of Transactions:

On-going monitoring is an essential element of effective KYC procedures. Banks can effectively control and reduce their risk only if they have an understanding of the normal and reasonable activity of the customer so that they have the means of identifying transactions that fall outside the regular pattern of activity. However, the extent of monitoring will depend on the risk sensitivity of the account. Banks should pay special attention to all complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose.

★ ★ ★

CHAPTER - 3

INTRODUCTION TO OPENING OF ACCOUNTS

1. General :

- a. It is important that every prospective customer who wants to open any type of deposit account in the branch must be properly introduced to the Bank by a respectable person known to the Bank (who may not necessarily be a constituent of the bank), and must normally call on the Bank and sign in the column specifically provided for the purpose in the account opening application form. Introduction is obtained primarily to get protection under Section 131 of the 'Negotiable Instruments Act' and all the members of the staff in the branch must be made aware of the importance of a proper introduction.
- b. The legal protection given to bankers in respect of cheques collected "in good faith and without negligence" is available only if the account is opened with proper introduction.
- c. Once a customer has been properly introduced to the Bank for opening an account that customer need not bring fresh introduction at the time of opening another type of account (e.g. Current Account Holder opening a SB/FD/RD/CC or a Savings Bank Account Holder opening a CA/FD/RD/CC etc.)
- d. The need for introduction in the case of limited companies (unless they are familiar and well known) is greater as they may form a convenient medium for questionable transactions.

2. Who can introduce a customer ?

- a. Introduction of a new customer by an existing Current / Savings Bank Account Holder is considered to be the best form of introduction. However, a respectable person well known to the bank or a staff of the bank can also introduce a new customer (except in case of opening Current Account).

3. Who cannot introduce a customer?

- a. A Term Deposit holder who has no Current / Savings Bank Account cannot introduce another person to open a Current / Savings Bank Account.
- b. A minor Account Holder cannot introduce.
- c. A Savings Bank Account Holder is not eligible to introduce a customer to open a Current Account.
- d. It is desirable that there should be a reasonable time gap of at least six months for a new Account Holder of the bank to introduce another new customer to the bank. This will enable the bank to assess whether the operations by the existing Account Holder are in order or not.

4. Method of obtaining introduction

- a. The bank must insist that the Introducer must come to the Bank in person and sign the document before the Officer.
- b. In the case of newly opened Branch it may be difficult to rigidly enforce this rule that new accounts must be opened only with proper introduction. Therefore, in the case of new branches some form of identification of the customer like ration card; photo identity card issued by Election Commission; property tax receipts; identity card issued by his employer, etc., may be verified and a copy of the same may be retained along with Account Opening Form.

5. Verification of introduction

- a. It must be clearly understood that giving an introduction does not in any way bind the introducer in the event of the account becoming irregular.
- b. Even though the constituent is well introduced, it is still essential to enquire and record the name of his employer, change in employment, if any, should also be noted in Ledger Account.
- c. If the Introducer introduces (signs) the new Account opening form from his residence/ Office the same can be accepted after verifying the introducer's signature and also by sending a thanks letter to the introducer.
- d. Besides obtaining introduction from the known customer while opening a new account detailed guidelines under "Know Your Customer norms" advised by RBI and instructions under "Prevention of Money Laundering Act, 2002" (PMLA, 2002) should be followed by the branch.

★ ★ ★

CHAPTER - 4

NOMINATION

1. General :

- a. Nomination facilities to bank's customers are provided in respect of DEPOSIT ACCOUNTS under the 'Banking Laws (Amendment) Act, 1983' and as per 'Cooperative Banks (Nomination) Rules, 1985' and they have come into force since 29.3.1985.
- b. Nomination facility is available in respect of deposits held in the depositor individual capacity and not in any representative capacity.
- c. This nomination facility is available only to individual customers.
- d. Nomination can be given only in favour of individuals.
- e. Nomination facility is available for the following:
 - i. Deposits standing in their names in individual capacity,
 - ii. Contents of Safe Deposit Lockers hired by them and
 - iii. Items in Safe Custody with the Bank.
- f. Branches should ensure that all customers are aware of this facility and obtain nominations at the time of opening the accounts (Necessary provisions have been made in the Account Opening Forms for this purpose).
- g. Branches should ensure that the existing Account Holders also give their nominations.
- h. If any customer does not wish to make nomination for any personal reasons, an endorsement may be made in the Nomination form attached to the Account Opening Form or in the Account Opening Form itself reading:

“I/We do not require Nomination facility” under the signature(s) of the Account Holder(s).

2. Nomination for Deposit Accounts:

Conditions / formalities for accepting nominations in deposit accounts:

- a. Nominations should be obtained in the prescribed format. A specimen of the format of the “Nomination Form” is given in the **Annexure - 1** to this Chapter.
- b. Branches shall accept nominations only in deposits held in the personal names of the constituents.
- c. Branches should not accept nominations in respect of deposits held in any representative capacity such as, director of a company, secretary in an association, partner of a firm, Karta of a Hindu undivided family etc.

- d. Branches should not accept nominations even in the accounts of proprietary concerns.
- e. Branches can accept nominations in the following types of accounts standing in the name(s) of individual depositor(s).
 - i. Savings Bank Accounts
 - ii. Current Accounts
 - iii. Term Deposit Accounts including Special Deposits (Deposit Schemes) and Recurring Deposit Accounts.
 - iv. NRO, NRE and FCNR accounts (i.e. in respect of NRI accounts of these categories)
 - v. Accounts of Pensioners.
- f.. In respect of Term Deposits, the nomination made during the currency of a deposit will continue to be valid after renewal of that deposit.
- g. Branches should note that only one individual in his personal capacity can be made as a nominee in respect of a particular deposit account.
- h. Acceptance of more than one nominee in any particular deposit account is prohibited. If however a Cooperative Bank is authorised to have deposit accounts under Capital Gains Accounts a maximum of three nominations are permitted for Savings Bank Deposit and for Term Deposits Accounts.
- i. Where the depositor has more than one deposit account, branches should accept separate nominations in respect of each deposit account even though all the deposits stand in the name of the same depositor.
- j. Where the depositor wishes to nominate more than one person for a single deposit, branch may permit splitting of the deposit in proportion desired by the depositor, subject to the period and aggregate amount of the deposit not undergoing any change as a result of such splitting.
- k. For each of the remittent deposits, branch should obtain a separate nomination.

3. Nomination for Pension Accounts:

- a. Nomination may be made by the pensioner in the account to which his pension amount is credited. Since the pension rules prohibit joint account being opened by the pensioner for credit of pension amount, it is desirable that in every pension account nomination is obtained by the branches.
- b. In case the pensioner has given nomination under "Arrears of Pension (Nomination) Rules, 1983" which will be applicable only for payment of pension arrears, it is in favour of Government for payment of arrears after the death of the pensioner, whereas the nomination obtained for the bank account [under Banking Companies (Nomination) Rules, 1985] of the pensioner is to cover the credits already made into the account of the pensioner before the death of the pensioner.

- c. The Branches must therefore persuade the pensioners to give separate nomination/s i.e. apart from the one given for arrears of pension.

4. Who Can Nominate:

- a. Every depositor having a deposit in his individual name either singly or jointly with other individual(s) can give nomination for each one of the deposits.
- b. Nominations in various deposit accounts may be accepted in the following names:
 - i. Accounts in the name of an individual:
Nomination should be given by that individual Account Holder alone.
 - ii. Accounts in the joint names of two or more individuals:
Nomination should be made jointly by all the joint Account Holders.
 - iii. Accounts in the joint names of individuals with “E or S”, “Any one or Survivor” or “Former or Survivor” mandate nomination should be made jointly by all the joint Account Holders irrespective of the operational instructions.
 - iv. Accounts of minors operated by guardian on behalf of the minor:
Nomination should be made only by the guardian authorised to operate the account of the minor (natural guardian or the guardian appointed by the Court).
 - v. Accounts of minors operated by guardian held jointly with the guardian:
Nomination should be made only by guardian both on behalf of the minor and the guardian himself.
 - vi. Minor’s Special Deposits Account i.e. Account operated by minor himself:
No nomination should be accepted.
 - vii. Accounts of Non Resident Indians:
Nominations can be made by the Non Resident Indians in their, Non Resident (ordinary), Non Resident (External) and Foreign Currency Non Resident (FCNR) accounts in the same manner in the paras (i) to (vi) above.

5. Who can be Nominated:

- a. Branches shall ensure that only individuals in their personal capacity are nominated in respect of deposit accounts. The Nominee may be :-
 - i. Any individual, who is a resident of India, in his personal capacity, named by the depositor.
 - ii. A minor - represented by the guardian (natural or appointed by Government)
 - iii. A non-resident Indian of Indian origin
 - iv. A foreign national of Indian origin
 - v. A foreign national of non-Indian origin.

- b. A non-resident Indian can nominate a resident as Nominee and resident Indian can nominate a non-resident as a Nominee. However, remittance of funds from the account of a deceased depositor to the non-resident nominee will be subject to the 'Exchange Control Regulations', prevailing at the time of remittance.
- c. Where a nominee is a Minor, the sole depositor or all the depositors as the case may be, should appoint another individual not being a minor, to receive the amount of the deposit on behalf of the minor, during the latter's minority. Such individual need not necessarily be the natural guardian of the minor - nominee.

6. Procedures for Nomination :

- a. Branches should provide the customers with prescribed 'Nomination Form'.
- b. Upon receipt of the duly filled nomination form from the depositor the branch should examine the same carefully to ensure that:
 - i. All columns are duly filled in and account number and name of the depositor and the name, address and date of birth (if the nominee is a minor) of the nominee account clearly written.
 - ii. It is signed by all the depositors.
 - iii. Only one nominee is appointed on the nomination letter.
 - iv. The eligibility criteria as prescribed in foregoing paras all satisfied.
- c. Then the officer should verify the signature of the depositor on the nomination letter and there after sign on the acknowledgement slip attached to the nomination letter under the round stamp of the branch.
- d. The acknowledgement slip should be dated and handed over to the depositor in token of having registered the nomination.
- e. The relative ledger folio & pass book should be marked with the rubber stamp reading "NOMINATION OBTAINED".
- f. Complete details must then be recorded in the "Nomination Register" maintained by the Branch.
- g. The Nomination letter must be retained with the relative Account Opening Form.
- h. Branch need not obtain the signature of the nominee, while obtaining nominations.

7. Cancellation or Variation of Nomination:

- a. A nomination once made can be changed or cancelled by the depositor any time during the Currency of the relative deposit.

- b. Instructions for 'Cancellation of Nomination' should be given in the prescribed Form, a specimen of which is given in the **Annexure - 2** to this Chapter and change or 'Variation of Nomination' should be made using a separate format, a specimen of which is given in the **Annexure - 3** to this Chapter.
- c. In case the deposit is in joint names, branch should obtain the above forms duly signed by all the depositors irrespective of the operational instructions. (like "E or S", "A or S" etc.).
- d. In the case of joint accounts, on the death of one of the depositors, branch may allow cancellation and / or variation of nomination during the Currency of the account. But it must be ensured that such cancellation / variation is made jointly by all the depositors surviving at the time of cancellation or variation of the nomination.
- e. When a nominee is changed the branch should ensure that the new nominee satisfies the eligibility criteria provided in earlier paras.
- f. The officer should verify the signatures of the depositor on the application with their specimen signatures available with the Bank for cancellation and variation.
- g. Upon ensuring that the application for cancellation and variation is in order the officer must sign on the acknowledgement slip attached to the form under the branch round stamp and return this slip to the depositor.
- h. In case the application is for cancellation and the same is in order and accepted by the branch, the officer in charge must cancel the nomination letter given earlier by drawing a line across the face and writing there as "nomination cancelled vide application form dated" under his initials and date.
- i. Then the application for cancellation of the nomination should be attached to the relative Account Opening Form.
- j. In case the application is for variation of a nomination the officer in charge should proceed as described in previous para and write there on as "nomination changed vide application date" under his initials & date.
- k. Then the application for variation of nomination should be attached to the Account Opening Form. Original nomination letter, which is cancelled, must also be retained with the relative Account Opening Form.
- l. Whenever a particular account is carried forward to a fresh folio / Register the details of nomination should also be carried forward without fail.
- m. A nomination / change of nomination / cancellation of nomination will be deemed to be in force even when the relative Deposit is renewed, unless the nomination is changed, in which case, a fresh nomination is required.

- n. Upon the death of the sole depositor in the case of deposit in the name of an individual or upon the death of one or all of the depositors in a deposit in the names of two or more individuals, the names of the deceased depositors in the deposit cannot be substituted by the name of the nominee. The name of the nominee cannot also be added to the name(s) of the surviving depositor(s). In other words under no circumstance a branch can permit the Nominee to become the depositor under the same account.
- o. The role of nominee is only to receive the proceeds of the deposit in the event of death of the depositor / all depositors.
- p. Similarly no loan shall be granted to a nominee against the deposit standing in the name of the deceased depositor.
- q. But the claim should be settled first in favour of the nominee by following the procedures laid down for “Settlement of Claims” under separate Chapter in this volume.
- r. By making payment of the deposit amount to the nominee, the bank gets a good and valid discharge. It is entirely the responsibility of the nominee to account the money with any legal heir(s) of the deceased and the bank is in no way concerned with it.

8. Nominations for Safe Deposit Lockers:

- a. Branch may permit nominations only in respect of Safe Deposit Lockers hired by persons in their individual capacity and not in any representative capacity.
- b. Only individuals can be made nominees in respect of Safe Deposit Locker accounts.
- c. Complete details about nomination facility in respect of Safe Deposit Locker hirers are furnished in the Chapter dealing with “**Safe Deposit Locker**” in this volume.

9. Nomination for Articles held in Safe Custody:

- a. Branch may accept nominations for items held in Safe Custody only if they are held in the personal name of a single individual and not in any representative capacity or as holder of an office or otherwise.
- b. Branches should not accept nomination in respect of persons jointly depositing articles for Safe Custody.
- c. Where a nominee is a minor, the person who makes the nomination may appoint another individual, not being a minor, to receive the items on behalf of the minor during the latter’s minority.
- d. Branches should obtain a separate nomination in respect of each lodgment covered by a safe custody receipt. Such a nomination should be obtained on the prescribed form.

- e. Branches may permit cancellation / variation or change of nomination at any time during the Currency of the safe custody agreement. Requests for these purposes should be made in the prescribed forms.
- f. The other formalities like issuing due acknowledgement, attaching the original nomination forms and subsequent applications, for change or variation or cancellation of nomination to the relative Account Opening Form etc. to be followed as in the case of nomination for Deposit accounts.
- g. Similarly noting the details in Nominations Register, relative ledger folios/Register s, verification of specimen signatures, scrutiny of particulars filled in the application forms, preservation of records etc. are the same as those applicable for deposit accounts.

10. Nomination Register:

- a. Particulars of nominations should be properly and fully recorded in the “Nominations Register”. A specimen of the ‘Nominations Register’ is given in the **Annexure - 4** to this Chapter. All the particulars in this Register should be checked by an officer with reference to the application form for nomination or cancellation of nomination or change of nomination and the entries must be authenticated by the officer.
- b. In addition the following particulars should be noted in the relative ledger folio under the authentication of the checking officer.
 - i. Name of the Nominee
 - ii. Serial number as per recording in ‘Nominations Register’
 - iii. Date of Registration of nomination in the ‘Nominations Register’ which should be the date on which the nomination is made by the depositor / account holder in writing.
- c. Nomination facility is available only in respect of minor accounts, if such accounts are operated by a person lawfully entitled / empowered to act on behalf of the minor.
- d. In the case of joint accounts, the making / cancellation / variation of a nomination will have to be made by all the depositors.
- e. Renewal of deposits with nomination will not in any way affect the nomination. Whenever the deposits with nominations are renewed, the new deposit receipt number will have to be recorded in “Nominations Register”.
- f. Customer can change the nomination at any time during the period when the account / deposit remains with the Bank.
- g. Where the nomination has been made in the prescribed manner, the nominee shall on the death of the sole depositor or all depositors, as the case may be, becomes entitled to all the rights of the depositor(s).

- h. Particulars of nomination are to be properly recorded in the 'Nomination Register' to be maintained by the Bank, which should be authenticated by an officer of the bank.

The following details of nomination should be noted in the ledger also:

- i. Name of the nominee,
- ii. Serial number as per recording in 'Nominations Register', and
- iii. Date of Registration of nomination in the 'Nominations Register' which should be the date on which the nomination is made by the customer in writing.

11. Death of a Customer:

- a. An announcement of death of a customer of the Bank in a newspaper / production of a death certificate or report from a reliable person etc., is sufficient notice to the Bank to act upon.
- b. The fact (death of the customer) should be recorded in the ledger with the date and source of information duly authenticated by an officer. A line in red ink must be drawn below the last entry in the account.
- c. On receipt of such notice or information of death or about insolvency or insanity of a customer, the Bank must ensure that no further payment out of this account is allowed or passed. Even the cheques dated prior to the date of death / insolvency / insanity when presented to the Bank after receipt of notice / information of death / insolvency / insanity of the customer should not be honoured / paid.

12. Annexure/s

Following are the Annexures appended to the Chapter:

- Annexure - 1 : A specimen of Nomination Form
- Annexure - 2 : A specimen of Cancellation of Nomination
- Annexure - 3 : A specimen of Variation of Nomination
- Annexure - 4 : A specimen of "Nomination Register"

★ ★ ★

A SPECIMEN OF “NOMINATION FORM”

Nomination under Section 45ZA and read with Section 56 of the Banking Regulation Act, 1949 and Rule 2(1) of the Cooperative Banks (Nomination) Rules 1985 in respect of the Bank deposits.

I/We residing at..... nominate the following person to whom, in the event of my/our/minor’s death, the amount of the deposit, particulars whereof are given below may be returned by the Cooperative Bank Ltd., Head Office branch situated at

Nature of Deposit Account No. Additional Details

SAVINGS BANK/CURRENT ACCOUNT/TERM DEPOSIT ACCOUNT

- a) Name of Nominee
- b) Age:
- c) Address of Nominee
- d) Relationship of Nominee with depositor, if any:.....
- e) If Nominee is a Minor, his/her date of birth:

@ As the Nominee mentioned in (a) above is a minor on this date, I/we appoint Shri/Smt..... aged Residing at to receive the amount of the deposit on behalf of the Nominee in the event of my/our/minor’s death during the minority of the Nominee mentioned in (a) above.

Place:..... Date:

Witnesses: (1) (2)

i) Name(s)

ii) Signature(s)

iii) Address:

\$ Signature(s)/Thumb impression(s) # of depositor(s)

Nomination accepted and Registered vide Regn. No..... Dt.....

Acknowledgment issued to the Account Holder.

Date:

for The Cooperative Bank Ltd.
Asst. Manager / Manager / Chief Manager.

@ Strike out if Nominee is not a minor. # Thumb impression(s) shall be attested by two witnesses.

\$ Where the deposit is made in the name of a Minor, the nomination form should be signed by a person lawfully entitled to act on behalf of the Minor.

**Specimen of “Cancellation of Nomination”
(To be filled only if this facility is required by the depositor)**

I/We
(Name(s) and Address(es) of the depositor/depositors)
cancel the nomination made by me/us in favour of
(Name and address)
.....in respect of
(give details of deposit)

Place:

Date: *Signature(s)/@Thumb impression(s) of depositor(s)

Name(s), Signature(s) and

Address(es) of witness(es) @

* Where deposit is made in the name of a minor, the cancellation of nomination should be signed by a person lawfully entitled to act on behalf of the minor.
@ Thumb impression(s) shall be attested by two witnesses.

Nomination in favour of vide Regn.
No..... dated is cancelled.

for THECOOP. BANK LTD.
MANAGER/CHIEF MANAGER

ACKNOWLEDGEMENT (To be returned to the depositor)

Name of the Depositor

Nature of A/c. and No.

Nomination in favour of

vide Regn. No..... dated is cancelled.

for THE COOP. BANK LTD.
MANAGER/CHIEF MANAGER.

**Specimen of “Variation of Nomination”
(To be filled only if this facility is required by the depositor)**

I/We

(Name(s) and address(es)) of the depositor/depositors

cancel the nomination made by me/us in favour of

(Name and address)

and hereby nominate the following person to whom in the event of my/our/minor’s death, the amount of the deposit, particulars whereof are given below, may be returned by

.....
(Name and address of branch/office in which deposit is held)

Deposit			Nominee				
Nature of	Distinguishing No.	Addl. details, if any	Name	Address	Relationship with Depositor, if any	Age	If nominee is a minor, date of birth

@ 2. As the nominee is a minor on this date, I/we appoint Shri/Smt.

(Name, address and age)

to receive the amount of the deposit on behalf of the nominee, in the event of my/our/minor’s death during the minority of the nominee.

Place:

Date: *Signature(s) / #Thumb impression(s) of depositor(s)

Name(s), Signature(s) and address(es) of witness(es)#

Change of nomination accepted and Registered vide Regn. No..... dated.....

for The Cooperative Bank Ltd.

Manager / Chief Manager.

ACKNOWLEDGEMENT (To be returned to the Depositor)

Name of the depositor

Nature of A/c. and No.....

Nomination in favour of

is cancelled and Registration in favour of

is accepted and Registered vide Regn. No..... dated

for The Cooperative Bank Ltd.

Manager / Chief Manager.

@ Strike out if nominee is not a minor.

* Where deposit is made in the name of a minor, the variation of nomination should be signed by a person lawfully entitled to act on behalf of the minor.

Thumb impression(s) shall be attested by two witnesses

The Cooperative Bank Ltd.

..... Branch/H.O.

A SPECIMEN OF ‘NOMINATION REGISTER’

Sl. No.	Date	Name(s) of depositor(s) with address(es)	Nature of deposit	Distinguishing number of deposit	Name of nominee (indicate date of birth, if minor) with address	Name of the person authorised to receive the deposit amount on behalf of the nominee, if minor, with address	Date of cancellation of nomination	Sl. No. of new nomination, if any	Date of payment of deposit to depositor(s) / nominee
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

CHAPTER - 5

MAINTENANCE OF ACCOUNTS & OPERATIONAL PROCEDURES

1. Salient Features:

- a. Only bank's printed application form must be used for opening of an account.
- b. Introducer must sign before the Authorised Official /Manager of the Bank.
- c. In the Account Opening form both residential and office address (in the case of employed persons) / business address with phone numbers / mobile number /e mail address (if available) will have to be furnished.
- d. In case the customer would like to have the Nomination facility the same must be recorded in the Account Opening Form.
- e. Whenever an account is closed it must be prominently marked in Red ink as account closed with the date of closing in the Account Opening Form and also in the ledger.
- f. Specimen signature cards must be kept locked and under the custody of an officer of the Bank.
- g. All inoperative accounts kept in separate Ledgers, must be kept under the custody of the Manager.
- h. All Current / Savings, Term Deposit and Recurring Deposit accounts must be assigned distinct number. Once the account number is allotted the same should be recorded in the Account Opening Form and the ledger.
- i. When Cheque Books are issued, the account number must be written on each cheque leaf.
- j. When the account is opened in the Ledger all the following details should be properly recorded in the ledger without fail:
 - i. Name of the Customer/Account holder ,
 - ii. Full postal address of both residence and office (if employed/business),
 - iii. Residence & Office Phone numbers/ mobile number /e mail address,
 - iv. Date of opening the account, Cheque numbers and date of issue,
 - v. Operational instruction, if any,
 - vi. Whether "E or S" or "Joint Account" must be recorded properly,
 - vii. Introducers name and his account number (if he is an Account Holder of the Bank),
 - viii. In the case of minor - Date of Birth, and
 - ix. In the case of Blind or Illiterate person it must be prominently recorded on the ledger sheet as "Blind", "Illiterate" and a photograph of the person must be attached to ledger sheet.
- k. Separate Index Register in alphabetical order of the customers for Current, Savings and Recurring Deposit accounts should be maintained.

1. A separate Index Register for Term Deposit holders & Safe Deposit Locker holders should be maintained.

2. Return of Cheques:

- a. All the cheques returned unpaid by the Bank must be recorded in "Cheque Returned Book" initially. After getting the orders of the Manager to return the said cheque proper entry must be made in "Cheque Returned Book" wherein the reason / objection for return of the cheque should be recorded.
- b. Issue of advice for cheque deposited by customers for collection or clearing and also for cash remittances through 'pay-in-slips', counter foil duly stamped and signed by an officer of the Bank must be given to the customer.
- c. For Credits and Debits made to customer's account i.e. for transfer type of transactions resulting in such debits / credits in the customer's account, copy of advice must be sent to the customer.

3. Cash Payment of Cheques:

- a. Before posting cash payment cheques in the Ledger, Ledger Assistant has to ensure that:
 - i. it is a bearer cheque,
 - ii. it is dated current date or previous dates and not stale (presently, a Cheque is valid for encashment upto three (3) months from the date of the cheque with effect from April. 2012).
 - iii. signed by the Account Holder properly,
 - iv. amount in figure and words agree,
 - v. there are sufficient funds in the account to honour the cheque,
 - vi. the particular cheque has not been stopped for payment by the Account Holder,
 - vii. the balance in the account has not been attached by any appropriate authority,
 - viii. no notice of death / insanity / insolvency of the Account Holder has been received.
 - ix. tokens are to be issued and the number of which must be marked on the face of the cheque in one corner for all cash payment cheques, and
 - x. the Ledger Assistant has to initial at appropriate place on the cheque for having posted the cheque in the ledger.

4. Passing of Cheques:

- a. Before passing a cheque for cash payment the Passing Officer has to verify and satisfy himself that:
 - i. the date of the cheque is valid one,
 - ii. amount in words and figures agree,

- iii. the signature of the Account Holder agrees with the specimen signature on record with the Bank,
- iv. the particular cheque has been posted in the Ledger and the payment of the same has not been stopped by the Account Holder.
- b. And having being satisfied about the above the Passing Officer affixes “Pay Cash” stamp on the cheque with his full signature under that stamp and draws a line across the signature of the Account Holder in such way that the signature is cancelled.
- c. If financial / passing power for different cadres of officers have been fixed by the Bank, all the vouchers/ instruments have to be passed only by the officer who is authorised / empowered for the purpose.

5. Payment of cash:

- a. Before making payment the Cash Assistant has to ensure that:
 - i. the cheque is properly dated bears the signature of the drawer, posted by the Ledger Assistant and passed by the Passing Officer,
 - ii. the receiver of the cash payment surrenders the correct token as indicated on the face of the cheque,
 - iii. as an additional step to ensure that payment is made only to the correct receiver the Cash Assistant may politely ask the receiver to state the amount to be received by him, and
 - iv. on all payment vouchers / cheques on their backside the Cash Assistant must note the denominations in which he had made the payment and also affix “Cash Paid” stamp with date.

6. Security Measures:

a. Loose Leaf Ledger:

- i. Keys for Loose Leaf Ledger Binders must be under the custody of an officer.
- ii. Additional Ledger Sheets to any account should be added only in the presence of the officer holding the ledger key. Similarly, when Ledger Sheets are to be shifted to another “Transfer Binder” it must also be done only in the presence of that officer holding the Ledger key.
- iii. It is desirable that the Bank has a policy to open new Ledger Sheets for all accounts after completion of 3 half years in the case of Savings Bank Accounts and after completion of each financial year for Current Accounts.
- iv. Whenever new Ledgers are opened as above the old Ledger sheets should be removed from the Ledger Binders and each Ledger must be neatly bound as a single book. On such bound volumes, the Ledger number, the range of accounts [1 to 300 (or) 301 to 600 etc.] and the period [e.g. 1st March 2011 to 31st Aug. 2011 or 1st Sep. 2011 to 28th Feb. 2012] should be written boldly.

- v. In the case of Current Account and Cash Credit Ledgers, separate Master Sheet for each account must be kept wherein the particulars like: Name of the Account, address, names of partners or officials authorised to operate, limit sanctioned, validity period of the limit, special instructions if any, Cheque Books issued and phone numbers of the Office / Officials operating the account etc. are to be recorded.

b. Issue of Cheque Books:

- i. Cheque Books for newly opened accounts must be issued only after getting written request from the customer. In the case of new Savings Bank Accounts it is desirable to issue Cheque Books after studying the operation in the account for a month or two.
- ii. All Cheque Books must be issued only after being authorised by the Manager.
- iii. In the case of existing accounts, fresh Cheque Books must be issued only against the presentation of the “Cheque Book requisition slip” taken out from the previous Cheque Book.
- iv. Fresh Cheque Book must be issued only after the previous Cheque Book is exhausted.
- v. While issuing a Cheque Book it must be ensured that all the cheque leaves bear the name of the Branch as well as the Account Number. Whenever Cheque Books are issued the details of cheque leaves (i.e. cheque numbers) should be noted in Ledger Account.

c. Issue of Loose Cheque Leaf:

- i. Loose cheque leaf must be issued only to Current Account Holder.
- ii. Loose cheque leaf must be issued only against specific written request by the customer with valid reason that satisfies the Manager. Only against the authorisation of the Manager, a loose cheque leaf should be issued.
- iii. This loose cheque leaf must also be issued only after entering the details in ‘Cheque Book Issued Register’ and after getting the signature of the customer as acknowledgement.
- iv. The number of the loose cheque leaf issued to the customer should be recorded in the Ledger Account.
- v. For issuing loose cheque leaf a fresh Cheque Book must be used, on which “To be issued as Loose Leaf” must be marked in Red ink and retained under the custody of the Manager.
- vi. Unused cheque leaves surrendered by a customer whose account has been closed should not be used for issuing loose cheque leaves.
- vii. The following details must also be recorded on the face of the loose cheque leaf issued to the customer.
 - Loose Leaf issued to Shri..... A/c No.
 - “Pay Self Only”
 - Valid for (the date of issue of this Loose cheque to be noted here)
- viii. The loose cheque leaf must be used on the same day of issue and it must be used only for withdrawing cash.

7. Transfer of Accounts:

a. Transferring Branch:

- i. At the written request of the customer his account may be closed and transferred to another branch of the bank.
- ii. In the case of joint account the request for transfer must be signed by all the joint holders.
- iii. Unused Cheque Books / cheque leaves must be surrendered by the customer at the time of closing the account for transfer to another branch.
- iv. Before closing and transferring an account all the cheques issued on this account by the customer must have been presented for payment.
- v. In the transfer credit advice all relevant particulars like name of the Account Holder, new address etc. are to be furnished. Together with this credit advice the Account Opening Form, Specimen Signature Card, Pass Book duly stamped as “Transferred” with up to date entries must be forwarded to the Transferee Branch.
- vi. If any outstation cheque is pending collection for this account the fact of transferring this account to another Branch must be noted in “Bills Lodged Register “ so that on realisation the proceeds may be remitted to the Transferee Branch.
- vii. In the case of Savings Bank Accounts the products for interest calculation must be furnished in the transfer credit advice up to the date of transfer .
- viii. All standing instructions for transferring / remitting out of this account must be closed under intimation to customer.
- ix. Make a noting in the accounts opened and closed Register against this account as “Transferred to Branch” with date.

b. Transferee Branch:

- i. When an advice regarding transfer of an account from another branch is received, the receiving branch must open a new account in the branch in the name of the customer.
- ii. It must be recorded in the Ledger account that “The account transferred from Branch”.
- iii. New Pass Book must be issued with the opening balance being the amount received from another branch as per transfer credit advice.
- iv. New Cheque Book must be issued against written request of the customer.
- v. In the case of Savings Bank Account the products up to the date of transfer must be noted in the Ledger account.
- vi. New Pass Book together with old Pass Book received from another branch must be issued to the customer after obtaining his acknowledgement.
- vii. Proper entry must be made with the new account number against which it must be noted as “Account transferred from Branch” in the “Accounts Opened & Closed Register”.

8. Stocks of Cheque Books / DD Books / Pay Orders and Stationery items:

- a. The Branch must maintain separate stock registers for (i) Cheque Books / DD Books and Pay order Books, (ii) Term Deposit receipt Books, (iii) Stationery items and (iv) Furniture & Fittings items.
- b. As and when fresh stock of Cheque Books / DD Books & Pay orders are received by the branch they must be added to the respective group like 100 leaves / 50 leaves / 20 leaves / 10 leaves Cheque Books, DD books of AIMAS (MICR and NON-MICR), DD Books of State Drafts Scheme etc. In addition to recording number of books received it must also be recorded in this stock Register the serial numbers of cheques / DDs / POs received by the branch.
- c. Cheque Books / DD books / Pay order books have to be withdrawn from the stocks, for being issued to customers, only in the serial order and should not be pulled out at random. All withdrawals must be recorded in the stock register.
- d. All the Cheque Books / DD / PO books and even the serial numbered Term Deposit receipt books must always be kept under lock & key.
- e. These all are called Security Instruments and therefore the stock must be physically verified at the end of each month.

9. Inoperative Accounts:

- a. Under Sec. 26 of B.R. Act a return must be filed to RBI furnishing the details of Current / Savings Bank Accounts which remain dormant, i.e. inoperative for a continuous period of 10 years and above.
- b. In view of the same, the Banks maintain “Inoperative Accounts Ledger” only in respect of those Current & Savings Bank Accounts which remain inoperative for 10 years and above.
- c. With a view to exercising proper control over the accounts and to avoid any manipulation by the Bank’s staff members or others, it is desirable to shift those Current and Savings Bank Accounts which remain inoperative for a continuous period of 3 years and above to a separate inoperative ledger which may be styled as “Inoperative Accounts Ledger - 3 years and above Accounts”. The regular inoperative Ledger will be styled as “Inoperative Accounts Ledger - 10 years and above Accounts”.
- d. All these “Inoperative Accounts Ledgers” must be kept under lock & key by the Manager.
- e. However the accounts operations of which have been stopped by court orders or attachment orders by appropriate authorities or when the account shows debit balance should not be transferred to “Inoperative Accounts Ledger”.
- f. Any credit / remittance is received for an inoperative account the fact must be brought to the notice of the Manager who will examine the position and decide about transferring the said account from inoperative ledger to operative ledger.

- g. Interest at applicable rate must be credited at the end of March every year for all interest bearing inoperative accounts.
- h. Trial Balance of inoperative accounts must be extracted once a year and must be balanced.

10. Weeding out Un-remunerative / Undesirable Accounts:

- a. **Un-remunerative Accounts** are the accounts in which balances quite often fall below the minimum balance prescribed and / or the accounts which have been opened and maintained with very meagre balance just to avail other facilities like purchase of DDs etc.
- b. **Undesirable Accounts** are the accounts wherein cheques are often drawn for amounts in excess of balance available and without any arrangement, which results in return of many cheques.
- c. It is desirable that bank sends notices to such customers maintaining un-remunerative / undesirable accounts informing them the intention of the bank to close such accounts and a reminder after a month. Give them two months' time and then close such accounts and remit the balance amount due to the customer by a Pay order / DD.
- d. In respect of Undesirable Accounts the officers must keep constant vigil to ensure that no cheque is inadvertently passed when there is no sufficient funds in the account.
- e. When the bank sends notice to the customer maintaining such un-remunerative / undesirable accounts, the bank should not issue fresh Cheque Books to such customers.
- f. At the time of closing such accounts, the Bank must take all steps to collect the unused cheque leaves / books from such customer.

11. Procedure for Submission of Records to Statutory Authorities:

- a. Whenever orders are received in writing from the Court/I.T. authorities/Police Department in criminal cases calling for certain records, the Bank has to necessarily produce such records.
- b. In all such cases when the Originals are removed from the Ledgers/Vouchers for submissions to such authorities noted above, photocopies of the Ledger Account Vouchers have to be inserted in the respective position in the Ledger/Voucher bundle duly attested by the Manager/Officer of the Bank. (In a computerised environment print out of the ledger duly attested by the Bank Official will serve the purpose.)
- c. Notice received from the above said authorities will have to be retained in a separate file under the custody of the Manager. Acknowledgements received from them relating to the records furnished by the Bank have also to be retained in the same file.
- d. Originals as and when returned to the bank must be again inserted in the same place in the Ledger/Voucher bundle and the photocopy have to be removed and filed in the respective file.

12. Attachment Orders:

- a. Garnishee Order is an attachment order issued by a Court under order 21, Rule 46 of Civil Procedure code. It is an order of the Court obtained by the judgment creditor attaching the funds belonging to a judgment debtor with the Bank. Here the Bank is the Garnishee.
- b. Time and date of receipt of Garnishee order must be recorded in the Ledger Account with the attestation of the Manager.
- c. If no specific amount is mentioned in the Garnishee order the order simply attaches all the sums due and accruing to that customer as on the date of receipt of Garnishee order by the Bank.
- d. The Court may issue such Garnishee order in two parts. First order called as “Order NISI” will be seeking the explanation of the Bank why the balances in the accounts of the ‘judgment debtor’ with the bank should not be attached and utilised towards settlement of dues to the ‘judgment creditor’. On receipt of such order the Bank must immediately stop payments out of such accounts and also inform the customer about this Court order and the fact that the Bank could not allow any payment / withdrawal from the account till the Court issues revised orders. On receipt of the second order of the Court which is called “order absolute”, the Bank will have to remit the attached funds to the Court out of the account of the ‘judgment debtor’ with the Bank.
- e. With a view to ensuring that no payment by oversight is made out of such account [for which Garnishee order (i.e. order NISI) has been received by the bank] it is always desirable to transfer the attached amount [from such attached accounts] to suspense account.
- f. If the amount available in the attached account is less than the amount indicated in Court order the amount so available must be transferred to suspense account and if no specific amount has been mentioned in the Court order the entire balance available in the account must be transferred to suspense account.
- g. A Garnishee order in the name of an individual will not attach the account operated by the said customer as a Trustee / Executor / Administrator.
- h. In the case of a joint account, Garnishee order specifying only one of the joint Account Holders does not bind other joint holders and the Court must be approached for withdrawal of such order. However if the order specifies all the joint Account Holders, such order will attach not only the balance in the joint account but also the balances in the individual accounts of the joint Account Holders.

13. Other Attachment Orders:

- a. Other attachment orders are normally issued by competent authorities like Income Tax / Commercial Tax Officers / PF / Employees State Insurance authorities. On receipt of such attachment orders, the fact should be noted in Ledger with date & time of receipt of such order duly attested by the Manager.
- b. Account Holder must be informed through Registered post about receipt of such attachment order and that the attached amount has been set aside by the bank and the same could be released to the Account Holder only if he is able to get orders from the authorities concerned withdrawing the attachment order and produce to the bank within reasonable time.
- c. If the attached amount is lying in a Current / Savings Bank Account the amount must be transferred to suspense account. If the attached amount is in Term Deposit it must be prominently noted in Red ink, "Under Attachment by IT / Commercial Tax Authorities" duly attested by the Manager. No foreclosure of such attached Term Deposit should be allowed, similarly, no loan against such attached term deposit should be sanctioned.
- d. Bank should also acknowledge receipt of such attachment order and also seek time to comply with their notice as the matter has been referred to Bank's Head Office for guidance.
- e. The Branch must refer such cases to Head Office Legal Department for guidance.

★ ★ ★

CHAPTER - 6

CURRENT ACCOUNT

1. Who can Open:

- a. Current Account (C. A.) can be opened by :
 - i. Individual in his single name.
 - ii. Two or more individuals in their joint names with survivor clause like “E or S” / “A or S”/ Jointly.
 - iii. Sole proprietorship concerns.
 - iv. Partnership firm,
 - v. Private / Public Sector Companies.
 - vi. Religious / Educational / Charitable Institutions
 - vii. Trusts / Executors / Administrators
 - viii. Clubs / Associations
 - ix. Registered / Unregistered Societies
 - x. Government / Semi government Departments / Local bodies
 - xi. Cooperative Societies
 - xii. Other institutions on production of required and valid documents.

2. Who cannot Open:

- a. Current Account cannot be opened by :
 - i. Minors. However accounts of minors to be operated by natural guardian may be opened.
 - ii. Purdanashin women
 - iii. Illiterate persons.
 - iv. Blind persons. In case a person after opening a Current Account after sometime becomes Blind must be advised to close the Current Account and to open a Savings Bank Account.
 - v. Insane /Insolvent persons

3. Procedure for Opening Accounts:

- a. It must be ensured that:
 - i. all applications for opening Current Accounts must be in Bank’s printed form only The Bank has now prescribed Common Account opening form for all types of deposit account complying with KYC norms.
 - ii. the account should be properly introduced.

- iii. all required documents applicable to that particular category [e.g. Club / Association / partnership concern etc.] should be submitted.
- iv. photographs of the individual, Proprietor, Partner, Directors of the Company etc. should be submitted along with the application form. .
- v. no account should be opened unless the same has been authorised by the Manager.
- vi. introducer normally, must sign in the application form in the presence of the Manager.
- vii. initial Deposit to open the account must be made in Cash.
- viii. normally cheques / DDs dated prior to the date of opening the account even in favour of the account holder should not be collected unless the Manager is satisfied about their genuineness.

4. Opening the Account in the Ledger and other Operational Procedures:

- a. In the Current Account Ledger:
 - i. Assign the Account Number [which must be in a serial order] and write the same in the Ledger.
 - ii. Write full name of the Account Holder with residential & office / business [wherever available] address with phone numbers. Preferably all may be written in Capital letters. Name of the introducer and if he is also an Account Holder his Account Number must also be noted in the ledger sheet.
 - iii. Write the type of account as “E or S” / “A or S” / “Joint Account” / “Sole Proprietor” / “Partnership” etc. in Red ink boldly.
 - iv. Write operational instructions like “Singly by” / Jointly by all the Account Holders/ Secretary/Treasurer etc.
 - v. Open “Master Sheet” in the case of Companies / Government / Quasi Government Departments etc. wherein all the details of persons authorised to operate the account, period of office etc. is properly recorded as per relevant documents produced by the Account Holder.
 - vi. Note down the details of cheque numbers issued as and when Cheque Books are issued to the customer in the Ledger Sheet.
 - vii. Write the Account Number in the Account Opening Form as well as specimen signature card once the account is opened.
 - viii. File the Account Opening Form in the respective file i.e. “File of Current Account Opening Forms”.
 - ix. Add the Specimen Signature Cards to “Specimen Signature Loose Leaf Ledger” retained under the custody of Passing Officer.

5. Posting in the Ledger:

- a. It must be ensured that:
 - i. In the Ledger whenever one folio is completed and the next continuing folio is opened the Account Number, name of the Account Holder, Cheque Book details, stop payment cheque details, must all be compulsorily recorded.
 - ii. The year of operation must be written and then the month and date of operation are to be written in the space provided.
 - iii. In respect of credits to the account the mode of remittance like “By Cash” / “By Clearing”/ “By OBC No..... / “By transfer from” etc. must be legibly written.
 - iv. The amount must be legibly written.
 - v. No overwriting is allowed. In case a wrong amount / figure has been posted in “Deposit Column” [withdraw column also] of the ledger sheet the entry must be scored off by drawing a horizontal line over the figures and in the immediate next line the correct amount must be recorded.
 - vi. If by mistake a wrong balance is struck / written in the “Balance” column in the ledger IT MUST NOT BE SCORED OFF, but an “x” must be noted against that balance in front of the “Balance Column” and the correct balance must be recorded in the immediate next line in balance column after noting as “CB” before the balance column.(In computerised environment this feature will not occur)
 - vii. “Debit” entries like payment of cheque out of this account must be legibly written in the Ledger Sheet. If it is payment of a cheque drawn on that account the cheque number paid must be legibly recorded. If the debit is owing to transfer of funds out of this account the reason for such transfer like “As per standing instruction No.....” etc. must be clearly recorded in the ledger.

6. Posting of Cheques in the Ledger:

- a. Before posting a cheque in the ledger account, the following must be verified by the Ledger Assistant:
 - i. The cheque is from the drawer’s current Cheque Book.
 - ii. Date of the cheque - it must **not** be post-dated or stale cheque - it must be either ante dated or current dated one.
 - iii. Payee’s name is filled up legibly.
 - iv. Amount written in words and figures agree.
 - v. The cheque has been properly signed by the Account Holder / Authorised Person.
 - vi. In the case of business / companies / firms their rubber stamp (called as property) is affixed and authorised officials have signed.

- vii. Whether the cheque is a bearer cheque or order cheque - whether the cheque relates to that account.
- viii. Whether there is sufficient balance available or overdraft arrangement is there to cover the presented cheque.
- ix. That all the alterations, if any, on the face of the cheque, have been duly authenticated by the drawer.
- x. Ensure that the cheque presented for payment is not a “Stopped Cheque”. There is no other restriction like notice / information of death / insolvency / lunacy of the Account Holder or attachment order has been received from appropriate authority.
- xi. In the case of bearer cheque, the bearer is to be asked to sign on the reverse of the cheque write his name and address [if the bearer is a third customer i.e. other than Account Holder].
- xii. Then issue a Token to the bearer, the token number must be recorded on the face of the cheque in one corner (left top corner) and draw a circle covering this token number.
- xiii. Post the cheque in the respective (correct) Ledger Account and initial in the space provided in the cheque. (Enter transaction ID number where branch is computerized)
- xiv. Then send the posted cheque to the Passing Officer for passing / authorization.

7. Issues of Cheque Book:

- a. Fresh Cheque Books must always be issued only on presentation of “Cheque Book requisition slip” attached to the previous Cheque Book, which bears the Account Number, seal of the Bank, name of the Account Holder and the signature of Bank Officer.
- b. In case the customer is unable to produce the “Cheque Book requisition slip” he must give acceptable / valid reason in the letter in which he requests the Bank to issue him fresh Cheque Book. On receipt of the “Cheque Book requisition slip” the Ledger Assistant must verify in the ledger whether all the cheque leaves of the previous Cheque Book have been used by him. He must record the position in that slip and hand over to the officer for further action.
- c. On getting the authorisation of the officer to issue fresh Cheque Book to the customer, the Assistant must take out a Cheque Book out of the stock with the officer, which must be in serial order, and write on the outside wrapper of the Cheque Book i) the Account Number, ii) the name of the Account Holder. Then write the Account Number on cheque leaves and also in the Cheque Book requisition slip attached to the Cheque Book.
- d. If it is a new account, the rubber stamp “ New Account” must be affixed on all the cheque leaves.
- e. Ledger Assistant must write the name of the Account Holder also in this slip, record the Cheque Book issue particulars in “Cheque Book Issued Register “ and in the concerned ledger account and then release the Cheque Book to him after obtaining his signature in this Register .

8. Cheque Returned Book:

- a. Whenever the Ledger Assistant finds before posting a cheque in the relative Current Account that there is no sufficient balance in the account to meet the cheque, he must record all relevant details in the “Cheque referred Book” and circulate this book to local “Clearing Section” and “Bills Section” of the Bank / Branch.
- b. These sections will record details of cheques lodged by the Account Holder pending realisation. If there is no cheque pending realisation for credit of the said account they must record “NIL” in the relevant columns of the “Cheque referred Book”.
- c. The Manager on receipt of this book will pass orders therein either to return [indicating the reason for such return like insufficient funds / refer to drawer etc.] or to pass.
- d. The Ledger Assistant on receiving back this book will act as per the orders of the Manager therein.

9. Cheque Returned Outward Register:

- a. The Ledger Assistant will record all the required particulars in this Register whenever a cheque has been ordered to be returned unpaid by the manager.
- b. He will also prepare the “Cheque Return Memo” [printed forms will be available with the bank] by writing / marking the relevant objection / reason for which the said cheque is returned unpaid.
- c. Passing Officer will sign both the Register and the cheque return memo.
- d. This cheque along with the return memo will be sent to designated clearing section / HO of the Bank for being returned to collecting Bank through Clearing House.

10. Stop Payment Register:

- a. Whenever stop payment instruction received from customer has been duly accepted by the Manager and the fact has been recorded by him in the ledger account with his initials, all relevant particulars must be recorded by the Ledger Assistant in this “Stop Payment Register” also.
- b. An acknowledgement of receipt of “Stop payment instruction” has to be sent to the customer citing his stop payment instruction.

11. Pass Books / Statement of Accounts:

- a. Unless the Account Holder asks specifically for periodical statement only which is also approved by the Manager, for all other Current Accounts the Ledger Assistant must prepare and issue Pass Books to the Account Holders.

- b. On the outside wrapper and also in the inside first page of the passbook full particulars like i) Account Number, ii) Name of the Account Holder, iii) full postal address as given, must be written.
- c. In the inside first page date of issue of Pass Book must be written and the Branch seal must be affixed in the space provided for the officer to sign. The officer will initial on this seal with date.
- d. This Pass Book must be issued after obtaining the signature of the customer in the Register.
- e. Pass Books / Statements must always be written correctly, legibly and neatly.
- f. To ensure that no entry as per ledger is omitted in the Pass Book / Statement, only standard abbreviations must be used in the Pass Book / Statement and also in the ledger. A list of such abbreviations must also be supplied to the customer for his reference. Few examples are :
 - Ch : Cheque
 - Clg : Clearing
 - TT : Telegraphic Transfer
 - MT : Mail Transfer
 - DD : Demand Draft
 - Int : Interest
 - Com : Commission
 - Dr : Debit
 - Cr : Credit
 - OBC : Outward Bills for Collection
 - C/o : Carried Over
 - B/F : Brought Forward
 - CB : Correct Balance etc.
- g. Officer's initial / signature must be obtained in the Pass Book / Statement before release / Despatch to customer. However where the branch is computerized the system generated statement of account does not require Officers signature.
- h. Page-wise credit and debit summations in the Ledger as well as Pass Book must be made whenever a page is completed with entries.
- i. Entries in the Pass Book must be made from the Ledger and it should be a replica of the ledger. Cheque numbers must be written in the space provided in the pass book. In a computerized branch Pass Book printer is used for updating Pass Book entries. .

- j. It is desirable that entries in the statement are made with the help of original vouchers, which will serve the purpose of cross verification of entries in the Ledger.
- k. Depending upon the number of operation in the account the periodicity of issue of statement of account may be decided.

12. Withdrawals / Payments / Remittances:

- a. All withdrawals by the Current Account Holder must be through cheques only.
- b. All payments to the third parties [not covered by his standing instructions] must be made by the Account Holder only through cheques.
- c. Bank can effect payment to the debit of the account if the Account Holder has given written instruction or a regular standing instruction for the purpose.
- d. Remittances for credit of the Current Account either by the Account Holder or third parties must be made only through the Bank's printed Pay-In-Slips.
- e. All transfer / clearing credits will be made by the Bank through internal transfer vouchers.

13. Precautions to be taken while opening Current Account in the name of Partnership firms etc.:

a. Partnership Firms:

- i. Partnership firms must use only the Bank's printed application form specified by the Bank for "Partnership account".

No partner has power to do the following:

- Open a bank account on behalf of the firm in his own name.
 - Withdraw a legal suit filed by the firm.
 - Admit any liability in a suit or proceed against the firm.
 - Acquire or transfer immovable property on behalf of the firm.
- ii. Any of the partners has powers to countermand the payment of a cheque drawn by another partner, in the firm's account.
 - iii. For opening a Current Account for a partnership firm the following documents must be obtained:
 - Current Account opening form signed by all the partners.
 - Specimen signature cards signed by all the partners.
 - Partnership letter signed by all the partners in their personal capacity and **not under** the seal of the firm.

- Original Partnership Deed (for verification & return) with a certified copy· Complete instructions regarding the person(s) authorised to operate the account with specimen signatures of the authorised persons with their designation or capacity in which they will operate the account.
- Certificate of Registration, in case of a registered partnership firm.

b. Hindu Undivided Family (HUF), Joint Stock Companies, Clubs, Associations etc., Trusts, Executors / Administrators, Government Departments etc.

Hindu Undivided Family (HUF)

- i. These types of Account Holders must submit application forms as per Bank's format together with all required documents.
- ii. In the case of HUF accounts, the Current Account opening form and the Joint Hindu Family Letter, both have to be signed by all the adult members of the joint family.
- iii. Where the joint family consists of male minors, the Karta should sign the Account Opening Form on behalf of the male minors apart from signing in the capacity as Karta.
- iv. Under Hindu Law a woman cannot become a co-parcener of the HUF.
- v. Only the Karta has the eligibility in law to enter into contracts for a HUF and hence the name of the Karta who is authorised to operate the HUF account should be noted in the Ledger.

Joint Stock Companies

- vi. In the case of Joint Stock Company, in addition to getting the Account Opening Application Form and Specimen Signature Card as per Bank's format the following documents should also be collected. Certificate of Incorporation, Certificate of Commencement of Business, Copy of Memorandum and Articles of Association, Certified copy of Board Resolution authorising the opening and operation of Bank Account signed by the Chairman of the meeting of the Board of Directors and a mandate giving specific instructions concerning the way in which operations on the Bank accounts are to be made.

Clubs, Associations etc.

- vii. In the case of unregistered bodies like Clubs / Association / Committee, a resolution passed in the appropriate forum as per their Bye-laws regarding opening a Bank Account and persons with their designation authorised to operate such Bank Account should be obtained, apart from the copy of the registration certificate of such bodies.
- viii. In all cases of registered / unregistered bodies like Clubs / Association etc. copy of their Bye-laws / Rules should be obtained. This will help to cross verify whether the account has been opened and the persons authorised to operate the account are as per their Rules/ Bye-law provisions.

Trusts

- ix. In the case of Trusts, a copy of Trust Deed should be obtained and compared with the original and authenticated by the concerned officer. A Trust Letter and resolution signed by all the Trustees should also be obtained for opening of the account in the name of the Trust.
- x. In case of Public Trust, Certificate of charity Commissioner to be verified and copy thereof to be kept with the Bank.
- xi. The Account Opening Form should be signed by all the Trustees and the account must be opened in the name of the Trust.
- xii. When the branch receives a request to open an account in the name of a Trust, such case must be referred to Legal Department of the HO for permission for opening the Account.

Executor/Administrator

- xiii. Before opening accounts for Executors / Administrators, 'Original Will' and 'Probate of the Will,' if any, / Letter of Administration should be called for verification. A certified copy of the same must be retained in Bank's files.
- xiv. Such accounts are to be opened in the name of the estate of the individuals. But after the name 'EXECUTOR' / 'ADMINISTRATOR' must be added in the Account. In the same way it must be written in the Ledger / Pass Book / Statement / Cheque Books etc.

Government Department

- xv. In the case of Government Departments, copy of Government Order (G.O.) or Notification authorising the officers to open a Bank account should be obtained.
- xvi. In all the cases, Cheque Books must be issued only after obtaining all the necessary documents.

c. Staff Accounts:

- i. Staff members of the Bank are not generally permitted to have Current Account as long as they are in the active service of the Bank.
- ii. Special exemptions, if any, will have to be given by the HO.

d. Temporary Overdraft (TOD):

- i. Wherever there are specific provisions in the Current Account Rules / permission in writing through policy circular or office order has been given by the HO, Temporary Overdrafts can be permitted to good and trustworthy customers against their written request.

- ii. Only the Manager / Officer empowered in this regard should sanction TODs. Granting of TOD is at the sole discretion and risk and responsibility of sanctioning Officer / Manager.
- iii. A written request for TOD from the Account Holder should be obtained.
- iv. Demand Promissory Note should be furnished by the Account Holder for the OD amount.
- v. An application requesting to admit him as “Associate Member” (or ‘B’ Class member - as prescribed in the Cooperative Societies Act of the State concerned) should be obtained from the Account Holder. (Such admission of the Account Holder availing TOD will enable the Bank to proceed against him, in case he defaults in paying the dues to the Bank under the TOD account, through arbitration of Cooperative Department).
- vi. In case the TOD is not cleared within the stipulated period applicable penal interest in addition to / over and above the applicable TOD interest rate should be charged.
- vii. Interest at prescribed rate must be collected as and when the TOD is cleared and the Current Account exhibits credit balance.

e. Aspects involved in passing:

- i. Specimen Signature Cards must be kept under effective custody of the Passing Officer. However in a computerized branch the specimen signature with details of Account number etc. are scanned and retained in the system for verification by the Officials especially while passing the cheques drawn by the customer.
- ii. Cheque Books withdrawn from stock must be kept under lock & key till issued to customer.
- iii. The common remittance Pay-In-Slip (Challan) which is common for all types of deposits and loan accounts must be scrutinised i.e. to check the correctness of date, amount in words and figures, name of the Account Holder, the Account Number, type of Account Number etc.
- iv. In case of cash remittances the “Cash received” stamp must be verified for its date and initials of the cashier.
- v. It should then be recorded in cash receipt scroll.
- vi. The round stamp of the Branch / Bank should be affixed in such a way that a portion is on the counterfoil and the rest is on the main Pay-In-Slip.
- vii. The counterfoil and the main Pay-In-Slip must be signed by the Passing Officer with full signature.
- viii. In case of Pay-In-Slips relating to local cheques deposited by the customer for collection, the rubber stamp “CLEARING” should be affixed on both counterfoil as well as main

Pay-In-Slip besides affixing the Bank's round stamp and signature of the Passing Officer.

- ix. All clearing cheques deposited by customers must be verified with regard to Date, signature of the drawer, Crossing and Amount etc. before acceptance.
- x. If the cheque has been drawn in favour of third customer and specially crossed as "Account Payee" then that cheque should not be accepted for the depositor's account.

f. Aspects involved in Payment of Cheques across the counter:

- i. The Passing Officer must:
 - check the date, the amount in words & figures and whether it is a Bearer Cheque. He must also verify whether TOKEN has been issued to the bearer and whether the cheque has been posted in the ledger
 - satisfy himself that the cheque is not a stopped cheque and that there is no notice of death/insolvency / insanity of the customer has been received.
 - satisfy himself that there is no legal bar restraining the constituent from operating his account.
 - satisfy himself that the cheque has not been crossed.
 - satisfy himself that drawer's signature on the cheque agrees with his specimen signature.
 - affix "PAY CASH" stamp on the cheque and enter in "Cash Payment Scroll" and then affix his full signature after being fully satisfied that the cheque can be passed for payment.
 - cancel the signature of the drawer.
 - pass only those cheques / payment vouchers falling within the sanctioning powers.
 - Other cheques / payment vouchers for amounts exceeding the powers must be passed by higher authority, and
 - hand over cheques passed to the cashier for payment of cash to the customer.

g. Aspects involved in checking:

- i. Daily as at the close of Business for the day, all the entries in the Ledgers must be checked by an officer with reference to vouchers.
- ii. While checking the Ledgers, the Checking Officer should ensure that :
 - each voucher bears the Account Number of the account in which the voucher has been posted.
 - each voucher bears "Cash" / "Transfer" / "Clearing" as the case may be.
 - vouchers have been passed by an authorised officer.
 - posting has been made in the Current Account in the correct debit/credit column.

- the balance has been correctly struck.
 - the cheques issued by the customer on his account are from the current Cheque Book.
 - no stop payment instruction has been over looked.
 - restrictive orders on the account, if any, have been followed and not over looked.
 - unchecked previous entries, if any, noticed in the ledger, are to be immediately verified with the relevant vouchers.
- iii. It is desirable that the Checking Officer uses one colour ink during one week and different colour ink the next week, however, other than the colour used by the Ledger Assistant, for facilitating rechecking the Ledger postings if there are differences in the weekly Trial Balance . In the computerized environment authorization of ledger posting by an Officer amounts to checking of that entry in the respective account.
- iv. The Checking Officer must ensure that interest is charged whenever the account exhibits credit balance, in case of TOD Account.

h. Balancing of Current Account Ledgers and other safeguards:

- i. Current Accounts are to be balanced once a week as at the close of each Friday and also as at the end of each month. In a computerized branch although the system take care of balancing, it is very essential that the branch counter checks the correctness of the balance on a regular basis.
- ii. Such weekly Trial Balances (T.B.) are to be extracted, if taken through a printer calculator or computer printouts must be pasted in a register styled as “Current Account Weekly Trial Balance Register”.
- iii. It is desirable that the Trial Balance of any Ledger is done by the concerned staff on rotational allotments.
- iv. Trial Balance as at the end of each half-year / year must be extracted in a separate register styled as ‘Current Account Half Yearly Trial Balance Register’.
- v. In the Half Yearly / Annual T.B. Register the name of the Account Holder and the Account Number must be written and then the respective final closing balance must be recorded. [This method will help the bank to reconstruct a Ledger in case an original ledger is destroyed due to some mishap].
- vi. The Ledger Assistant in-charge of Current Account Ledger(s) must maintain a DAILY CHITTA wherein he must record the total ‘debits’ and ‘credits’ of all Current Accounts in the Branch as per Current Account Register (s). This Chitta will help to tally / Balance individual Ledger and the sum total of balances of all Ledgers will have to agree with the sum total of all Register s as per Daily Chitta as well as with the General Ledger.

- vii. After the T.B. is tallied the Ledger Assistant who extracted the T.B. and the Supervising Officer both will have to sign the T.B. Register.
- viii. No alteration in the T.B. Register should be made without the knowledge of the Manager or Passing Officer.
- ix. It must be ensured that cheques which are to be returned unpaid have been properly recorded in “Cheques Returned Register “ and the correct reason / objection is recorded in ‘Cheque Return Memo’ and the ‘Cheques Returned Register’ as well as ‘Cheque Return Memo’ are duly signed by authorized Officers.
- x. All the cash payment instruments as well as cash receipt vouchers should be scrolled by Passing Officer.
- xi. Checking Officer will have to ensure, in the case of accounts where additional ledger sheets have been added, that all the relevant and required particulars have been recorded/ carried forward in these additional Ledger Sheets.
- xii. Checking Officer will also check the entries in “Current Account Chitta”.
- xiii. If the Checking Officer finds that the Ledger Assistant is committing same mistake repeatedly (e.g. after posting a debit voucher he adds the balance instead of reducing the same in the case of non-OD/TOD accounts), he must advise the concerned Ledger Assistant properly so that he does not repeat the mistake.
- xiv. He must also check all the entries in Current Account Register relating to the Ledger he is checking.
- xv. He must ensure that all the vouchers of the Day relating to the particular ‘Current Account Ledger’ are arranged in ascending order of Account Numbers, first credit vouchers and then debit vouchers and they are properly secured using a tag or stitched. On the wrapper the date, Current Account Ledger Number and number of debit & credit vouchers must also be noted.
- xvi. If the Checking Officer finds any TOD while checking the Ledger, he must immediately check the “Cheque referred Book” to ensure that the TOD has been permitted only with the authorisation of the Manager.
- xvii. The Checking Officer while checking the Ledger must put his initials on the right hand side of each figure in balance column (Manual posting and checking.).
- xviii. In the case of OD/TOD accounts he must check the products calculated by the Ledger Assistant, which will be the basis for charging OD/TOD interest in the account.
- xix. The Checking Officer while checking the Ledger finds a voucher (cash/clearing/transfer) which has not been passed by the Passing Officer, he must verify with the Passing Officer and only after getting the voucher passed, approve the entry made in the Ledger. He must

also advise the Ledger Assistant that vouchers not passed by the Passing Officer should not be posted in the Ledger.

i. Maintenance of Books:

- i. The following books are to be maintained by the Current Account Section / Division in the Branch.
 - Current Account Ledgers (Loose Leaf)
 - Current Account Register (Subsidiary Day Book)
 - Cheque Books Issued Register
 - Cheque referred Book
 - Cheques Returned Register
 - Cheques Stopped Payment Register
 - TOD Register
 - Ledger-wise Chitta Book
 - Current Account Weekly Trial Balance Register
 - Current Account Half Yearly Trial Balance Register
 - Inoperative Accounts Ledger
 - Accounts Opened & Closed Register [This is Common for C/A & SB]
 - Index - in Loose Leaf Binder

j. Obligations & Precautions:

- i. For account opening the bank's printed Account Opening Application Form and Specimen Signature card must be used.
- ii. He must furnish all the required information / particulars in the Account Opening Form.
- iii. He must produce all the required documents (wherever needed).
- iv. All the Specimen Signatures must be executed in ink and must be individually attested with signature (not initials) of the Manager.
- v. The loose leaf binder of specimen signatures must be under lock and key all the time and under the custody of Passing Officer.
- vi. Specimen Signature in any Indian Language may be accepted i.e. other than those languages of local area provided no difficulty is experienced in the verification thereof.
- vii. Particulars of all vouchers (like OBC No....., By clearing etc.), other than cheques, posted in the ledger should be entered in the "particulars" column in the Ledger sheet. In the case of cheques, the cheque numbers must be entered.

- viii. In the case of accounts with identical names, with a view to avoid wrong postings, a cautionary note as “SIMILAR ACCOUNT IN ACCOUNT No.” must be written boldly in the Ledger Sheets.
- ix. The Ledger Assistant before he leaves the office should always ensure that no voucher of his ledger has been left unposted.
- x. In the case of Overdraft (OD) / Temporary Overdraft (TOD) accounts the operations in the “DAYS” and “PRODUCTS” column in the Ledger sheets will have to be carried out every day for calculation of interest as and when due.
- xi. “Confirmation of Balance” forms must be filled up as at the end of 31st March every year and must be sent to the Account Holders.
- xii. Incidental charges / folio charges and other charges, if any, fixed by the Management from time to time should be levied / debited to the Current Accounts as per rules of the Bank i.e. half yearly or annually etc.
- xiii. Whenever cheque books are issued to Account Holders the cost of cheque leaves as fixed by the bank, should be debited to the Current Account of the customer. No special advices for such debits need be sent to customers. However cheques presented, should not be returned for want of funds due to such debits, before the customer see such debits in his Pass Book or statement of Accounts.
- xiv. If the balance in the account falls below the prescribed minimum balance often the customer of such account must be reminded to maintain the prescribed minimum balance in the account. Penal charges, if any, prescribed by the bank for non-maintenance of minimum balance the same should be debited to that account.
- xv. Debits to a Current Account against uncleared cheques or other instruments should not be made unless the same is specifically authorised by the Manager.
- xvi. When doubt arises that the signature of the drawer on the cheque does not fully agree with his specimen signature on the records of the bank and the cheque is returned unpaid for that reason, the bank must advise the Account Holder about variation in his signature.
- xvii. Whenever debits are made to the Current Account on the written instructions of the Account Holder, the date of his letter must be clearly mentioned in the debit advice like “amount debited as per the instructions of the customer in his letter dt.”
- xviii. It is desirable to avoid accepting the introduction by the same known person/ Account Holder for too many accounts.
- xix. Duplicate Pass Book / statement can be issued only when authorised by the Manager and prescribed charges for this purpose must be debited to the account.
- xx. In the case of Joint Accounts, any one of the Joint Account Holder can stop the payment

of a cheque drawn by another. In case such stop payment instruction given is to be revoked, it requires the signatures of all the Joint Account Holders in the request letter.

- xxi. Even though sole proprietorship accounts are treated for all practical purposes as an individual account, **NOMINATION SHOULD NOT BE ACCEPTED FROM SOLE PROPRIETORSHIP ACCOUNT HOLDERS.**
- xxii. In the case of **SOLE PROPRIETORSHIP ACCOUNT**, the declaration of sole proprietorship should be signed by the proprietor in his individual capacity and not under the seal of the trade name or firm name.
- xxiii. Do not pass / pay an undated cheque. Do not insert the date yourself in an undated cheque.
- xxiv. All cheques dated on a bank holiday must be paid only on the next working day or thereafter and never on the previous day.
- xxv. Do not pay the cheque with incomplete date.
- xxvi. Payment of an order cheque without endorsement and proper identification is not considered as “Payment in Due Course” and the bank will not get legal protection.
- xxvii. Do not pay a cheque, if the amount in words and figures have been filled in different handwriting or inks. It requires authentication by the drawer.
- xxviii. Do not pay cash against a crossed cheque whereas.
- Xxix. Even if there is spelling mistake in payee’s name or payee is misnamed in the cheque, it may be paid if it is a Bearer Cheque.
- Xxx. A cheque with an impossible date like February 30th/November 31st has to be paid on the previous day treating such cheque as if it is dated on the last day of that month.
- xxxi. Whenever doubt arises that the presented cheque may be a forged one (due to some faint trace of alteration etc.) verify that cheque through **ULTRAVIOLET LAMP**.
- xxxii. Whenever a bearer cheque for huge amount is brought to the Bank counter by a third customer the Account Holder should be contacted over phone wherever possible for confirmation.
- xxxiii. Unused cheque leaves returned by a customer while closing his account should not be issued as Loose Cheque to any other customer.
- xxxiv. All unused cheque leaves surrendered by customers must be recorded in the last few pages of Cheque Book Issued Register and they must be periodically destroyed in the presence of an Officer. Date of destruction, the serial numbers of cheque leaves destroyed, name of the officer in whose presence they were destroyed must be properly recorded and authenticated by the Officer.

★ ★ ★

CHAPTER - 7
SAVINGS BANK ACCOUNTS

1. Who can open Savings Bank Accounts (S.B. A/c):

- a. Savings Bank Accounts may be opened in the name of :
 - i. individuals singly or jointly with other individuals with survivor clause like “E or S”/ “A or S”.
 - ii. minors (School going minors who have completed the age of 12 years/other minors of age 14 years) or on behalf of minors, by their guardian.
 - iii. associations, clubs or similar other non-trading institutions provided their by-laws/rules are found acceptable and strictly adhered to. They must also be eligible as per the guidelines of RBI.

2. Procedures :

- a. The procedures for opening the Savings Bank Account are:
 - i. Opening of a Savings Bank Account must be authorised by the Manager.
 - ii. For opening a Savings Bank Account the relevant printed application form of the Bank must only be used.
 - iii. The Account Opening Form as well as Specimen Signature Card must be signed by the customer in the presence of the Manager.
 - iv. All the accounts should be properly introduced by the existing Account Holders or persons known to the Bank. The introducer must also sign before the Manager. If the introducer is also an Account Holder his Account Number must also be noted in the Account Opening Form.
 - v. It must be ensured that the customer furnishes full/complete details like his name, residential & office / business & full postal address with phone numbers in the application form. The Bank has to obtain details of the customer in the revised Account opening application common to all types of deposit accounts in compliance with KYC norms (Details regarding KYC norms given in Chapter-2)
 - vi. In case he wishes to have nomination facility the same must be indicated in the Account Opening Form.
 - vii. Two recent passport size photographs must be obtained from all Savings Bank Account Holders. One photograph must be affixed to the Account Opening Form and another photograph to the Pass Book/Specimen Signature Card, as may be applicable.
 - viii. Initial minimum deposit to open a Savings Bank Account must be received in cash, remitted through Bank’s common remittance Pay-In-Slip duly signed by the depositor.

3. Other Documents required:

- a. The other documents required for opening a Savings Bank Account in the case of Associations/ Clubs etc. in addition to the Account Opening Form and Specimen Signature Cards shall be:
 - i. Certified copy of Rules/Bye-laws/Memorandum and Articles of Association of the institution.
 - ii. Original certificate of incorporation/registration issued by appropriate authority along with a certified copy. The original will have to be returned to the customer after verification with the certified copies.
 - iii. Certified copy of the General Body/Board/Committee regarding opening of a Bank account, names and designation of persons authorised to operate the account and Regulation and conduct of account.
 - iv. Specimen Signatures of authorised persons duly attested by the Chief Executive of the institution or the Chairman of the meeting wherein the relevant resolution was passed.
 - v. List of Directors with their designation.
 - vi. Any other document specifically required by the Bank.

4. Minimum Balance:

- a. The minimum balance as prescribed/fixed by the Bank from time to time must always be maintained by the customer. Whenever the balance in any account falls below the prescribed minimum balance such customer must be advised to regularise the account.
- b. If any account holder continuously maintains less than the prescribed minimum balance in his account the Bank may exercise its right to close such an account.

5. Method of Opening Savings Bank Account & Maintenance of Books:

- a. On getting the Account Opening Form duly authorised by the Manager and the initial deposit in cash to open the account, the Ledger Assistant must first assign the Account Number.
- b. Then the new account will be opened in the Savings Bank Ledger by recording the name, full postal residential / business address, phone numbers if any, operational instructions wherever applicable.
- c. In case the account holder is a Minor/Blind Person/Illiterate person or if it is with “E or S”/ “A or S”/ Joint operation clause the same must be recorded in the Ledger Sheet & the Pass Book prominently in Red ink.
- d. Pass Book must be issued after writing the Account Number, name of the Account Holder, postal address on the cover page and first inner page. The initial deposit made to open the account must be recorded with date duly attested by the Supervising Officer.

- e. It may be desirable to note as “NEW ACCOUNT” in all the newly opened accounts as well as on the cheque leaves issued to such Account Holders at least for first six months.
- f. As and when Cheque Books are issued to the Savings Bank Account Holders, the cheque numbers must be recorded in the respective Ledger Account.
- g. While posting in the Ledger proper recording under “Particulars” column must be made (e.g. ‘Cheque number’, ‘By cash’, ‘By Clg.’, ‘By OBC’ etc.)
- h. All writing in the Ledger must be legible & neat. Over writing of any figures should be totally avoided. If wrong entries are made under ‘Debit’ or ‘Credit’ columns such entries must be scored by drawing a horizontal line on the same and in the next line correct amount must be recorded. (The above guidelines are applicable to manually operated branches.)
- i. If the balance arrived and recorded is found to be wrong it must not be scored. Just mark (X) on the left side of the balance figure and write the correct balance on the very next line. By marking ‘CB’ on the left side of the Balance Column on that line.

6. Withdrawals:

- a. Every Bank prescribes a minimum number of withdrawals, say about 90 withdrawals per Half Year and the rule prescribed must be followed.
- b. For withdrawing amounts, from Savings Bank Account either cheques or bank’s withdrawal forms alone must be used. The blank withdrawal forms must be always kept under the custody of the Ledger Assistant and should not be placed on the open counter.
- c. However, the Savings Bank Account withdrawal form cannot be issued in favour of third parties. It must only be used for withdrawing cash by the Account Holder.
- d. Withdrawal form must be accompanied by the Pass Book. This will help the Ledger Assistant to properly identify/recognize the bearer/presenter.

7. Posting in the Ledger:

- a. The account number given on the Savings Bank Account withdrawal form must be checked with the number on the Pass Book and the amount of withdrawal slip is posted in the correct account in the Ledger.
- b. A token is issued after marking the number of the Token on the face of the withdrawal form/cheque in one corner (left top) and by drawing a circle around that token number.
- c. Before posting a withdrawal form/cheque in the Ledger, the Ledger Assistant must verify the Date, amount in words & figures, Account Number, drawer’s signature and only when he is satisfied that the withdrawal form/cheque qualifies in all respect, he must post the same in the ledger and strike the balance.

- d. The Ledger Assistant must initial at the appropriate place in the withdrawal form/cheque, after posting the withdrawal in the Ledger.
- e. The Pass Book must be updated immediately and the same along with the withdrawal form/cheque must be handed over to the Passing Officer.
- f. There must be adequate balance to honour the withdrawal. When there is no sufficient balance in the account to honour the withdrawal/cheque presented to the Bank, the Ledger Assistant must record the position and details in the Cheque referred Book and send it to the Manager/Passing Officer for authorisation to return the same unpaid.
- g. On such confirmation/authorisation the Savings Bank Account withdrawal form/cheque must be returned together with “Cheque return memo” to the presenter or collecting bank as the case may be.
- h. No overdraft is usually allowed in Savings Bank Accounts.

8. Pass Books:

- a. For all Savings Bank Accounts Pass Books have to be prepared at the time of opening the account and must be issued to the customer after getting his acknowledgement.
- b. Customers must be advised to present the Pass Books at frequent intervals so that entries in the Pass Book will be mostly up to date.
- c. All entries in the Pass Book must be legible and neat. All particulars must be properly recorded. Entries and the balance in the Pass Book must be checked & authenticated by an officer.
- d. While all the pages in a Pass Book are exhausted with entries, a continuation Pass Book must be issued. It must be prominently marked on such Pass Book as “Continuation Pass Book”.
- e. On a written request by the customer, duplicate Pass Book will have to be issued only when authorised by the Manager and after levying the prescribed charges. On such Pass Book it must be prominently marked as “DUPLICATE PASS BOOK”.
- f. Pass Books received over the counter which may have to be retained for a day or two for updating the entries must be kept under lock & key.
- g. Statement of Account issued to individual account holders is not a replacement/alternative to the Pass Book. It can only be an additional Customer Service by the bank.

9. Interest on Savings Bank Accounts:

- a. With effect from October 25, 2011 RBI deregulated the interest rate on Savings Bank deposits of resident Indians. Hence banks are free to determine their savings bank deposit interest rate subject to that:
 - i. each bank will have to offer an uniform interest rate on savings bank deposits upto Rs.1 lakh, irrespective of the amount in the account within this limit.

- ii. for savings bank deposits over Rs.1 lakh, a bank may provide differential rates of interest, if it so chooses, subject to the condition that banks will not discriminate in the matter of interest paid on such deposits, between one deposit and another of similar amount, accepted on the same date, at any of its offices.
- b. Interest will be calculated on the basis of daily balance.
- c. Periodicity of payment of interest on Savings Bank Account is once in every six months. In many Banks interest on Savings Bank Accounts is paid at the end of March and September. Interest amount will be credited to customers' accounts on the last working day of March and September each year.
- d. No interest will be paid if the interest earned by any Savings Bank Account in a half year is less than Re.1/-.
- e. Interest amount will be rounded off to the nearest rupee. If the paise involved is more than 50 then the interest amount will be next higher rupee and if it is less than 50 paise it will be ignored.

10. Non-Eligibility for Interest:

- a. As per the instructions of RBI certain institutions are not eligible for interest on Savings Bank Account balances. Therefore Savings Bank Accounts should not be opened in the names of such institutions.

11. Preferential Rate of Interest:

- a. If approved by the Bank Management the following categories (individually or jointly with other family members) are eligible for getting additional 1% interest over and above the rate offered to customers.
 - i. Employees of the Bank.
 - ii. Retired employees of the Bank.
 - iii. Widows of Employees.

12. Transfer of Accounts:

- a. At the written request of the customer his Savings Bank Account can be transferred from one branch to another branch of the bank free of any charges.
 - i. While transferring a Savings Bank Account the daily products qualifying for interest must be clearly indicated in the transfer credit advice so that transferee branch could record the same in the Ledger.
 - ii. In the above case, the Account Holder must surrender all unused cheque leaves to the old branch. The new branch must ensure that all unused cheque leaves have been surrendered by the Account Holder before issuing a new Cheque Book in the newly opened account.

- iii. The receiving branch must re-open the account with the first entry as “Deposited by transfer of account from Branch”.

13. Inoperative Accounts:

- a. All Savings Bank Accounts on which there have been no operations for a period of one year, must be stamped as “DORMANT ACCOUNT”.
- b. Such accounts remaining without any operation for a continuous period of three years must be transferred to “INOPERATIVE LEDGER” which must be kept under the safe custody of the Officer.
- c. In case such an Account Holder subsequently wants to withdraw the entire amount of balance in the account and if he is properly identified, the same may be permitted.
- d. In case the Account Holder wants to withdraw only a part amount and retain the balance amount in the account and would like to revive the operations in the account, first the account must be transferred from inoperative ledger to operative ledger and allow the operations.

14. Conversion of Accounts:

- a. Conversion of individual account into joint account is permitted.
- b. For all such accounts Fresh Account Opening Forms duly signed by all the proposed Joint Account Holders must be obtained along with a letter of request for such conversion into Joint Account from the existing single Account Holder.
- c. Recent passport size photographs of all Account Holders must be obtained.
- d. In the Ledger the names of the Joint Account Holders must be added. Operational instructions like “E or S” / “A or S” / Jointly must be prominently noted in Red ink.

15. Staff Accounts:

- a. It is desirable to restrict the number of Savings Bank Accounts that may be opened and maintained by each staff member of the bank in his individual name or in joint names with family member(s). Such accounts must be conducted strictly in accordance with the Rules.
- b. The Branch Officers must ensure that all cheques drawn by the staff members on their accounts when presented in clearing, are personally scrutinized by the Officer particularly with reference to the balance available in the account.c. Third customer cheques / third customer DDs should not be permitted to be collected in Staff Account.
- d. If the account is operated with disproportionately huge amounts the Manager must watch such accounts.
- e. In all the Savings Bank Accounts of Staff members, it must be prominently written as “STAFF ACCOUNT” or a rubber stamp to that effect must be affixed.

- f. In case a staff member of a branch is maintaining another Savings Bank Account in another branch and withdraws money through the present branch the Passing Officer before passing the same for payment must check with the branch, on whom the withdrawal / cheques is drawn, whether adequate balance is available in the account.

16. Balancing of Ledgers (Manually extracted Trial Balance):

- a. For periodical balancing of Savings Bank Ledgers, Ledger wise Chitta of total debit and credit transactions of each day relating to that Ledger should be maintained.
- b. Ledgerwise Trial Balance (T.B.) as at the end of each month must be extracted and tallied.
- c. Such Trial Balance must be extracted in the “Monthly S.B. T.B. Register “ or if it is extracted by using a printer calculator the printout must be pasted in this “Monthly S.B. T.B. Register “. Half Yearly T.B. must be extracted only in the “Half Yearly S.B. T.B. Register “. In this Register alongwith the Savings Bank Account Number, the name of the Account Holder must also be written and the closing balance (before application of interest for the Half Year) must be extracted in the balance column. Thereafter the interest earned by that account for that half year must be recorded under “Interest” column and the total of “Balance” column and “Interest” column amounts must be recorded under “Total” / “Closing Balance” column. This “Closing Balance” amount will be the “Opening Balance” with Ledger for the next Half Yearly operations.
- d. Once the Trial Balance (either monthly or Half Yearly) is tallied then both the Ledger Assistant who extracted that Trial Balance and the Officer assigned to check have to sign (full signature and not initials) in the T.B. Register with the date of tallying at the appropriate place. For this purpose after the T.B. is tallied the following must be recorded in the T.B. Register leaving few lines after the line in which the balance in the Last account of the Savings Bank Ledger is recorded.
 - i. Total Balance of this Ledger
 - ii. Amount as per Chitta
 - iii. Difference, if any
 - iv. Date of Extraction of this T.B.
 - v. Name of the Ledger Assistant who extracted this T.B.
 - vi. Name of the Checking Officer with designation
 - vii. Signature of the Ledger Assistant who extracted the TB
 - viii. Signature of the Checking Officer
- e. The T.B. Register must be always (after tallying) kept properly arranged in the Record Room.
- f. It is desirable that for extraction of monthly T.B. as well as for checking the Ledger Assistant and the Checking Officer are not allotted the same Ledger every month. At least once in a quarter different Ledger must be allotted to each Ledger Assistant and the Checking Officer.

17. Monthly Interest Provision:

- a. To enable the Head Office (HO) of the Bank to prepare a consolidated (for all Branches as well as HO) monthly Balance Sheet, "Income & Expenditure Account" the Branches must make monthly provision of "Interest Payable".
- b. The procedure to be followed for this purpose is as below:
 - i. Actual interest on individual Savings Bank Accounts should be calculated once in every six months by recording the "daily product" for the six months and for the total amount of these six months products, interest is calculated at the rate applicable. This interest amount so arrived is the actual interest to be paid in respect of that particular Savings Bank Account.
 - ii. Sum total of the interest amounts so calculated for all the eligible Savings Bank Accounts in the branch is the actual amount of interest paid for the Total Balance under "Savings Bank Deposits" in the branch for that particular Half Year.
 - iii. The monthly provision of interest payable on the total amount of Savings Bank Account Balance in the Branch will be 1/6th of the total interest figure calculated for the immediate previous Half Year.
 - iv. Book entries will be as below:
 - DEBIT "Interest paid on Savings Bank Accounts" with the narration in Debit voucher as "Towards the monthly Interest provision for the month of"
 - CREDIT "Interest payable on Savings Bank Accounts", with the narration as "By amount of monthly Interest provisions made for the month of"

18. Application of Interest:

- a. The interest amount calculated as at the end of each Half Year for the individual Savings Bank Accounts will be added to the balance as on the last day of the Half Year. This interest added amount would be the "Opening Balance" in that particular Savings Bank Account for the next Half Year operations.
- b. The following Book entries are to be made after calculation of interest for the Half Year in all Savings Bank Accounts.
 - i. Debit "Interest Paid on Savings Bank Accounts"
 - ii. Credit "Interest Payable on Savings Bank Accounts"
- c. Again to credit the interest to individual Savings Bank Accounts in each ledger a single voucher as below will have to be made in respect of Each Savings Bank Ledger.
 - i. Debit "Interest Payable on Savings Bank Accounts"
 - ii. Credit "various Savings Bank Accounts in Ledger No....."

- d. The sum total of all the above credit vouchers will be equivalent to the amount available under the Head of Account “Interest payable on Savings Bank Accounts” in the General Ledger.
- e. Thus after actual application of interest for each individual Savings Bank Accounts at the end of each Half Year, while preparing the P & L account of the Branch for the Half Year the balance under the head of account “Interest payable on S.B. accounts” in the General Ledger will be “NIL”.

19. Interest on Inoperative Accounts:

- a. In order to have a correct position of P & L accounts of the Branch, it is desirable that even for all interest bearing S.B. accounts in the “Inoperative Ledgers” the interest is calculated at the end of each year and necessary book entries are made as described above in the case of operative accounts.
- b. When an account holder requests the Bank to issue a certificate of interest paid during the year the same must be issued.

20. Closing of Account:

- a. Savings Bank Account may be closed at the request of the Account Holder in writing.
- b. Together with such request letter the account holder must surrender all the unused cheque leaves and also the Pass Book.
- c. After closing the account, the Pass Book, if required by the customer, may be returned after making the entries upto date and marking “Account Closed” after the last entry and also in few more pages in the Pass Book.
- d. For payment of the balance in the account, a cheque / withdrawal form must be obtained from the Account Holder, at the time of closing the account.
- e. In the “Accounts Opened & Closed Register “ it must be noted against the serial number of the closed Savings Bank Account as “CLOSED” with the date of closing and the account number may be rounded off. Similar noting must be done in the Ledger, Index also.
- f. The relevant account opening form as well as the specimen signature card of the closed account must be removed from the files / records and two parallel lines must be drawn across them within which a note as “CLOSED ON” to be made with the signature of the Officer.

★ ★ ★

CHAPTER - 8

INOPERATIVE ACCOUNTS

1. Normal Inoperative Accounts:

- a. A Current or Savings Bank Account is classified as “inoperative account” if such account remains without any operation continuously for a specific period as decided by the Management of respective Bank.
- b. Few Banks adopt a system of identifying all accounts (Current & Savings Bank Account) on which there have been no operations for a continuous period of twelve months as “**Dormant Accounts**”.
- c. Such Dormant Accounts which remain without any operation for a continuous period of 2 years/3 years are treated as “Inoperative” and such accounts are transferred from the Main (operation) Ledger to “Inoperative” Accounts Ledger”.
- d. Transferring such accounts to ‘Inoperative Accounts Ledger’ must be done during a fixed period say first 10 days of December every year or at the end of January every year.
- e. In the ‘Index Register’ relating to ‘Current and Savings Bank Accounts’, the fact of transfer of an account to ‘Inoperative Accounts Ledger’ should be recorded.
- f. No transactions by the concerned Account Holder be permitted in an “Inoperative Account” other than close the account or to transfer it to ‘Operative Accounts Ledger’.
- g. All debits to ‘Inoperative Accounts’, must be passed by the Branch Manager.
- h. When any remittance is received for credit to ‘Inoperative Accounts’ the same should be brought to the notice of the Branch Manager / Checking Officer, immediately.
- i. In case the customer desires to revive his ‘Inoperative Account’ he must be asked to give a request letter explaining the reasons for the account remaining dormant and why he wants to revive the operations in the said account.
- j. When the Branch Manager is satisfied with the explanation of the customer, he may authorise transfer of such account from ‘Inoperative Accounts Ledger’ to ‘Operative Accounts Ledger’.
- k. Separate Trial Balance Register for inoperative Current Accounts & Savings Bank Accounts should be maintained. In this Register trial balance with Account Number, Name of the Customer and the balance should be extracted as at the end of each year.
- l. As and when an ‘Inoperative Accounts’ is transferred to ‘Operative (current) Ledger’ the particular accounts in the Annual Trial Balance register of ‘Inoperative Account’ should be ruled off in red ink and must be recorded under “Remarks” column that the particular ‘Inoperative Account’ has been transferred to ‘Operative (current) Ledger’.

- m. New cheque books should be issued to the inoperative Account Holder on revival under the authority of the Branch Manager only after ensuring that the Account Holder is properly identified.
- n. All the Ledgers containing 'Inoperative Accounts' must be kept in a fire proof file rack under the custody of the Branch Manager and must be taken out only when remittances are received or certain accounts have to be revived at the request of the Account Holders.
- o. For all the inoperative accounts interest at the rates applicable should be worked out and credited to respective account once in a year i.e. before end of February / March each year i.e. when the annual Trial Balance is extracted.

2. Exceptional cases:

- a. The following categories of accounts, even if they remain 'dormant' need not be transferred to "Inoperative Accounts Ledger"
 - i. Where operations in the account have been stopped under Garnishee order or any Court order.
 - ii. Where the nature of account itself permits only periodical and not regular operation.
 - iii. Where the account is under lien or charge for advances allowed to the same customer in another account.
 - iv. Where the account is showing DEBIT BALANCE.

3. Annual Returns:

- a. Under Section 26 of BR Act 1949, the banks are required to submit a return to the RBI about the particulars of accounts which have remained dormant for 10 years and above.
- b. For easy verification to compile the above particulars the date of last operation in each 'Inoperative Account' should be noted in the "Inoperative Accounts Trial Balance" Register.
- c. When the list of accounts remaining inoperative for 10 years and above is prepared from the above Register the Checking Officer should cross check with the accounts in the inoperative ledger to ascertain the date of last operation in the account.

★ ★ ★

CHAPTER - 9
UNREMUNERATIVE & UNDESIRABLE ACCOUNTS

1. Unremunerative Accounts:

- a. Accounts with petty balances cause avoidable strain and needless work to the Bank. Efforts should be made to induce such Account Holders to maintain the required minimum balance and to regularly operate their accounts.
- b. Similarly the following type of accounts are also to be classified as 'Unremunerative Accounts':
 - i. Accounts in which a meagre balance is maintained is mainly used for availing certain remittance facilities with no benefit to the bank.
 - ii. Accounts with small balance and utilised for remitting/depositing coins and currencies of small denominations.
- c. In case any such account has to be closed it can be done only after giving due notice to the constituents concerned advising them that unless they maintain the prescribed minimum balance in their accounts at all times, their accounts would be closed without further reference to them.

2. Undesirable Accounts:

- a. Strict supervision by the Branch Manager over accounts where cheques are returned frequently for want of funds is necessary.
- b. Irrespective of an account where cheques are frequently 'returned unpaid for want of funds', the Branch should issue a registered letter advising the Account Holder not to issue cheques without ensuring sufficient funds in the account.
- c. Despite such a letter if he issues further cheques which are also to be returned unpaid for want of funds a second registered letter should be issued advising him that 'the account has been closed on and a pay order for Rs..... being the balance amount available in the account after, deducting bank charges, is enclosed'.
- d. The time gap between the date of first registered notice and the date of closing the account shall be at least three months.
- e. However in cases where the Branch Manager feels that specific accounts should be closed immediately he may do so after recording the reasons there for.
- f. Care should be taken to see that such action is not taken in respect of parties who inadvertently issue cheques without funds.
- g. Equally risky is the practice of such parties who issue cheques in anticipation of realisation of effects sent by them or who remit funds almost always at the last moment to meet the cheques issued by him which are already presented for payment.

★ ★ ★

CHAPTER - 10
TERM DEPOSITS – GENERAL

1. Introduction:

The depositors and their interest form the key areas of the regulatory framework for banking in India and this has been enshrined in the Banking Regulation Act 1949 and also BR Act (as applicable to Cooperative Societies). RBI is empowered to issue directives / advise on interest rate on deposits and other aspects regarding conduct of deposit accounts from time to time. With liberalization in the financial system and deregulation of interest rates, Banks are now free to formulate deposit products within the broad guidelines issued by RBI. However, cooperative Banks are guided by the respective cooperative departments of various State Governments.

2. What is Term Deposit ?

Term Deposit is a deposit received by the bank for a fixed term/tenure/period which is withdrawable only after the expiry of the term/tenure/period deposit [except in the case of foreclosure].

a. Key Features and Benefits of Term Deposits:

When investing in Term Deposits, customers agree to invest funds for a said period of time, at a fixed interest rate and interest payment option. This provides the customers, the security of knowing what the return will be, how frequently interest income be paid, and when the Principle will be available. If funds are required, prior to maturity of the investments, it is possible to foreclose the deposit.

3. Types of Term Deposit:

- a. Fixed Deposit.
- b. Cash Certificate.
- c. Recurring Deposits.
- d. Special Deposits [as per Deposit schemes designed and announced by each Bank like Marriage Deposit, Education Deposit, etc.].

4. Period of Deposits:

- a. As per RBI directive the minimum period and maximum period of accepting Term Deposits have to be fixed by the Bank from time to time.
- b. Now the minimum period of F.D. is 7 days and the maximum period for which a Term Deposit can be accepted is 120 months. However, for CC, the minimum period of deposit will be 12 months and for RD, it is 6 months.

5. Rate of Interest:

While determining the interest rates, the bank should take into account the following:

The prevailing market interest rate adjusted by a margin that reflects:

- an allowance for the bank's business cost, both fixed and variable.
- any risk associated with investment; and
- the bank's profit margin.

The margin (and subsequently the interest rate) may vary from time to time due to changed market conditions, the timing of transaction as well as the amount; the term for an interest payment option is selected.

The banks may offer higher rates of interest on selected investment terms for selective customers and these interest rates may be significantly higher than the other terms. The investment terms giving higher interest rates are periodically reviewed and changed by the bank.

6. Interest Payments:

- (i) In terms of RBI directives, interest shall be calculated at quarterly intervals on Term Deposits and paid at the rate decided by the bank depending upon the period of deposit. In case of monthly deposit scheme, the interest shall be calculated for the quarter and paid monthly at a discounted value. The interest on term deposit is calculated by the commercial banks in accordance with formulae and conventions advised by Indian Banks Association. Generally, Cooperative Banks also follow the same.
- (ii) The rate of interest on deposits will be prominently displayed in the Branch Premises. Changes, if any, with regard to Deposit schemes and other related services shall also be communicated upfront and shall be prominently displayed.
- (iii) The following clause will have to be printed or incorporated by using a rubber stamp on all the Term Deposit receipts.

“The rate of interest payable on the deposit is subject to revision at the discretion of Board or Management of the Bank from time to time”.

- (iv) The bank has statutory obligation to deduct tax at source if the total interest paid / payable on all term deposits held by a person exceeds the amount specified under the Income Tax Act. The bank will issue a Tax Deduction Certificate for the amount of tax deducted. The depositor, if entitled to exemption from TDS, can submit a self-declaration in the prescribed format or Tax exemption certificate issued by the Income Tax Department at the beginning of every financial year. However, in the case of Cooperative Banks, the depositor may be included as an Associate Member of the Bank to avoid deduction of tax at source on the interest income, subject to the condition that the depositor himself can submit returns to the IT authorities, including the interest income, if required.

7. Who can invest in Term Deposits ?

All persons who are eligible to open a Current or Savings Bank Account with the Bank are eligible to invest in Term Deposits, subject to the same conditions like proper introduction, photographs, etc. The depositors should be properly identified as per the KYC requirements by obtaining identity proof and residency proof etc.

8. Procedure for Investment / Opening the Account:

- a. The depositor has to fill up bank's Account Opening Form prescribed for Term Deposits.
- b. Bank Officer will have to ensure that the Account Opening Form filled up by the depositor has all the required information such as:
 - i. Full Name [in the case of Joint A/Cs the names of all depositors],
 - ii. Full Postal Address with phone numbers,
 - iii. Amount proposed to be invested,
 - iv. Whether he prefers interest to be paid monthly / quarterly,
 - v. Photographs of all depositors are enclosed,
 - vi. Proper introduction has been given.
 - vii. In case of Joint accounts, the instructions about the disposal of funds such as "Either or Survivor", "Anyone or Survivor or Survivors" are clearly given.
 - viii. The account opening form has been signed by the depositor/s at appropriate places.
 - ix. The relevant nomination form may form part of the application form, and the depositor/s may be given the option to exercise the nomination facility by filling the required details and duly signing them.
 - x. All necessary requirements under KYC norms are complied.
- c. Bank Officer will have to fill up the correct rate of interest in the space provided for the same in the account opening form.
- d. Maturity and payment instructions may be obtained in the following format on the back of the term deposit receipt.

Maturity Instructions:

	Auto Renew Principal	Auto renew for period ____ Years ____ Months ____ Days
	Auto Renew Principal and Interest.	
	Auto Renew Rs. ____.	

Renewal will be done at the then prevailing rate of interest.

Payment Instructions:

	By Credit to my Bank Account No: _____
	By Banker's Cheque / Demand Draft / Pay Order.
	By Cash (if eligible under IT Act)

- e. This account opening form must be authenticated by authorized Officer, after satisfying that the application is in order in all respects.
- f. Once the above formalities are over, the pay-in-slip [i.e. Remittance Voucher] relating to Term Deposit investment must be prepared by the Assistant attached to "Term Deposits Section" and handed over to the Depositor / Investor for remittance of cash at the Cash Counter.
- g. The Cashier receives the cash along with the 'Remittance Voucher' and affixes the '*Cash Received*' stamp and other information and passes on the said voucher to the 'Scrolling Officer' for his signature before the necessary Term Deposit receipt is issued.

9. Investment by Cheque:

- a. Investment in Term Deposit can also be made by the depositor through a cheque on his account with some other bank.
- b. In such cases the Term Deposit Receipts must be issued only after the proceeds of the cheque deposited by the investor has been realised. The Term Deposit will also be made effective only from the date of realisation of the Cheque.
- c. If the cheque lodged by the depositor is an outstation cheque the commission for collection of such cheque may be waived, if Bank Management has already issued necessary permission to that effect, otherwise the commission and other charges will have to be separately collected from the depositor.
- d. A customer of the bank may invest in Term Deposit by giving an authorisation cum request letter to the Manager to debit his Current or Savings Bank Account with the proposed amount and to invest the same in Term Deposit. In his letter he must give clear instructions regarding the name[s] of the person[s] favouring whom the Term Deposit Receipt will have to be issued, type of account like "E or S" / "A or S" / Jointly, periodicity and mode of payment of interest on Term Deposit and period of investment.
- e. In the above case the signature of the investor on the request letter must be compared with his Specimen Signature available with the bank and the passing officer must record in the request letter as "Signature Verified" and affix his initials.
- f. For such investment through an authorisation cum request letter, the Bank Staff will have to prepare necessary Account Opening Form as per the instructions in the request letter of the investor. However the signature of the investor will have to be obtained on the Account Opening Form at a later date when the investor visits the bank.

10. Maturity Notice:

- a. In cases where auto renewal mandate has not been obtained in the application form, the bank will have to send a “Due Date” / Maturity” intimation to all the Term Deposit investors based on “Maturity Register “ / “Due Date Register “ at least 15 days prior to the actual due date.
- b. In case the depositor has given specific instruction to the bank not to send such intimation, the bank should not send maturity intimation to such investors.

11. Repayment of Term Deposit:

- a. Repayment of a Term Deposit on or after the due date can be made by cash (provided the maturity value does not exceed Rs.20,000/-) or by crediting Customer’s Current or Savings Bank Account with the Bank or by a PO/DD as per the specific instructions of the depositor.
- b. In all such cases the Term Deposit Receipt will have to be duly discharged by the depositors on the reverse of the Term Deposit Receipt at the space provided for the same. However if the repayment is to be made by cash, discharge should be obtained from the depositor on revenue stamp of requisite value.
- c. If the proceeds are to be paid by a DD/PO or to be credited to customer’s account, mere discharge is sufficient i.e. without revenue stamp.
- d. As per the provisions of Income Tax Act [Amended Sec. 269(T) of IT Act] repayment of Principal + Interest of the term deposit, if it exceeds Rs.20,000, payment should be made by way of crossed Pay Order/DD or to be credited to Customer’s account with the bank and not by Cash.
- e. The bank may obtain the authority to pay to anyone by inserting the following terms in the application form itself.

“We have to advise that _____Bank may pay to any one of us, any day either before or on due date or after due date, the principal along with interest payment to any one of us is a discharge to the Bank from all of us, until you receive a notice contrary to it from both / all of us, in case of death of any one, the amount is to be paid to the survivor/s”

12. Renewal of Term Deposits:

- a. In case of deposit standing in the individual name if deceased, if such deposit is not renewed on maturity interest for the overdue period can be paid from date of maturity till date of payment to legal heirs / representatives at the rate ruling on the date of maturity.
- b. Overdue term deposits could be renewed, if the customer comes to the bank within 14 days from the date maturity. The rate of interest in force on date of maturity would be the applicable rate of interest. In case the customer comes to the Bank after 14 days, the following rates would be applicable:
 - (i) For the intervening period between the date of maturity and the date of renewal, the applicable rate for the lapsed period is the rate in force at the date of maturity.
 - (ii) For the further period of investment the rate in force on his date of request for renewal is applicable.

13. Addition / Alteration / Substitution of name[s]:

- a. Addition of names may be permitted with the written consent of the existing depositors.
- b. Name[s] can be deleted or substituted with the written consent of all existing depositor[s] provided the name of at least one of the original depositors is retained.
- c. At the time of addition / alteration / substitution of names, the amount, period, due date, rate of interest etc. **should not** be changed.

14. Differential Rate of Interest:

- a. The RBI vide circular No. DBOD.No.Dir.BC.36/13.03.00/98 dated April 29, 1998 had permitted banks to offer, at their discretion, differential rates of interest on single term deposits of same maturity of Rs.15 lakh and above, subject to certain conditions. The permission to offer differential rates of interest for the deposits of the same maturity has been made applicable to bulk deposits of Rs.1 crore and above w.e.f. 01.04.2013. Refer RBI directive No. DBOD.No.Dir.BC. 74/13.03.00/2012-13 dated January 24, 2013 for details) For deposits below Rs.1 crore, the same rate will apply for deposits of the same maturity. Rupee term deposits will include domestic term deposits as well as term deposits under NRO and NRE accounts. Banks should disclose in advance the schedule of interest rates payable on deposits including deposits on which differential interest will be paid. Interest paid by banks should be as per the schedule and not be subject to negotiation between the depositor and the bank.

15. Preferential Rate of Interest:

- a. Preferential rate of 1% interest over the standard rate is allowed (as approved by the Board of Management):
 - i. on deposits held individually or jointly with others in the case of employees of the bank/ retired employees / widows of employees / widows of retired employees etc.
 - ii. on deposits of an Association or a Fund all the members of which are the members of Bank Staff.
- b. A declaration has to be obtained from the person / association eligible for the preferential rate to the effect that the invested money belongs to the depositor.
- c. Before extending preferential rate of interest to eligible retired employees / widows of retired employees / widows of employees etc. documentary evidence of service / retirement / identity of the widow should be scrutinised and kept attached to Account Opening Form.

16. Issue of Duplicate Receipt:

- a. In case of loss of Term Deposit Receipt, the Bank may issue Duplicate Deposit Receipt provided,
 - i. The depositor / all the depositors in the case of joint deposit, make a written intimation to the bank about the loss of Term Deposit Receipt and request to issue a Duplicate Deposit Receipt.

- ii. The depositor / all depositors execute an Indemnity Bond. The Bond is to be executed on Non – Judicial Stamp Paper to the value of amount that is in force. **(A specimen of the “Indemnity Bond” is given in the Annexure - 1 to this Chapter)**

17. Procedure:

- a. On getting the intimation from the depositor about the loss of Term Deposit Receipt,
 - i. make note of the same in the Ledger and Account Opening Form.
 - ii. issue a Duplicate Deposit Receipt after the same is authorised by the manager.
 - iii. duplicate Receipt must contain the same details as in the original i.e. the date, amount, name/s of investors, rate of interest, period of deposit, due date, etc. There should be no change in any of the above.
 - iv. on the face of the Deposit Receipt it must be boldly written in red ink as “DUPLICATE RECEIPT”.
 - v. in the ledger also same noting must be made. The serial number of the Duplicate Receipt must also be noted in the Ledger.
 - vi. for the Duplicate Receipt issued No Separate Ledger Sheet should be opened.
 - vii. in case the original receipt is produced, after issue of Duplicate Receipt, no payment should be made against the original receipt. The customer with a covering letter must surrender such original receipt to the Bank which will cancel the same and retain on Bank’s files.
 - viii. after the Duplicate Receipt has been issued to the customer payment should be made only against the Duplicate Receipt.

18. Term Deposit Receipts: Non - Negotiable

- a. Term Deposit Receipts are NOT TRANSFERABLE.
- b. All legal implications are under the purview of the Indian Contract Act 1872 and as such it is a contract between the Bank and the depositors.

19. Nomination:

- a. Facility of nomination is available for Term Deposits and it should be in favour of individual only.
- b. Nomination / Variation or Cancellation of Nomination can be made at any time during the period the deposit held with the Bank and it must be made prior to Due date.

20. Annexure/s :

Annexure - 1 : Specimen of “Indemnity Bond” for issue of duplicate Term Deposit Receipt / Pass Book

★ ★ ★

**A SPECIMEN OF 'INDEMNITY BOND' FOR
ISSUE OF DUPLICATE TERM DEPOSIT RECEIPT/PASS BOOK**

From

To

The Manager/Chief Manager,

_____ Bank Ltd.,
_____ Branch/H.O.

In consideration of the _____ Bank Ltd. issuing a duplicate of their Fixed Deposit/Cash Certificate No. _____ / Pass Book for RD A/c. No. _____ dated _____ favouring _____ for Rs. _____ for _____ months at _____% per annum due on _____. I/we hereby (jointly and severally) guarantee and agree to hold the said _____ Bank Ltd., their successors and assigns, harmless and indemnified from and against all consequences that may arise from their so doing and from payment of the original Deposit Receipt/Pass Book and from and against all issues, charges and expenses in connection with the said Deposit Receipt/Pass Book or duplicate and also to surrender the original should it be forthcoming.

I/We hereby confirm that I/we have not transferred/delivered the Deposit Receipt/Pass Book in favour of any person(s) / institution(s) nor I/we have pledged it with any person(s)/institutions(s) to raise a loan over the same.

Dated at _____ this _____ day of _____ 20 .

(Signature/s)

CHAPTER - 11

FIXED DEPOSITS

1. What is Fixed Deposit:

- a. A deposit invested for a fixed time/specific period, repayable on maturity/due date with agreed rate of interest, payable as simple interest, at quarterly rest is known as **Fixed Deposit**. Interest may also be paid at discounted value if monthly interest payment is opted.

2. Opening:

- a. The prospective depositor must make an application in the prescribed application form of the Bank, providing all relevant information, documents and the specimen signatures.

Note:- Documents to be submitted for opening of the account – Please refer to Chapter 2.

3. Issue of Deposit Receipts:

- a. Separate pre-printed receipt forms for FD having distinct serial numbers must be used.
- b. The Fixed Deposit Receipts must be issued only in the order of serial numbers either from the stock of 'Loose Leaves' or from the booklets.
- c. On getting the 'Remittance Voucher' duly stamped "Cash Received" and signed by the Cashier, the Assistant in Term Deposit Section will write the Deposit Receipt, with particulars such as Name/s of the Depositor/s, Date of investment, Period of investment, amount of deposit in words and figures, Rate of Interest, Due Date, Specific instructions of the depositor like "E or S" or "A or S" etc. Similar details should be entered in the counterfoil.
- d. It must be ensured that all the Deposit Receipts bear the branch name. [If it is not printed, rubber stamp must be affixed on deposit receipts before use].
- e. Two authorised officers will have to sign the Receipts and the counterfoils.
- f. The Deposit Receipt is to be issued to the Depositor against his acknowledgement on the reverse of the relative counterfoil. If the Receipts do not have counterfoils then acknowledgement must be obtained in a separate Register called as "Term Deposit Receipts Issued Register".
- g. The serial number of the Deposit Receipt Number must be noted in the Deposit Ledger, Account Opening Form and also in the Remittance Voucher [Credit Voucher].
- h. If the Branch is computer enabled, the Deposit Receipt may be generated by keying in the details of deposit.

4. Due Date Calculation:

- a. If the deposit is made for specific number of days, say 91 days, the due date should be calculated as below:

- i. Calculate the number of days in each month [reckoning 29 days or 28 days in February as the case may be].
- ii. Include the date of deposit.
- iii. Exclude the date of payment.

e.g. the due date for a FD invested for 91 days on 01.02.2013 is

Feb. 2013 - 28 days - (including date of investment)

March, 2013 - 31 days

April, 2013 - 30 days

May, 2013 - 2 days

91 days

Thus the due date for payment is 03rd May, 2013.

5. Ledger Posting:

- a. Separate Ledger for Fixed Deposits should be maintained.
- b. Ledger sheets must be opened as per the serial numbers of the FD Receipts, allotting each folio for each deposit.
- c. All the particulars like Date, Name, Amount, “E or S” / “A or S”, Due Date, Rate of interest must be recorded in the Ledger.
- d. The Officers who have signed on the FD Receipt must sign in the Ledger also.
- e. Instructions regarding periodicity of payment of interest i.e. monthly / quarterly must be noted in the Ledger as well as on ‘Standing Instruction Sheet’. A specimen of ‘Standing Instruction Sheet’ is given in **Annexure - 1** to this Chapter and A specimen of ‘Standing Instruction Register’ refer **Annexure - 2** to this Chapter.
- f. Entries in the Standing Instruction Card & Register must be authenticated by an Officer.

6. Subsidiary Books:

- a. After opening the Ledger or posting in the Ledger, postings in the Subsidiary Books like Maturity Register, Interest Rate-wise Register, FD Index Register etc. must be made and checked by an Officer.

7. Interest Payment:

- a. Interest at agreed rate of interest will have to be paid monthly at discounted value / quarterly as desired by the Depositor and noted down in the ‘Schedule for Payment of Interest’ A specimen of ‘Schedule for Payment of Interest on Fixed Deposit’ is given in **Annexure - 3** to this Chapter.
- b. As and when such periodical interest is paid the details must be noted in the FD Ledger on the reverse of the relevant Ledger Sheet for which columns will be available on the reverse of each Ledger Sheet as “Particulars of Interest Payment”.

- c. Interest on monthly basis will have to be paid on a discounted basis only as RBI permits payment of simple interest at quarterly rest.

8. Interest Calculation (Manual):

- a. Entries to be passed while actually paying interest on FD to the depositor: for example, A depositor has opted for monthly payment of interest; the duration of the deposit is one year.

At the eligible date each month, the following entries may be passed:

Debit: Interest Payable on Fixed Deposit A/c: _____

Credit: Depositors' A/c: _____

- b. On the last month of the deposit i.e. while closing the deposit account (if the term is for one year), the interest must be totalled up to the previous month (i.e. for 11 months in this case) and find out the eligible amount for the last month (i.e. by finding the difference between the total eligible interest and the amount of interest paid thus far). The above mentioned entries may be passed for the amount to settle the dues.
- c. While making interest payment to the depositor (either at monthly / quarterly / half yearly), posting should be done on each deposit account so that details of total interest amount paid in respect of each account and also the date up to which interest has been paid for each account is available. From this it would be possible to arrive at account wise amount of interest accrued but not paid as at the end of the financial year.

9. Calculating Interest / Provisions:

- a. The General Ledger and the Bank Balance Sheet should reflect the true interest payable and interest paid position in respect of liability and the expenditure incurred on account of FD on a monthly basis so as to ascertain the true financial position.

With this in view, the following entries may be passed:

- i. Provision may be made each month in respect of anticipated interest accrual. For this purpose, in view of huge volume of transactions, a tentative provision may be made. For this the total interest paid during the previous financial year may be taken as the starting point. We may add/ reduce some 10% or so (based on the quantum of deposits expected to increase or reduce) to this figure and divide it by 12.

The figure so arrived may be provided each month by passing the following entry:

Debit: Interest paid on FD A/c: _____

Credit: Interest payable on FD A/c: _____

- ii. While actually paying interest, we are debiting the Interest Payable A/c, the balance in the account reflects the accrued interest but actually not paid.
- iii. At the end of the financial year we may find out from the ledger account wise, the actual amount accrued but not paid and total them.

iv. We may find out the difference between the actual amount accrued but not paid and the amount of balance in the interest payable on FD account in GL.

v. We may pass the entries for this amount as follows:

Debit: Interest Paid on FD A/c: _____

Credit: Interest Payable of FD A/c: _____

b. Interest Calculations / Provisions (under computer enabled environment):

Under the computer enabled environment, the system would be enabled to make actual provisions on a day to day basis and the position would be on the real time basis and therefore reflect true positions.

10. Renewal of Fixed Deposits: (for accounts not opted for auto renewal)

a. On the Due date :

i. The deposit receipt must be surrendered by the depositor duly discharged. [not on revenue stamp] with a request on the same receipt to renew for further period.

ii. However fresh Account Opening Form should be obtained.

iii. If the customer desires to renew only the principal amount then credit the interest against to his Current or Savings Bank Account or pay in cash as desired by the depositor.

iv. For the principal amount prepare credit voucher and follow the procedure as in the case of opening a new FD account.

b. After the due date:

i. When the FD is presented for renewal or withdrawal after the Due Date, since the amount has already been transferred to Matured Fixed Deposit (MFD) on the due date, debit will have to be made to MFD account instead of FD account.

ii. Other procedures will be as detailed under paragraphs relating to Renewal of Term Deposits.

11. Foreclosure :

a. In case a FD is foreclosed before the minimum qualifying period for earning interest then no interest is to be paid.

b. First calculate the actual number of days or period for which the FD was with the Bank.

c. Then find out the rate of interest applicable for that period as on the date of investment of amount in FD.

d. Deduct applicable penal rate from that rate for calculation of interest and calculate interest on the FD for the period for which it has remained with the Bank.

- e. In case the FD submitted for foreclosure is under monthly interest payment schedule and if the total amount of monthly interest thus far paid on the said FD exceeds the eligible interest at the time of foreclosure, then such excess amount paid will have to be recovered out of principal amount of FD and only the Balance will have to be paid to depositor. The amount should be credited to interest paid account (not payable account)
- f. Vouchers for interest payment and for repayment of FD will have to be prepared as explained in earlier paragraphs.
- g. In the relevant folio of the foreclosed FD accounts, two parallel lines may be drawn across the face of the folio and “Account Foreclosed on _____ “ may be recorded.
- h. Monthly interest payment schedule should be closed after positing the settled interest amount. Such schedules may be removed and kept in the closed folder. This would enable to prevent the continued payment of interest inadvertently for closed accounts.

12. Penal Interest for Foreclosure:

- a. Whenever the amount invested in Fixed Deposit with the Bank is withdrawn by the depositor/s before the due date, the applicable Penal interest will have to be applied.

13. Loans against FD:

- a. Loans may be sanctioned against the security of the Fixed Deposit of the Bank.
 - i. **Margin:** The Margin will be fixed by the bank from time to time.
 - ii. **Interest on Loan:** The rate of interest on such loans will be as fixed by the Bank from time to time.
- b. Interest on loans will have to be charged in the same periodicity at which interest is paid on FD. i.e. monthly /quarterly. While paying the monthly / quarterly interest on FD, the interest due on the loan against such FD must be first recovered / adjusted and the balance amount of interest to be adjusted to the Principal account.
- c. While sanctioning the loan, a mandate to adjust the interest and principal dues from the FD proceeds may be obtained, besides the usual documents like pronote, lien marking mandate, discharged FDR.

14. Foreclosure of FD under loan cover:

- a. In case the depositor wants to foreclose his FD against which he had availed a loan:
 - i. First arrive at the eligible rate of interest for the FD applying foreclosure norms.
 - ii. Then charge interest for the loan at the applicable rate.
 - iii. Recover / Adjust the entire dues under the loan account i.e. the principal and interest due upto date, out of the proceeds of the FD.
 - iv. Finally, pay the balance amount of the proceeds of the FD to the depositor.

15. Closure of Loan Account on Due Date:

- a. Calculate interest at the applicable rate and adjust it from the proceeds of FD and pay the balance to the depositor. Even in cases that the customer does not turn up on the due date, loan should be closed on the due date and customer advised accordingly.

16. Annexures:

- a. Following Annexures are appended to this Chapter :
 - Annexure - 1 : Specimen of Standing Instruction Sheet
 - Annexure - 2 : Specimen of Standing Instruction Register
 - Annexure - 3 : Specimen of Schedule for Payment of Interest on Fixed Deposit
 - Annexure - 4 : Specimen of Working Sheet for Half-Year Interest Provision - Fixed Deposit

★ ★ ★

**The State Co-operative Bank Ltd
Specimen of Standing Instruction Sheet**

Sl. No. _____ Date of Lodging _____ Due Date of Sl. _____

Name of the holder _____

_____ Periodicity: Monthly / Qtly / Hly

A/c. to which the amount should be debited _____

Date of commencement:

Date of Expiry:

Amount : Rs. _____

To be remitted to: _____

Mode of remittance:

DD/PO/MT/Internal Transfer

Date of cancellation, if any :

Signature of the Assistant: _____

Charges to be collected :

Officer : _____

Dates of carrying out the standing instructions with initials of Asst. / Officer						

**The State Co-operative Bank Ltd
A specimen of Standing Instruction - Register**

Date	Standing instruction No.	Name of the A/c. Holder and A/c No. to be debited	Section to which the standing instruction is assigned	Periodicity Monthly / Qty / Hly & Date of commencement	Amount to be debited
(1)	(2)	(3)	(4)	(5)	(6)

Payment to	Mode of remittance DD / PO/ intimation	Date of expiry	Signature of Staff of the Section to which S. I. is assigned	
			Asst.	Officer
(7)	(8)	(9)	(10)	(11)

The State Co-operative Bank Ltd.,

H.O./_____BRANCH

Specimen of Schedule for payment of interest on Fixed Deposit

ON THE _____ OF EVERY MONTH / QUARTER

From _____

Name of the Deposit Holder: _____

Address _____ D.R. NO. _____ for Rs. _____ interest

@ _____ % per annum _____

Due on _____

Proportionate interest of Rs. _____ per month / Quarter.

Mode of Payment	CREDIT	Current A/c.	Prepared by	
		Savings Bank A/c.		
		Pay Order	Checked by	
		Demand Draft		

Date of Payment	Exact Date and Month Ending	No. of months paid	Amount of Interest paid		Progressive total of interest paid		Officer's Initials	Remarks
			Rs.	P.	Rs.	P.		

CHAPTER - 12
CASH CERTIFICATES (REINVESTMENT)

1. What is Cash Certificate (CC) ?

- a. There is A SIGNIFICANT DIFFERENCE between Fixed Deposit (FD) and Cash Certificate (CC). Investment in Cash Certificate Scheme is a contract whereby a depositor agrees to receive back the Principal amount together with interest (compounded quarterly), accrued after a certain period agreed to at the time of opening of the deposit account. Interest accrued there on under this scheme is compounded at quarterly rests to yield compound interest.

2. Procedure for investment in CC:

- a. **Minimum Amount :** All Banks have prescribed a minimum amount that will be acceptable as Cash Certificate. The usual minimum amount is Rs.1000/-.
- b. **To Invest in Cash Certificate :**
 - i. the Depositors except in the case of institutions, will have to come to Bank in person.
 - ii. the prescribed Account Opening Form has to be filled up by giving all the required information / particulars.
 - iii. one recent Passport size photograph of each depositor has to be enclosed with the Account opening Form. [If the deposit is made in the names of more than one person, individual passport size photograph of all the depositors are to be attached to the Account Opening Form]. The depositor /s should be properly identified as per KYC requirements by obtaining identity proof and residency proof.
 - iv. the introducer has to sign at appropriate place in the Account Opening Form.
 - v. specimen Signature Card should be duly affixed with the Specimen Signatures at appropriate place.
 - vi. the bank may not insist the above requirements each time, if a composite application, containing the above required materials are with the bank already.

3. Types of Accounts:

- a. The investment in CC may be made:
 - i. In the name of a single person
 - ii. In the names of more than one person as “Joint Account” or “E or S” Account or “A or S” Account.
 - iii. In the names of companies, partnership concerns, clubs, associations, religious, educational, social organisations etc.

- b. In the case of customers falling under 'iii' [above] they will have to furnish all required and relevant documents like Bye laws, Rules, Articles of Association, Certificate of Registration, resolutions of Board / General Body / Committee etc. along with the Account Opening Form

4. Period of Deposit:

- a. Normally the minimum period of investment in CC will be 12 months and the maximum period is not to exceed 120 months.

5. Nomination:

- a. Nomination facility as in the case of FD is available in favour of individuals only.

6. CC is Non-Negotiable:

- a. Cash certificates are not Transferable.
- b. New Names can be added or existing name[s] can be deleted in the Cash Certificate already invested with the bank provided such written request is signed by all the original depositors. However there should be no change in amount originally invested and the period of investment.
- c. Nominations may also be changed during the currency of the deposit.
- d. In all cases, where nominations have been opted by the depositors, the Cash Certificate should bear the word "Nomination Registered"
- e. Depositors should be given the option to indicate his intention to avail / not to avail the nomination facility in the account opening form.

7. Foreclosure:

- a. Banks do permit premature withdrawal [foreclosure] of CC at the specific request of depositor/s.
- b. In such case the rate of interest to be paid will be paid at a specific percentage less than the eligible rate [as per interest rate schedule prevalent at the time when this deposit was invested] for the period which the said CC [deposit] had remained with the Bank. For completed quarters this interest rate will be compounded for periods less than a quarter and the same interest rate will be applied as simple interest.

8. Loan:

- a. Loans against the security of cash certificates may be sanctioned.
- b. Since there is no periodical payment of interest on such deposits [CC / reinvestment scheme] the accrued interest on the particular CC up to the date of sanctioning loan against the same is also reckoned for arriving the margin.

9. Interest on Loan:

Interest will be charged on the Loans on quarterly basis, at the rate fixed by the Bank from time to time.

10. Special Deposits:

- a. The special Deposits are the new Deposit Schemes designed by the bank like “Education Deposit’ ‘Marriage Deposit”. However no such scheme should be designed in contravention to rules and guidelines issued by RBI, either existing or to be issued in future. The guidelines issued for Term Deposits will have to be adhered to in full.
- b. The schemes will either fall under the category of FIXED DEPOSIT [payment of simple interest terms] or under RE-INVESTMENT category. [i.e. payment of compound interest].
- c. Banks may print separate Deposit Receipt for each such scheme.
- d. Banks may have specific provisions restricting sanction of loans against such deposits.
- e. Banks may accept lump sum investment as Deposit for a specified period with clause to make monthly payments after moratorium period - like pension scheme or monthly income plan.
- f. In all such cases the relevant Rules of the Deposit Schemes of the individual Bank have to be followed.

★ ★ ★

CHAPTER - 13
RECURRING DEPOSITS

1. What is Recurring Deposit (RD)?

- a. The Recurring Deposit is an account in the Bank, where an investor deposits a fixed amount of money every month for a fixed tenure. This scheme is meant for the investors who want to deposit a fixed amount every month, in order to get a lump sum after some years. The small monthly savings in the Recurring Deposit scheme enable the depositor to accumulate a handsome amount on maturity. Interest at term deposit rates is computable on quarterly compounded basis.

2. Who can open RD Accounts?

- a. RD Accounts may be opened by:
 - i. A person in his / her own name
 - ii. By two or more persons in their joint names with operative clause as “E or S” / “A or S” / Jointly.
 - iii. On behalf of a minor by a guardian.
 - iv. In the names of clubs, associations, educational institutions and such other bodies, provided they are registered and the Bank is satisfied that the account is opened for genuine saving purpose.
 - v. A depositor may have more than one RD Account in his name or in the joint names with another.

3. Other points:

- a. Period of deposits should be normally in multiples of 12 months like 12, 24, 36 etc. up to a maximum period of 120 months.
- b. Some banks accept RD Accounts for periods varying for a minimum as 6 months and thereafter in multiples of 3 months.
- c. However the period of deposit and monthly instalments must be fixed at the time of opening the account itself. Neither the period nor the monthly instalment shall be varied or altered subsequently.
- d. Till sometime back, the banks were accepting monthly instalment of Rs.5/- and in multiples of Rs.5/-. But now most banks are accepting a minimum monthly instalment of Rs.100/- and in multiples of Rs.10/- thereafter.
- e. Customer must use only the Bank's Account Opening cum Specimen Signature Forms for opening RD Accounts.

4. Remittance of Monthly Instalments:

- a. The instalment for any calendar month must be remitted on or before the last working day of that month.
- b. Instalments can be remitted by cash. It may be even by transfer from Current Account or Savings Bank Account or out of interest on customer's FD with the same Branch. (This will on the basis of standing instructions). Remittances made across the counter for credit of RD account should be accompanied by the prescribed pay – in – slip by the Bank.
- c. Instalments can also be remitted through another branch of the Bank free of charge.
- d. Remittances may also be made by Money Order, Postal Order, Cheques, etc., if the depositor or his representative could not make the remittance across the counter. In such cases, the covering letter should contain the details of remittance.

5. Penalty for Delayed Remittance:

- a. In case the monthly instalment of the RD Account is not paid during a month and is remitted only during the subsequent month or after further delay Penal Charges at the rates fixed by the Bank will be collected along with the instalment. Penal Interest for defaulted instalments may be set off against the payment of equal number of advance instalments.
- b. If the monthly instalments are in arrears for more than three months Bank may issue a notice to the customer to remit the defaulted instalments and make the account up to date. The Bank may also indicate in the same notice that if the account is not regularized within say 15 days from the date of receipt of notice, the account may be closed by the Bank, and the amount for which the depositor is eligible will be paid to him.
- c. The amount collected as Penal Charges must be credited to "Penal Interest Account" in the General Ledger.

6. Opening of RD Account:

- a. All customers must use only the Bank's Account Opening Form cum Specimen Signature Card for making application to open RD Account.
- b. Once the account opening form duly filled by the customer and authorized by an officer is received by the Ledger Assistant with the remittance of first instalment amount the Ledger Assistant must first assign an Account Number in serial order. This Account Number must be recorded on the Account Opening Form as well as Remittance Pay-In-Slip.
- c. In RD Ledger (Loose Leaf Ledger) the account must be opened by writing the Account Number, name and address of the depositor in case of deposits by individuals. In other cases, the names, designation of the authorized official who operate the account should be recorded.

- d. Monthly instalment amount and number of months for which the RD Account has been opened must also be recorded in the Ledger sheet.
- e. The maturity value of the account and the due date (Maturity Date) for payment of maturity value must also be recorded in the Ledger sheet.
- f. Date of Maturity or Due Date will be 30 days (one month) after the stipulated last instalment has become payable and has been paid. [e.g. if a RD Account is opened in April 2010 for a period of 12 months then the Due Date or Maturity Date will be 1st May 2011]
- g. Many Banks in the cases where the depositors remit the monthly instalments of RD Account on or before a fixed date every month, say 10th of every month fix the due date as 10th of the succeeding month after the LAST INSTALMENT has been remitted.

7. Pass Book:

- a. At the time of opening a RD Account Pass Book with all the above details like Account Number, Name of the Account Holders, monthly instalment, period for which the RD Account has been opened, Due date (Maturity Date), Maturity value payable to Account Holder will have to be recorded. The first remittance particulars must also be recorded and then the Pass Book must be issued to Account Holder against his acknowledgment.
- b. Customers have to be advised to get the entries in their RD Pass Book up to date at frequent intervals i.e. at least once in every 3 months.
- c. Entries in the Pass Book must be authenticated only by an authorised Officer. Neither the Ledger Assistant nor the Cash Assistant can sign the RD Pass Book.
- d. Duplicate Pass Book: If a pass book is lost or misplaced, a duplicated pass book may be issued on payment of prescribed service charges. In such cases, the Bank should receive a written requisition from the depositor along with an undertaking that the original pass book, if traced at a later date would be returned to the Bank for cancellation.

8. Interest Provision:

- a. Interest on RD Accounts is calculated on the basis of monthly products.
- b. Provision of Interest actually accrued should be made once at the end of each year at the time of annual closing of accounts.
- c. Monthly provisioning of interest payable on RD Accounts may be made based on previous year closing balance and on the basis of expected growth in the deposit during the current financial year.
- d. If the Bank is computer enabled, provision could be made on real time basis.

9. Foreclosure of RD Account:

- a. If the RD Account is closed before the Due date / Maturity date (i.e. without remitting all the monthly instalments), then compound interest at a lesser rate fixed by the Bank, than the rate applicable for the Term Deposit for the period the deposit has run shall be calculated. This will be on the total monthly products at quarterly rests for the completed quarters and simple interest for the remaining period (i.e. less than 3 months).
- b. Many Banks collect a service charge of Rs.10/- if the account is closed within 6 months from the date of opening, if the account is originally opened for period 12 months or over.

10. Discontinued Accounts:

- a. In case the Account Holder remits only few instalments (i.e. he does not remit all the agreed number of instalments), but the account has completed the full contracted period, such account must be treated as “DISCONTINUED ACCOUNT”
- b. Discontinued account is repayable on the Maturity Date.
- c. Discontinued account will qualify for contracted interest up to the Maturity Date. In case the Account Holder does not draw this amount on the Due date it will not qualify for interest for the period remaining undrawn after the Due Date.
- d. All RD Accounts, which have completed their full agreed / contracted period but remain undrawn, should be transferred to “Matured RD Account”.
- e. The Ledger Sheets of all such accounts must be kept in a separate Ledger Binder, which is called as “Matured RD Accounts Ledger”.
- f. Book entries for this purpose together with eligible interest amount will be:
 - i. Debit : RD Account concerned [i.e. which had matured but not drawn by the customer]
 - ii. Credit : Matured RD Accounts.
- g. In case the customer comes to withdraw the amount after his RD has been transferred to Matured RD Account, first the Ledger sheet relating to his account must be verified. This will exhibit the maturity value (final amount) transferred for this account to Matured RD Account. The following book entries will be made if he surrenders the RD Pass Book with a request letter to credit the amount to his Savings Bank Account or pay by cash. A receipt must be obtained if the payment is made by cash.
 - i. Debit : 1. Matured RDA/c. 2. Interest Payable on RD A/c.
 - ii. Credit : Customer’s Savings Bank Account/Current Account/Cash.

11. Loans against RD:

- a. Banks sanction loan against RD Account balance on the following terms and conditions.

1	Margin	15% or as fixed by the bank
2	Minimum amount of loan	As fixed by the Bank Management
3	Rate of interest to be charged for the loan	2% above the rate applicable to that RD. However to qualify to raise loan against RD the Account Holder should have remitted at least six instalments.
4	Periodicity of charging interest	Quarterly or as fixed by the Bank
5	Penal interest for non-payment of interest on loan	If the interest due on the loan account is not paid in full as and when due, penal interest for such defaulted interest amount at the rate fixed by the Management shall be charged.
6	In the event of foreclosure of R.D account when the loan against such R.D. is alive	<ul style="list-style-type: none">• Interest @ 2% above the rate of interest of RD shall be charged on the loan amount, for foreclosure of that particular RD Account.• In the case of foreclosure, first the entire amount due under the Loan Account should be collected and then only the balance amount is to be paid to the Account Holder.
7	Documents required	Demand Promissory Note for loan amount. Loan request letter Lodgement letter for lodging the RD pass book duly discharged over the revenue stamp of appropriate value at the space provided in the last page of the Pass Book.

12. Nomination:

- a. Nomination can be accepted in favour of INDIVIDUAL ONLY. Nomination can be made at any point of time during the currency of the RD Account i.e. while it is live and running.
- b. In all cases, where nominations have been opted by the depositor (s) the Pass Book should bear the words “Nomination Registered”
- c. Depositors should be given the option to indicate his / her intention to avail / not to avail the nomination facility in the account opening form.

13. Balancing of Books:

- a. Trial Balance (T.B.) of all RD Accounts must be extracted in the monthly RD Trial Balance Register as at the end of each month and tallied with General Ledger figure.
- b. Once the Trial Balance is tallied both the Assistant who extracted the T.B. and the Officer who checked it must sign (i.e. full signature) the T.B. Register.

14. Penal Interest Calculation on RD Account:

a. Few illustrations on calculation of Penal Charges for defaulted instalments are as follows:

i. Illustration 1: An RD Account with a monthly instalment of Rs.100/- was opened on 01.02.2012 and the next instalment was remitted only on 03.06.2012. The amount received should be adjusted towards the instalment due for the month of March 2012. Penal charges for delayed remittance of the instalment will have to be calculated as under :

Formula is : $N \times P \times R / 100$ where,

N = Number of months in default

P = Monthly instalment Amount

R = Rate of Penal charges in PAISE

In the above case the instalment due for the month of March 2012 had been remitted only on 3rd June 2012 i.e. with a delay of 3 months (March, April & May).

If we assume the penal charge fixed by the bank is Rs.2/- per Rs.100/- per month then the penal charges to be collected for the above will be:

$$\frac{3 \times 100 \times 200P}{100} = 600 \text{ paise} = \text{Rs.6/-}$$

ii. Illustration 2: An RD Account opened on 01.5.2012 with a monthly instalment of Rs.100.

The second instalment due in June 2012, along with the instalments due for July, August was remitted in lump sum only on 28.9.2012 along with the instalment due for September.

Number of instalments that were in arrears in the above case was 3 (i.e. June, July and August). Let us assume the Rate of Penal Charge is Rs.2/- p.a. Rs.100/- per month.

Formula is:

$$\frac{n \times (n + 1)}{2} \times P \times \frac{R}{100}$$

$$= \frac{3 \times 4}{2} \times \text{Rs.100} \times \frac{200P}{100} = 1200 \text{ paise} = \text{Rs.12/-}$$

★ ★ ★

CHAPTER - 14
NON-RESIDENT INDIAN ACCOUNTS

1. General:

- a. To open and maintain NRI Accounts, the State Cooperative Banks (SCB) will have to apply and get the permission from Exchange Control Department of RBI at Mumbai.
- b. Generally RBI permits the SC Banks to open and maintain only
 - i. Ordinary Non-Resident Rupee Accounts (NRO) and
 - ii. Non-Resident External (NRE) Rupee Accounts for Non-Resident Indians (NRIs) of Indian origin / Nationality abroad.
- c. Again only full-fledged Forex dealer i.e. Banks which are financing imports and exports involving Foreign Currencies, sell & buy foreign currencies, Travellers Cheques in foreign currencies are permitted to open and maintain FCNR (Foreign Currency Non-Resident) Accounts.
- d. On getting such permission the RBI's guidelines as contained in the Authorised Banker's Memorandum (ABM) will have to be strictly followed.
- e. The HO of SCB will have to make arrangements with one / two nationalised or leading Public Sector Banks, which are authorised to do Forex Business to route Forex Transactions of the Bank through it. That is any remittance in foreign currency, on behalf of a customer, should be routed through this identified Bank with whom the SCB had made such arrangements.
- f. Similarly all the inward remittance instruments in Foreign Currency i.e. US \$ DD or Main transfers or personal cheque of NRI on a Bank abroad should be sent to this identified Bank for collection.
- g. The permission given by RBI will be for a specific period and therefore the SCB concerned will have to get such permission renewed periodically by RBI.
- h. The Ledgers, Register s, Vouchers, Account Opening Forms, Copies of Statements STAT 3 & STAT 4 etc. should be kept properly and produced to RBI inspectors when they visit the Branch for inspection.

2. Procedure:

- a. The NOR / NRE accounts can be opened only in the names of Non-Resident Indians of Indian Nationality or origin abroad.
- b. These accounts can be opened in the names of individuals only.
- c. The prospective customer should fill up an Account Opening Form supplied by the Bank.
- d. Proper identification of NRI as indicated in the Account Opening Form to be produced.

- e. NR(E) Rupee Deposit Account should be opened by the Non-resident Account Holder himself and not by the holder of Power of Attorney in India on behalf of a non-resident.
- f. Under no circumstances proceeds of such instruments viz. foreign currency notes / bank notes and travellers cheques tendered by the Power of Attorney holder or any person other than the Account Holder should be credited to NRE accounts.

3. Non-Resident Ordinary (NRO) Rupee Account:

- a. This account can be opened for Non-resident individuals of Indian Nationality / origin and entities only.
- b. As Indians residing in Nepal / Bhutan (Nepalese and Bhutanese) as well as branches of offices of Indian, Nepalese, Bhutanese firms, etc. are treated as “Residents in India”, NRO accounts cannot be opened for these persons / entities.

4. Opening of Account:

- a. At the time of opening the account, an under taking has to be obtained in the Account Opening Form itself or separately, to the effect that in cases of debits to the accounts for the purpose of investment in India and credits representing sale proceeds of investments, the Account Holders must ensure that such investments / disinvestments would be covered either by the general or special permission of RBI.
- b. Necessary documentary proof as regards the status of the individual / entity to be obtained and satisfied before opening the account.

5. Nature of Accounts:

- a. NRO Accounts may be maintained in the nature of Savings Accounts / Current Accounts and Term Deposit Accounts.
- b. The directive of RBI in Regard to Domestic resident deposits including interest rates etc. are applicable to NRO Accounts also except deduction of income tax at source on interest income earned to be effected in the case of NRO Accounts.
- c. Change of residence status of the account holder:
 - i. From Resident to Non Resident: When a person resident in India leaves India for a country (other than Nepal or Bhutan) for taking up employment or for carrying on business or vocation outside India or for any other purpose indicating his /her intention to stay outside India for an uncertain period, his / her existing account should be designated as a Non Resident (ordinary) account. When a person Resident in India leaves for Nepal or Bhutan for an uncertain period, his / her existing account will continue as a Resident Account. Such accounts should not be designated as Non Resident Ordinary account. (NRO).

- ii. From Non Resident to Resident: NRO accounts may be re-designated as Resident Rupee accounts on return of the account holder to India for taking up employment, or for carrying on business or vocation or for any other purpose indicating his / her intention to stay in India for an uncertain period. Where the account holder is only on temporary visit to India, the account should continue to be treated as Non Resident during such visit.

6. Type of Accounts:

- a. NRO Accounts can be maintained simply or jointly. In the case of Joint Accounts, the account may be held jointly with eligible non-residents or even with residents.

7. Nominations:

- a. Any resident or non-resident person can be appointed as nominees for NRO Accounts vide B.R. Act 1949 and the Banking Companies (Nominations) Act 1985. But where the nominee is a non-resident, the amount entitled to him in the event of death of the depositor, will be credited to the nominee's NRO Account only and shall not be allowed to remit outside India.

8. Mode of Opening the Account:

- a. With the proceeds of remittances received in any permitted currency from abroad through normal banking channels.
- b. Foreign Travellers Cheques and foreign currency notes in permitted currencies tendered by the Account Holder during his temporary visit to India.
- c. With legitimate rupee funds of the Account Holder.
- d. By transfer from NRE account, if any, held by the Account Holder.
- e. By change of status, when a person's status changed from resident to non-resident one, his resident account should be re designated as NRO account.

9. Operations on the Account:

- a. Currency of deposit is only Indian Rupees **Credit Transactions** will relate only to:
 - i. proceeds of remittances received in any permitted currency from abroad through normal banking channels.
 - ii. Any permitted currency in the form of foreign Travellers' Cheques, foreign currency notes tendered by the Account Holder during his temporary visit to India.
 - iii. Legitimate dues in rupees of the Account Holder in India.

10. Debit Transactions:

- a. Debit Transactions will relate to:
 - i. All local payments in Indian Rupees.
 - ii. Remittances abroad where RBI approval is obtained.

- iii. Form A4: While Form A4 should be completed in respect of operations on the account where the credit transactions are for Rs.1.00 Lakh and above (except interest earned on funds in the account or on deposits held by the account holder), in respect of debit transactions Form A4 should be completed only if the transactions relates to investment in shares/ securities / commercial Papers of Indian companies or for purchase of immovable property in India, and the amount involved is Rs.1.00 Lakh or more. Forms A4 need not be forwarded to RBI, but should be retained with Authorized Dealers for scrutiny at the time of Audit / Inspection. Form A4 need not be forwarded to the Non-Resident Constituent for completion. As far as possible, authorized dealers should have the form completed by the resident customer to the transaction or complete it themselves after obtaining requisite particulars from residency beneficiary or remitter as the case may be.
- iv. Authorised Dealers should report to RBI any transaction in the NRO accounts which may appear to represent reimbursement in rupees against Foreign Exchange made available to the person resident in India other than an authorized dealer. Any other transactions of suspicious nature should also be reported to RBI (Foreign Exchange Control Manual – Chapter 13)

11. Conduct of Accounts:

- a. Premature closure, treatment of deposit which is already matured for payment (overdue deposit), renewal of deposit on due date / premature renewal / renewal of overdue deposit, interest rate and application of interest rates etc. all these are to be applied as per guidelines and the procedures as are applicable to domestic resident deposits.

12. Tax on Income on Deposits:

- a. Income earned by way of interest on NRO Accounts is subject to deduction of tax at source at the rate prescribed by the IT Department from time to time.

13. Sanction of Loans & Overdrafts:

- a. Bank can grant loan / overdraft to non-resident Account Holder, on the security of the FD held by him with the bank.
- b. Repayment of the loan amount must be either by remittance from abroad or by debit to his NRE Account or out of the proceeds of the FD offered as security for the loan on due date / maturity.

14. Continuance of loans to Residents who become Non-Residents:

- a. Bank may allow the continuance of the loan / OD availed by the depositor while he was a resident in India, even after he becomes a NRI subject to the conditions:
 - i. The borrower is an Indian citizen or a person of Indian Origin.
 - ii. The loan was granted for personal purposes and not for investment.
 - iii. The loan will be restricted to the period originally fixed and the loan amount should not exceed the amount O/S when he became non-resident.

- iv. In such cases, payment of interest and repayment of loan may be made by inward remittance or out of legitimate resources in India of the person concerned.
- b. Before allowing the borrower to continue the loan account, the bank should obtain an application from him calling for details such as:
 - i. The date of borrowers' departure from India.
 - ii. Country to which he is going / has gone.
 - iii. Purpose and duration of his stay abroad.
 - iv. Reasons for continuing this loan.

15. Maintenance of Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR):

- a. As NRO deposits are treated as domestic resident deposits, the rates of CRR & SLR prescribed from time to time for such domestic resident deposits, are applicable to NRO Accounts also.

16. Non-Resident (External) Rupee Account:

- a. NRE Accounts are opened and maintained in terms of Non-resident (External) Accounts Rules, 1970.

17. Who can open ?

- a. These accounts are permitted to be opened in the names of non-resident individuals of Indian Nationality or origin (NRIs), Overseas Companies, firms and other corporate bodies which are owned to the extent of at least 60% by the NRIs.
- b. However, while opening the accounts; the authorised dealer should obtain an undertaking from the Account Holder that he/she would intimate the authorised dealer about his return to India immediately on arriving in India for permanent residence. This undertaking should be obtained in the Account Opening Form itself.
- c. He has to declare in the Account Opening Form that he is an Indian citizen or of Indian origin.
- d. The Account should be opened by the non-resident Account Holder himself and not by the holder of power of attorney in India on behalf of the non-resident.
- e. Accounts in the names of non-Indian origin spouse of an Indian origin, can be opened only jointly with their NRI spouses.

18. Credits:

- a. Only the remittances received from abroad through approved channels can be credited to NRE accounts.
- b. Accounts may be opened in the name of eligible NRIs during their temporary visits to India against tender of Foreign Currency / Travellers Cheques issued in his own name of Foreign Currency Notes.
- c. The account is maintained in Indian Currency only.

19. Nature of Accounts:

- a. NRE accounts can be opened as Savings Bank Accounts or Current Accounts or Term Deposit Accounts.
- b. Term Deposits can be opened for a minimum period of 6 months and a maximum period of 120 months.

20. Joint Accounts:

- a. NRE Accounts cannot be opened by NRIs jointly with Indian residents. However, a resident may operate a NRE account in terms of a Power of Attorney granted to him/her by the Non-resident Account Holder, provided such power is restricted to local withdrawals only.
- b. Opening of joint NRE Accounts in the names of two or more non-resident individuals is permitted, provided all the Account Holders are persons of Indian Nationality or Origin. When one of the Joint Holders become resident, the Bank has to delete his name from this account and continue the account as NRE account in the name of the other holder as he continues to be NRI.

21. Rate of Interest:

- a. Current A/c: No interest.
- b. Savings Bank A/c: Same as applicable to domestic savings deposit (with effect from 17.11.2005)
- c. Term Deposits: With effect from 15.11.2008:
 - i. 1 to 3 years: should not exceed the LIBOR / SWAP rates + 175 basis points as on the last working day of previous month or US \$ + 100 basis point.

22. Nomination:

- a. The Nomination facility is available for all types of NRE Accounts.
- b. If the nominee, is a non-resident, repatriation of funds held in NRE Accounts to non-resident nominee consequent on the demise of the Account Holder can be permitted by authorized dealer / Bank on clearance by RBI. In the case of deposits held in NRE Accounts, the deceased Account Holder's nominees (who could also be residents in India) would not be automatically entitled to the right of repatriation of the funds acquired by them. However, the repatriation of the funds can be permitted provided the Non-Resident Nominee comply with all the requirements like application in duplicate in the prescribed form to be submitted by the nominee, a valid nomination is registered with the Bank where the said NRE Account is maintained, the nominee continues to be non-resident and the deceased was non-resident at the time of death, all legal heirs of the deceased are NRIs and a declaration to that effect is obtained from the Nominee.
- c. A copy of the application and other documents should be kept on record for verification by RBI.

23. Premature Closure:

- a. Whenever a Term Deposit in NRE Account is withdrawn before maturity, interest is to be paid as prescribed for such premature closure by RBI / Banks and the rate for the period of deposit actually remained with the Bank.

24. Transactions in the NRE Account:

a. Credits:

- i. Proceeds of remittance to India in freely convertible foreign currency in an approved manner from abroad.
- ii. Proceeds of foreign currency, Travellers' Cheques, drafts and personal cheques drawn by the Account Holder on his account maintained abroad provided the bank is satisfied that the Account Holder is still normally residing in abroad.
- iii. Interest on Government Securities, NSC, and dividend on units of UTI, maturity proceeds of Government Securities, NSC or sale proceeds of Government Securities, units of UTI provided those securities / units of UTI have been purchased by debit to this NRE Account.
- iv. Interest accruing on the deposit account. (However, funds remitted from abroad in fulfilment of an undertaking given by the Account Holder should not be credited to this NRE account.)

b. Debits:

- i. Local disbursements / payments
- ii. Remittances abroad
- iii. Transfer to NRE Accounts of persons other than the Account Holder for bonafide personal purposes.

25. Operations:

- a. Operation in NRE Accounts by residents in terms of Power of Attorney or other authority granted in the residents favour by the non-resident Account Holder can be allowed, provided they are restricted to withdrawals for local payments.

26. Loans & Over Drafts to NRE Account Holder in India:

- a. The Bank may grant loans / overdrafts in India to the non-resident Account Holder for purposes other than investments in India provided that such advances are fully secured by the fixed deposits.
- b. Repayments will have to be made either by fresh remittances as from abroad or by adjustment to the FD.
- c. The period of loan should not exceed the unexpired period /maturity of the NRE Fixed Deposits accepted as security.

- d. Loans may also be granted to residents in India against the collateral of FDs held in the NRE Accounts subject to the condition:
- i. There should be no consideration for the non-resident depositor for agreeing to pledge his FD.
 - ii. Regulations relating to normal margin, interest rate etc. as stipulated by RBI should be complied with.
 - iii. Period of loan should not exceed the unexpired maturity of the pledged FD.
 - iv. The non-resident depositor should also give an irrevocable undertaking to the Bank that he will not withdraw the deposit during the period of the loan / overdraft.

27. Renewal of Over Due Term Deposit:

- a. RBI has permitted the Banks to renew, at their discretion, the overdue NRE Term Deposits, or a position thereof from the date of maturity, provided the overdue period from the date of maturity till the actual date of renewal does not exceed 14 days.
- b. The Bank may pay simple interest for the overdue period on the amount so renewed as fresh deposit at the rates prescribed by RBI.

28. SLR / CRR Requirements:

- a. In respect of liabilities representing amounts received under the scheme, the Bank is required to comply with SLR / CRR requirements as laid down by RBI from time to time.

29. Tax Liability:

INCOME TAX	GIFT TAX	WEALTH TAX
Sec. 10 (4) (ii) of IT Act 1961 any interest income on balances in these accounts are exempt from IT.	Gifts to close relatives in India from out of balances in NRE Account are free from gift tax.	In terms of Sec. 6 (ii) of Wealth Act 1957 balance held in these accounts are exempt from Wealth Tax.

30. Statements & Returns:

- a. For complete details relating to NRO & NRE Accounts refer to “Authorised Bank’s Manual” of the Exchange Control Department of RBI and their circulars issued from time to time. However, for a comparative position of NR(O) and NR(E) Accounts, refer to **Annexure - 1** to this Chapter.

31. Annexure/s

- a. Following Annexure is appended to this Chapter :
Annexure - 1 : Comparison of Non-Resident (O) and Non-Resident (E) Account

★ ★ ★

COMPARISON OF NON-RESIDENT(O) AND NON-RESIDENT(E) ACCOUNTS.

Sl. No.	Particulars	Ordinary Non-Resident Account	Non-Resident External Account
1	Definition	Rupee Accounts maintained in the name of persons residing outside India	Rupee Accounts opened in the name of persons resident out-side India as per Non-Resident (External) Account Rules, 1970.
2	Account opening	Bank's usual account opening form	Special account opening form.
3	Source of credit	Local as also foreign	Foreign
4	Permitted types of accounts	Savings Bank Account, Current Account, Term Deposit Account and Recurring Deposits	Savings Bank Account, Current Account, Term Deposit Account and Recurring Deposits
5	Method of opening	By: i) Redesignation of existing resident account when the holder leaves for abroad and becomes Non-Resident. ii) Transfer from NR(E) Account of the same person. iii) Funds from a resident source (requires Reserve Bank of India's approval). iv) Remittance from abroad through an authorised dealer. v) Sale of foreign exchange brought into India while on a visit.	By: i) Remittance from abroad through an authorised dealer. ii) Sale of foreign exchange brought into India while on a visit subject to a maximum of 10000 US Dollars at a time or as per the Currency Declaration Form. iii) Proceeds of Foreign Travellers Cheques brought into India while on a visit.
6	Prior reference to the Reserve Bank of India for opening of account	Not required except when the account is opened from a resident source as referred to under item number 3 (iii) above. Applications for opening of accounts in the names of Pakistan and Bangladesh, requires Reserve Bank of India permission	Not required
7	Who can open ?	Individuals, Firms, Companies and other organisations, Resident outside India	a) Individuals of Indian nationality or origin resident outside India. b) State or Central Government officials working in Indian Missions abroad or under International agencies like U.N.O., I.M.F., World Bank etc.

8	Remittance from	Bilateral / External group of countries.	Bilateral / External group of countries.
9	Currency of deposit	Rupees	Rupees
10	Joint Accounts with Residents and Joint Accounts	i) Opening of Account jointly with resident-Reserve Bank's prior approval is not required. ii) However, joint account could be opened by Non-Resident Indian with their close relatives in India subject to the condition that the account will be treated as 'Non-Resident' and operations allowed as per the rules applicable to the Non-Resident Accounts. iii) Conversion of single account into joint account and vice versa is permitted subject to the condition that the joint Account Holders are relatives of the first degree and the Account Holders are resident either in the same foreign country or in different countries belonging to the External Group. iv) All other cases requires to be referred to the Reserve Bank.	i) Joint account in the name of two or more Non-Residents Accounts opened provided: a) All the Account Holders are persons of Indian nationality or origin and b) The Account Holders are resident either in the same country or in different countries belonging to the External Group. ii) Joint account cannot be opened with residents. iii) Operations can however be allowed by residents in terms of Power of Attorney provided they are restricted to withdrawals for local payments only.
11	Exemption from Income-tax / Wealth-tax	Tax on interest has to be deducted.	Entire interest income is exempted from Income Tax and balance held in the account is exempted from Wealth-tax. Gifts to close relatives from the balances are free of Gifts-tax
12	Credits	The following credits may be allowed: a) Interest earned on funds in the account and on deposits held by Account Holder. b) Income earned (other than rentals on flat/house) from investments held/made by the Account Holder with approval of Reserve Bank wherever necessary.. In respect of dividends on shares it should be ascertained whether permission of the Reserve Bank has been obtained under Section 19/29 of Foreign Exchange Regulations Act, 1973 for holding the shares. c) Rentals on flat / house owned	The following credits may be allowed: a) Proceeds of remittances received in an approved manner from the country of residence of Account Holder or any country in External Group through banking channels (Report on Form A-4 to be submitted). b) Proceeds of Foreign Currency Travellers Cheques, Drafts and Personal Cheques on Foreign Currency Account maintained by him abroad deposited by Account Holder during his temporary visits to India (Report on Form A-4 to be submitted). c) Proceeds of

	<p>by Account Holders. If the Account Holder is not a citizen of India, Reserve Bank's permission for holding the property is necessary. d) Proceeds of remittances in foreign exchange tendered by Account Holders during his temporary visit to India or transfer from appropriate NRE Account (Form A-4 to be submitted). e) Transfer from other Non-resident Accounts of the same person. f) Repurchase price of units of UTI. g) Maturity proceeds of securities of the State and Central Governments as well as those sold on Stock Exchange. h) Sale proceeds of Shares held by Account Holder provided approval of Reserve Bank of India is secured. (Report on Form A-4 to be submitted). Portfolio Investment requires RBI permission. i) Sale proceeds of flats/houses owned by Account Holder provided the Account Holder and the purchaser are citizens of India. In other cases Reserve Bank's approval is required for which Report on Form A-4 is to be submitted. j) Claims under Rupee L.I.C. policies provided the L.I.C. has certified that the premium on policies has been collected in conformity with the provisions in Memorandum LIM and actuarial reserves against the policy are held in India. k) Withdrawals or loans in P.P.F. l) Pension, P.F., Gratuity and Bonus of the Account Holders due from his ex-employees. (Report on Form A-4 to be submitted) m) Refund of account previously debited or overcharged. n) Any other transactions with permission of the Reserve Bank. (Proposal to be furnished on Form A-4). o) Sale proceeds of units sold to Unit Trust of India. p) Sale proceeds of shares held by Account Holder as well as sale proceeds</p>	<p>Foreign Currency / Bank notes tendered by Account Holders during his temporary visits to India (Report on Form A-4 to be submitted). NOTES : If the value of the currency notes deposited is equivalent to or more than \$ 10,000, then the particulars of the currency deposited should be noted on the Currency Declaration Form which the Account Holder should produce at the time of depositing the currency. d) Transfer from any other NR(E) Account or Fixed Deposit Rupees Account (with interest) of the same Account Holder. e) Interest accruing on balances in NR(E) Account of the Account Holder. f) Interest on Government Securities and Dividends on Units of U.T.I. provided they were purchased by debit to NR(E) Account of the Account Holder (Report on Form A-4 to be submitted). g) Maturity proceeds of Government Securities including National Savings Certificate provided the Securities are originally purchased by debit to NR(E) Account of the Account Holders (Report on Form A-4 to be submitted). h) Any other transaction with the approval of Reserve Bank (Proposal to be furnished in Form A-4). i) Refund of share/debenture subscription to new issues of Indian Companies or portion thereof if the amount of subscription was paid earlier from the same account or by remittance from abroad through normal banking channels. (Report on Form A-4 should be submitted).</p>
--	--	--

		<p>of rights out of right issues and fractional coupons out of bonus issue provided approval of Reserve Bank has been secured for sale of the shares / rights / bonus coupons.(Report on Form A-4 should be submitted).</p> <p>q) Sale/maturity proceeds of debentures of Indian Companies held by Account Holders, provided specific/general permission of Reserve Bank has been secured for sale thereof. (Report on Form A-4 should be submitted). r) Claims under rupee life insurance policies, viz., maturity proceeds, surrender values, death claims, payment of loans, annuity instalments etc. due to the non-resident policy holder/claimant provided that Life Insurance Corporation of India has certified that premiums on the policy have been collected in conformity with the provisions in Memorandum LIM and actuarial reserve against the policy are held in India. s) Refund of share/debenture subscription money to a new issue of an Indian company or a portion thereof, if the amount of subscription was paid earlier from the same account. (Report on Form A-4 should be submitted).</p>	
13	Debits	<p>The Following debits are allowed: a) All local payments other than those of investments in India. b) Payment towards subscription/ purchase price of securities like units of UTI, National Savings Certificates and State Governments provided the purchase is arranged by the Bank. c) Payment of subscription/purchase price of company shares acquired with the permission of the Reserve Bank of India (Report on Form A-4 to be submitted). d) Payment of purchase price of immovable property in India subject to the conditions that if the Account Holder is not a citizen of India, Reserve Bank's permission is to be obtained.(Report on Form A-4 to be</p>	<p>The following debits are allowed: a) Local disbursements NOTE: Debits for purpose of investment in India in any manner and payment of passage fares to and from India are not regarded as local disbursement. Debit towards payment of insurance premium on LIC policies of the Account Holder or his dependants may be made freely. b) Payment to Airline/ Shipping Companies and Travel Agents in India towards passage fares to and from India of Account Holder or his dependants. c) Remittance in foreign currencies to the country of residence of Account Holder or to any third country in the External Group through</p>

		<p>submitted). e) Payment of passage fare for travel to and from India by Account Holder or his dependants.</p> <p>f) Remittance of foreign currency or transfer to NR(E) Account of banks provided by remittances / transfer will not be permitted for repatriation unless funds are received from foreign remittance. g) Transfer to other ordinary resident account of the same person.</p>	<p>an authorised dealer. d) Sale of foreign currency, travellers cheques, travellers letter of credit or Indian rupee, Travellers Cheques encashable outside India to Account Holder himself or wife /husband or any other dependant provided traveller has a pas-sage ticket indicating that the journey would commence within a fortnight from the date of sale. e) Transfer to any other NR(E)Account including NR(E) Fixed Deposit Account of the same Account Holder. f) Investments in shares etc. with the specific approval of the Reserve Bank of India (Report on Form A-4 to be submitted). g) Purchase of immovable property in India by Ac-count Holder. If the Account Holder is not a citizen of India, permission of RBI is required (Report on Form A-4 to be submitted).</p> <p>h) Any other transactions with permission of Reserve Bank (Report on Form A-4 to be submitted). i) Payment towards subscription (application money) to new issues of shares/debentures of Indian companies (Report on Form A-4 to be submitted).</p>
14	Form A-4	A report of the transaction should be submitted to the Reserve Bank of India on Form A-4 where specific indication is made and if the transaction is for Rs.10,000/- or above.	Bank of India on Form A-4 in cases where specific indication to this effect has been made and the transaction is for Rs.10,000/- or above.
15	Grant of Loan/ Overdrafts	Loan / Overdrafts on deposit permitted except for relending, carrying on agriculture / plantation activities or real estate business. NOTE: In case of persons resident in India who have availed of loan / overdraft facility when resident and have subsequently become Non-Resident, continuance of the facility requires approval of RBI (Proposal to be furnished on Form LOV-4).	<p>i) Prior approval of the Reserve Bank is required for grant of loans/overdrafts to Account Holder. (Proposal to be furnished in Form LOV-4). ii) Loan against the collateral security of fixed deposits held in NR(E) Account could be granted to resident Account Holder by the banks subject to certain stipulations as indicated in RBI Circular No. UBD (SUC) 38/-DC. V.1 (B)/90/ 91dt.31st May 1991.</p>
16	Repayment of loans	Through local sources also.	Generally external source only

17	Repatriation	Not allowed	Freely allowed except in case of account of persons resident in bilateral group of countries, third country transfers are not allowed.
18	Payment passages	Allowed	Allowed
19	Opening of Non-convertible Accounts with existing balances	Not allowed	Allowed
20	Transfer of funds	Transfer from NR (O) to NR(E) not permitted.	Transfer from NR(O) to NR(E) permitted.
21	Rate of interest	Same as domestic accounts	Rates are indicated separately.
22	Transfer of Account	—	i) Transfer of NR(E) account from one branch to another branch can be freely made. Letter must accompany the remittance certifying that the amount was received from foreign source. ii) Transfer of funds from NR(E) accounts with one authorised Bank to another authorised Bank for either opening of new account or crediting to a new account is permitted provided the account is opened or held in the name of the same person and a certificate issued by authorised Bank transferring the fund confirming the Non-Resident (External) status of the Ac-count Holder. iii) Transfer of funds from NR(E) Account of one person to the NR(E) Account of another person possible -must be for genuine need. Declaration to be sought. If the transferor and transferee are close relative, transfer can be effected with Reserve Bank of India's permission.

Note: For other doubts/clarifications on NR(O)/NR(E) deposits, refer "Authorised Banks' Manual" of the Exchange Control Department of RBI and its Circulars issued from time to time.

CHAPTER - 15
BILLS FOR COLLECTION

1. General:

- a. Section 5 of the 'Negotiable Instrument Act, 1881' defines Bill of Exchange as an instrument in writing containing an unconditional order signed by the maker directing a certain person to pay a certain sum of money only to or to the order of a certain person or to the bearer of the instrument.
- b. Sec.6 of the 'Negotiable Instrument Act, 1881' defines a cheque as a Bill of Exchange drawn on a specified banker and not expressed to be payable otherwise than on demand.
- c. Bills may be classified under two major categories Outward Bills and Inward Bills.
- d. The Bank may undertake collection of cheques, Banks Drafts, Bills of Exchange and documentary Bills for and on behalf of their customers and other banks, as part of their normal Banking Service.
- e. Between the Member Banks of AIMAS this collection of outstation Cheques / Bills is made AT PAR.
- f. Outstation cheques may be accepted for collection from all the customers. However in respect of Savings Bank Account Holders only cheques drawn in their favour must be accepted for collection. That is cheques drawn in favour of third parties should not be accepted from Savings Bank Account Holders for collection. This facility is available only for Current Account Holders.
- g. This facility can be extended to all individual Account Holders. Before allowing such facility it is important to ensure that the account is regular and the transactions in the account are genuine and satisfactory.
- h. This facility should not be extended to Trading Concerns / Partnership firm or Company and accounts not in the names of individuals.
- i. While collecting the cheques the provisions of Section 131 of the Negotiable Instruments Act (N.I. Act) should be kept in view. [Ref. Sec. 131 of N.I. Act]. This section affords protection to the collecting Banker against charges of conversion, in case the person for whom the cheque was collected turns out to be not entitled to it. The conditions to be fulfilled to get the protection are:
 - i. The collection should be for a customer of the Bank i.e. for an Account Holder of the Bank.
 - ii. The cheque should have been crossed at the time of receipt, for collection.
 - iii. The Bank should have acted in good faith and without negligence.
- j. In the following cases the Bank may lose protection on the grounds of negligence, the case are only illustrative and not exhaustive.

- i. Collecting for private account of an official, a cheque drawn payable to his company and endorsed by him on its behalf.
- ii. Collecting for partner's private account, cheques payable to his partnership firm.
- iii. Collecting a cheque to the private account of a person drawn 'per pro' by him / or by him and another person on behalf of his firm or principal and made payable to him.
- iv. Collecting Cheques Crossed Account Payee for an account other than that of the payee.
- k. Traders, selling on credit terms, draw bills of exchange on the buyers. Such bills are presented for acceptance and / or payment through banks.
- l. The Bank or its agent holds the documents for collection as agent of the seller. The documents are delivered to the buyer when he makes payment for them.
- m. The primary document taken for collection is the bill of exchange sometimes known as HUNDI/ BILL etc.

2. A. Documentary Bills:

- a. Most Bills received for collection, are documentary bills. A documentary bill is one which is accompanied by documents of the title to goods [Railway receipt / lorry receipt / bill of lading] or documents of value [like Govt. Bonds, Share Certificates etc.].
- b. A clean Bill is one, which is not accompanied by such documents. A clean bill is tendered for collection where the seller sends the documents directly to the buyer and sends the bill through the bank for the purpose of getting payment only.

2. B. Demand and Usance Bills:

- a. A Demand Bill is one on which the payment should be made immediately on its presentment for payment. It is also known as "AT SIGHT" or Demand Bill. An usance bill is one on which payment is to be made on a specific future date as per the terms of the bill. It is first presented to the drawee who accepts it and payment is made by him on the due date.
- b. An usance bill may be made payable after a specified number of days or months from the date of the bill ['After Date' bill] or it may be payable after a specified number of days or months from date of acceptance ['After Sight' bill].

3. Procedure for Collection:

- a. The remitter should tender the cheques with pay-in-slips duly filled in.
- b. For each outstation cheque deposited a separate pay-in-slip should be used by the customer.
- c. It should bear the date, name of the Account Holder, Account Number, amount of the cheque deposited, the cheque number and the drawee bank's name and branch.

- d. It should be signed by the remitter.
- e. The pay-in-slip should be verified to see that it is filled in correctly with all the particulars required. The deposited cheque should be verified to see that (i) it is crossed, (ii) It is payable outstation, (iii) Endorsement, if any, appearing thereon is regular.
- f. An authorized officer of the Bank should sign in full in the pay-in-slip and handover the counterfoil to the remitter as an acknowledgement.
- g. In the case of ‘order’ cheques proper endorsement as shown hereunder whichever is applicable in respect of each instrument should be put.
 - i. “Payees account will be credited on realisation
 For Bank Ltd.
 Branch.
 Manger / Authorised Officer.
 - ii. “First Payee’s endorsement guaranteed” Second Payee’s account will be credited on realisation.
 For Bank Ltd.
 Branch
 Manager / Authorised Officer.
 - iii. “Endorsements Confirmed”
 For Bank Ltd.
 Branch
 Authorised Officer.
- i. Then a serial number is to be given to each instrument [OBC – No.] and the same is entered in the Pay – in – slip, instrument and the Bills for collection Register.

4. Sending Cheques / Bills for Collection :

- a. AIMAS members may send the outstation Cheques / Bills for collection as detailed below:
 - i. To AIMAS participant Bank - if the Cheque / Bill is drawn on a centre where there is an Office of AIMAS member bank.
 - ii. To paying Bank operating in the centre - if the Cheque / Bill is payable in centres where there is no AIMAS participant bank..
- b. In the case of Banks / Branches which are not members of AIMAS, they may send the Outstation Cheques / Bills to the Co-operative Bank [SCB/DCCB/CUB] operating in the area on which the cheque / bill is drawn. However the collecting Bank, whenever they collect such Cheques/ Bills for non-members of AIMAS, is entitled for commission.

[For Detailed Instructions Refer To Chapter 11 of AIMAS Manual]

5. Scrutiny of Bills:

Bills received for collection should be carefully scrutinized by the authorized officer of the Bank. All Documents said to have been enclosed should be verified. The amount of the bill mentioned in the covering letter should agree with the relative Demand Draft. The name in both the covering letter & DD must agree. Any irregularity is found then the same should be taken up with the sender and till the clarification is received, the transaction relating to such bill should not be put through. But it must be kept in a separate "Pending Bills Pad".

6. Bills for Collection Register / Outward Bills Register :

- a. Separate Registers for Bills for Collection and Bills Realised are to be maintained properly. All the columns in this register are to be filled in correctly. (A specimen of "Bills Collection Outstation - Register" is given in the **Annexure - 1** to this Chapter) .
- b. Commission receivable should be noted in the register . It should clearly state whether it should be collected from the drawee or deducted from proceeds.
- c. Special instructions such as
 - i. "allow rebate of Rs..... if the bill is paid within days".
 - ii. "Collect Overdue interest at%"
 - iii. "Advice Payment / Non-payment by telegram"
 - iv. "Collect 'C' form for Rs..... in lieu there of " etc. should be noted in Red Ink in the "Remarks" column.
- d. The aggregate amount of all the bills lodged each day should be arrived at and then the following entries are to be passed.
 - i. Debit "Bills Lodged Account" / "Bills Receivable Account"
 - ii. Credit "Bills for Collection Account".

7. Sending the Bills for Collection:

- a. Bills received for collection should be sent with a covering schedule. It is essential that the instructions of the sender such as "the bill should be returned if not paid within the specified period" of the bill are properly and correctly intimated to the Bank / Branch to which the Bill is forwarded.
- b. Payment of bill to be advised by telegram etc. should be written in Red Ink on this covering schedule. Similarly, the overdue interest to be collected and commission to be charged should also be mentioned in this schedule.
- c. The Officer who signs this covering schedule must verify all the entries in the Bills Register and also in the covering schedule before signing.

8. Despatch of Bills:

- a. All bills should be despatched on the day of receipt itself. In case the particular branch of the Bank receives daily too many bills then it must be ensured that whatever is the balance numbers of bills which could not be despatched on the date of receipt itself, are despatched at least the very next day without fail.
- b. Documentary Bills should be despatched either through Registered Post or through Couriers.
- c. Registration / Courier Charges have to be collected from the Drawer unless there is specific instruction to collect the same from the Drawer of the Bill.

9. Delay in Realisation and Non-Payment Advices :

- a. Proper follow up action is to be taken whenever necessary. If payment or non-payment advice of a Bill sent for collection is not received within a reasonable time (say 10 or 15 days), fate of such bill should be enquired through a reminder.
- b. Bank is liable to pay interest at Savings Bank Account rate on the amount of the bill sent for collection if realisation is delayed beyond 14 days.
- c. Non-payment advices received from collecting Bank should be marked under 'Remarks' column in "BC Outstation Register " and the fact should be informed to the sender of the bill seeking instructions as to the disposal of such bill.
- d. Any instruction given by the depositor / sender of the bill should be promptly advised to the collecting Bank by a separate letter.
- e. 'Date of non-payment advice', date of reminder sent by the bank, instructions of the drawer of the bill should be noted in the "BC Outstation Register ".

10. Realisation of Bills:

- a. Advice of payment of a bill should be carefully scrutinised before passing entries. It should be ensured that all instructions given to the Collecting Bank or Branch are properly followed by them. Discrepancies, if any, like Non-collection of overdue interest or non-obtaining of 'C' form, should be taken up with the collecting Bank or Branch immediately.
- b. Proceeds of the Bills should be credited to the parties accounts.
- c. When a Bill is realised or returned, the date of realisation or return should be marked in the appropriate column in the "BC Outstation Register ". The relative serial number of the Bill in column [7] should also be rounded off.
- d. At the end of the day the amounts of bills realised or returned should be noted in the Register called "BC Realised Register " and totalled. For the total amount thus arrived, the following entries are to be passed:

- i. Debit : “Bills for collection account”
 - ii. Credit : “Customer’s Lodged account”.
- e. When realisation advice is received from Collecting Bank, entries should be passed on the same day. A specimen of “Bills Collection Realised - Register” is given in the **Annexure - 2** to Chapter.

11. AIMAS - Collecting Bank / Branch:

- a. In case the Collecting Bank / Branch is a Member of AIMAS, then on receipt of BC realisation advice in Form 8-A, the following entries should be passed by the Receiving Bank [i.e. the Bank which had sent the bill for collection].
- i. Debit :**
 - H.O. account [if the Receiving Bank is a Branch of SCB/DCCB/CUB
[or]
 - General Ledger account of own SCB [if the Receiving Bank is a HO of CCB/CUB.
[or]
 - Current account of the Collecting Bank [if the Receiving Bank is a HO of SCB.
 - ii. Credit :**
 - **Customer Account** [Ref. Chapter 11 of AIMAS Manual]
- b. If the proceeds of the Bill is received by means of a DD, full particulars of the draft should be noted in the “Bills Lodged Register “ against the relative item and the DD should be sent to ‘Drawee’ bank for realisation. On realisation of this DD necessary entries will have to be passed.

12. Advice of Payment by Telegram / Telex :

- a. Sometimes instructions might have been issued to Collecting Bank to intimate payment of the Bill by Telegram / Telex. On receipt of such telegraphic advice of payment of the Bill, entries should not be passed as a matter of routine, unless the telegram contains specified Bank’s Code and the Receiving Bank is fully satisfied about the genuineness and acceptability of such telegraphic advice.
- b. When Collecting Banks are advised to intimate the payment / realisation of the Bill by telegram/ telex they should also be instructed to mention the exact amount of the bill also in the telegram/ telex.

13. Rebate on Bills:

- a. Sometimes the Drawer of a bill allows a rebate on the Bill. Such instructions must be obtained in writing from the Drawer and promptly communicated to Collecting Bank after noting full details in “Bills Lodged Register “.
- b. When such a bill with rebate clause is realised, the actual collected amount should be credited to customer account.
- c. However, while passing reversal entries, the relative account i.e. “Bills Lodged account” and “Bills for Collecting account” should be debited and credited with the Original Bill Amount and not for the reduced amount.

14. Return of Unpaid Bills:

- a. While lodging a Bill the Drawer may instruct the Bank to return the bill to him if the same is not paid within a specified period. Such instructions must be obtained in writing and should be conveyed to the Collecting Bank promptly.
- b. When such a Bill is returned unpaid by the Collecting Bank, commission, handling charges and other charges should be collected from the Drawer if he has no account with the Bank. If he has an account with the Bank all such charges / commission should be debited to his account with the bank before the unpaid Bill / documents are handed over to the drawer. On payment of all charges / commission due to the Bank the bill should be returned to the Drawer after obtaining his acknowledgements.
- c. If the returned [unpaid] bill happens to be a cheque, it should be returned along with the objection memo of the Drawee Bank under a covering letter of the Bank. Before returning such cheques to the customer, Bank’s endorsements thereon should be properly cancelled by affixing a rubber stamp “All our stamps are cancelled.”

For Bank Ltd.

..... Branch

Authorised Officer.

15. Review of pending Bills & Balancing of Outward Bills for Collection (OBC) :

- a. The Officer in charge of Bills Section should go through ‘Bills Lodged Register’ once in a week / fortnight [if the number of bills handled by that branch is sizeable] or at the end of each month to find out whether acknowledgements or non-payments have been received in respect of all outward Bills sent for collection. In their absence reminder must be issued.
- b. Similarly a trial balance of all the OBCs pending realisation as at the end of each month must be extracted in “BC Trial Balance Register” and must be tallied with General Ledger figure.

16. Inward Bills for Collection (IBC):

- a. The instructions contained herein mainly relate to Demand Bills but most of them are applicable to Sight Bills also. The Inward Bill may be:
 - i. A cheque drawn on the Branch or a local Bank or on the local treasury.
 - ii. A Bill of Exchange, with or without Documents such as RL, L.R., Debentures, Government Promissory Notes, Shares etc.
 - iii. A Bank Draft drawn on a local bank or a post parcel.
- b. An inward demand bill may be received from any of the AIMAS member banks or non-member Co-operative Bank or from Outstation Commercial Bank.
- c. On receipt of an Inward Demand Bill, the Authorised Officer of the Bank has to scrutinise the same carefully and ensure that:
 - i. Documents stated to have been sent, are enclosed with the Bill.
 - ii. The documents mentioned in the covering letter and in the bill both agree.
 - iii. The name of the Drawee has been correctly stated in the covering letter.
- d. If any discrepancy is found in the Bill / Document, the Officer must immediately take up the matter with the Customer / Drawer to get it clarified / rectified. Till then such bills should not be entered in "Inward Bills Register".
- e. All Inward Bills should be entered in the "Inward Bills Register" after giving a distinct serial number [IBC No.....] and that number must be noted both in the "Inward Bills Register" and also on the Bill / Document received for collection. New IBC numbers may be given separately for every Accounting Year. (example IBC No.103/2009 -10; IBC No.73/2010 -11; IBC No.45/2011-12 etc.).
- f. Bank's round stamp should be affixed on all Bills and the documents attached to the Bill. The Serial IBC Number must be recorded inside this round stamp. [However no stamp should be affixed on Government Promissory Notes / Share Certificates / Debentures].

17. Entries in IBC Register :

- a. All the bills received by the Branch / Bank for collection from other AIMAS member / non-member Banks and other Commercial Banks should be entered in this IBC Register in the order of IBC Serial numbers.
- b. Full address of the depositor of the bill must be recorded in this Register .
- c. Special instructions relating to the Bills, if any, such as the following, should be prominently written in "Red Ink" under "Remarks" column of the Register .
 - i. Allow rebate of on the bill.
 - ii. Collect 'C' form for Rs.....
 - iii. Advise realisation by telegram / telex.
 - iv. Return the bill after days if not paid.

18. Presentation for Payment:

- a. Bills intimations should be prepared in the printed covering schedule of the Bank in respect of each Bill and sent to the Drawees. This covering schedule / intimation letter must contain full particulars of the bill such as the name and address of the Drawer, amount of the Bill, Commission if any payable to Drawee, Overdue interest if any to be collected, etc.
- b. If the Drawee's address is within easy reach of the Bank such bill intimation should be sent through Bank's messenger, who will deliver the same after obtaining the acknowledgement of the Drawee.
- c. In case the Drawee of a bill could not be located in the given address, the fact should be informed to the Drawer through post seeking further instructions.
- d. It is important that Bills intimations are served promptly without delay. If the Branch / Bank is not prompt in sending such intimations without delay, sometimes the goods covered by such bills may incur demurrage and the Collecting Bank may be held liable for the same.

19. Payment of Bills:

- a. Bills can be retired only by the Drawee / or his authorised representative. Upon the remittance of the amount due by the Drawee against the relative bill as per the credit voucher prepared by Bank, the officer should discharge the bill and documents and release them to the customer against his acknowledgement.
- b. The Assistant in Bills Section should round off the number of the bill in the Inward Bills Register and mark the date of realisation.

20. Inward Bills Realisation Book :

- a. Every Branch should maintain an Inward Bills Realisation Register. As and when a Bill is realised or returned unpaid, the number and the amount of the bill should be entered in this Register. At the close of each day the officer concerned should check the "Inward Bills Register " and verify whether all the items shown in "Inward Bills Realisation Register " have been rounded off and date of realisation has been correctly noted therein.
- b. This system of daily checking the "Inward Bills Register " will ensure that no reminder is issued where the bill has already been realised and no unrealised bill has been erroneously rounded off.

21. Remittance of Proceeds:

- a. Proceeds of bills realised should be remitted on the same day of realization.
- b. In the case of AIMAS members, realisation should be advised in form 8 [refer Chapter 11 of AIMAS Manual].

- c. In the case of non-members of AIMAS / Commercial Banks the proceeds will have to be remitted by a DD drawn on AIMAS member Bank in the area of the “Sender Bank”.
- d. Commission / charges collected will have to be clearly mentioned in the covering note.
- e. In case ‘C’ form is collected from the Drawee as per instructions of the Drawer / Sender Bank the same should be sent along with the proceeds of the realised Bill to the “Sender Bank”.
- f. In case a specified amount in lieu of ‘C’ form is collected from the Drawee as per the instructions of the Drawer or Sender Bank, details of the bill amount and ‘C’ form amount should be clearly noted in the covering note while forwarding the DD.

22. Safe Custody of Bills :

- a. All the Bills received by the Bank for collection which have been recorded / entered in “Inward Bills Register “ should be kept under lock & key and safe custody of the authorized officer of the Bank.

23. Books / Registers:

- a. For both Inward & Outward Bills handled by the Bank for collection, the Bank will have to maintain separate set of Books viz.
 - i. Bills Lodged [Outward] Register .
 - ii. Bills Collected / Realised [Outward] Register .
 - iii. Bills Lodged [Inward] Register .
 - iv. Bills Collected / Realised [Inward] Register .
 - v. Bills pending Trial Balance Register .

24. Balancing of Books:

- a. Outstanding Bills and their amounts should be extracted in “Bills Pending Trial Balance Register “ once a month and the total amount should be tallied with General Ledger figure.
- b. In respect of Inward Bills the number of Outstanding Bills for which intimations have been issued to Drawees should be compared with the Bills [with Documents] on hand. [These Bills and Documents will be released to Drawees only on getting the payment. Till such time these Bills will be under the custody of the Bank and hence will be outstanding].

25. Non-Payment of a Bill:

- a. If a bill is not paid by the Drawee in time an intimation about this non-payment should be sent to the Sender of the Bill and his further instructions should be awaited.
- b. The Sender of the Bill may also advise the “Collecting Office” to return the unpaid bill or to represent to the Drawee or rebook the goods covered by the bill. Whatever may be the instruction of the Sender / Drawer, it should be promptly carried out without delay.

- c. While returning the unpaid bill or rebooking the goods covered by such bill, all the charges due to the “Collecting Bank” must be collected from the sender / drawer as the case may be or such bills must be returned to the Sender through V.P.P. for the Bank’s charges.

26. Post Parcels:

- a. Parcels through post may be received by the Bank which are to be delivered to parties. The bills relating to such “Post Parcels” will normally be sent in advance to the Bank by the sender with instructions in the covering letter to deliver the parcel to the Drawee after getting payment of the bill amount from the Drawee.
- b. On receipt of “Post Parcels” they must be recorded date-wise with full particulars, in a separate Register called “Post Parcels Received Register”.
- c. Intimation to the Drawee must be sent only after receipt of Bills from the Drawer / Sender. When the Bills are received after receipt of the parcels, they must be entered in “Bills [Inward] Lodged Registers”. However the Bills received prior to receipt of parcels must be kept in “Pending Pad”. Only after receipt of Parcels the relative bill must be entered in “Bills [Inward] Lodged Register “.
- d. All parcels received [prior to or after receipt of bills] must be recorded in a separate Register called “Post Parcels Received Register “ with serial numbers. All entries must be according to dates of receipts of parcels. Under the column ‘Inward Bill Number’ [IBC] relating to the Bill covering the particular parcel may be recorded for the purpose of cross verification. Similarly in “Bills [Inward] Lodged Register “ also the serial number of “Post Parcel Received Register” relating to the particular bill may be recorded as “PPR-1’ ‘PPR-2’ ‘PPR-3” etc.
- e. Once Bill is retired by the Drawee the parcel and other documents intended to the Drawee will have to be handed over to him against his acknowledgement in the “Post Parcel Received Register”.
- f. If any parcel is in a Damaged Condition the Bank should not accept such a parcel from the post office. However, the Bank has to immediately inform the sender about the damaged condition of the parcel and act only as per further instructions from the Drawer / Sender.
- g. In respect of “Post Parcels” remaining with the Bank for longer periods without being cleared by the Drawee, such parcels will have to be returned to the Drawer / Sender together with the Bills / Documents in neatly “Repacked” condition through V.P.P. for the entire charges due to the Bank.

27. Usance Bills:

- a. A customer having business dealings with an up-country dealer for a long time and who keeps his business engagements promptly, may ask him to supply goods, and request him to draw on him Usance Bill and attach to it the documents for the goods despatched and undertake to accept it on presentation and pay it on the due date. The supplier may agree to this proposal and instead of ‘Demand Bill’ he may raise an “Usance Bill”.

- b. Usance Bills may be clean Bills or bills accompanied by documents such as Railway Receipts, Lorry Receipts etc. The documents may be required to be delivered either against acceptance of the bills or on payment of the same depending on the terms of the bill.
- c. In the Usance Bill the term “D/A” or “D/P” will be super scribed. Where D/A means **“Documents against Acceptance”** and D/P means **“Documents against Payments”**. Accordingly the documents have to be delivered to the Drawee.

28. Period of Usance :

- a. The words “After Date” or “After Sight” may be noted / super scribed on a Bill. In the case of “After Date” bill, the period of usance has to be calculated from the date of the bill. In the case of “After Sight” bill, the period of usance has to be calculated from the date of sight i.e. the date on which the bill is presented to the Drawee for acceptance.
- b. If it has not been specifically mentioned as “Without days of grace” on the bill then a grace period of three days is allowed after the expiry of the time specified in the bill. e.g.
 - i. An instrument payable one month after sight is presented to the drawee for acceptance on 10th Jan. The period of one month terminates on 10th February and the instrument is payable on the 13th February [3 days grace period included].
 - ii. A bill dated 3rd Sep. is payable after 60 days after date. Excluding the date of the bill i.e. 3rd Sep. the due date will be 5th November [which includes 3 days of grace period].
- c. When the due date of a bill falls on a public holiday then the instrument becomes payable on the Preceding Business day i.e. the previous working day.

29. Scrutiny:

- a. All the Usance Bills received by the Bank must be very carefully scrutinised by the authorized Officer of the Bank. There should not be any discrepancies in the amount, name of the payee / drawee etc. mentioned in the Bill and the covering letter.
- b. Terms of the Bill such as “D/A” or “D/P” etc. are to be verified.
- c. Un-stamped Bill should not be accepted and returned pointing out the irregularity.

30. Acceptance:

- a. The bill should be presented to the Drawee during the business hours on a business day at his place of business. While accepting a bill, the drawee signs his assent upon it, with the word “Accepted” and this is taken as an acceptance. Acceptance must be in writing and it must be on the instrument itself and he has to record therein the date of acceptance also.
- b. Acceptance of a bill should be absolute and un-conditional.
- c. Qualified acceptance should not be accepted.

- d. If the accepted bill is a Usance bill, the due date of the bill should be calculated and intimated to the drawee and also to the sender. The Due Date must be recorded in the Bills [Inward] Lodged Register.
- e. Accepted bills should be arranged according to due dates. All such bills must be kept safely under lock & key, till delivery to the Drawees.

31. Delivery of Documents:

- a. Documents marked as D/A should be delivered to the Drawee immediately on his acceptance of the bill.
- b. His acknowledgement should be obtained for having received the documents and should be retained in Bank records.

32. Procedures:

- a. All the formalities and accounting procedures followed in respect of regular Bills for collection [Cheques / DDs etc. handled by the Bank as collection instruments] should be followed in the case of Usance Bills also.

33. Annexure/s :

- a. Following are the Annexures to this Chapter :
 - i. Annexure - 1 : Specimen of ‘Bills Collection Outstation’ - Register
 - ii. Annexure - 2 : Specimen of ‘Bills Collection Realised’ - Register

Annexure - 1 to Chapter - 15

SPECIMEN OF ‘BILLS COLLECTION OUTSTATION’ - REGISTER

Date	For Credit of	Drawn on	Cheque No.	Drawer	Sent to	BC No.	Amt.	Reminded on realisation	Date of	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

Annexure - 2 to Chapter - 15

SPECIMEN OF ‘BILLS COLLECTION REALISED’ – REGISTER

Date	BC No.	Amount	Agent’sCom.	OurComm.	P & TCharges	Balance	Officer’s initial
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

★ ★ ★

CHAPTER – 16
PURCHASE AND DISCOUNTING OF BILLS

1. General:

- a. A bill purchased or discounted amounts to an advance against the bill.
- b. In this type of advance funds do not get locked up for longer period as in majority of cases they will be self-liquidating.
- c. The different types of Bills of Exchange are:
 - i. **Demand Bills:** Demand Bills are Bills of Exchange payable on demand. There is no maturity date for this Bill.
 - ii. **Usance Bills or Time Bills:** Usance Bills or Time Bills are Bills of Exchange payable after a certain period mentioned in the Bill.
 - iii. **Clean Bills (Accommodation Bills):** Clean Bills or Accommodation Bills are Bills of Exchange drawn by one person on another person, not backed up by any business/trade transaction. These Bills may be Demand Bills or Usance Bills.
 - iv. **Documentary Bills:** Documentary Bills, also known as Trade Bills are Bills of Exchange drawn by one person (usually a seller or supplier of goods) on another person (a buyer / trader) accompanied by documents of title to goods like Railway Receipt, Lorry Receipt, Invoice, etc. The Documentary Bills also may be either Demand Bills or Usance Bills.
- d. When a customer is allowed credit against a Demand Bill before it is presented to and paid by the drawee, it is known as Bills Purchase. The Bank has to collect commission and other charges as fixed by the Bank from time to time.
- e. When the Bank buys a Usance Bill and grant an advance against it, it is called Discounting Of Bills. Usance Bills are payable on maturity. The Bank has to collect interest for the period from the date of discounting to the date of maturity and other charges at the rate fixed by the Bank from time to time.

2. Precautions to be taken for Purchase of Bills:

- a. Manager has to ascertain that the bills offered under the limit are not “accommodation bills”.
- b. He must be extremely careful when:
 - i. The amounts of bills offered are high in relation to the business turnover.
 - ii. Sales are “Over-invoiced” i.e. bills are drawn for amounts in excess of the current market value of the goods covered by the documents.
 - iii. Bills are not generally paid by drawees on first presentation and there is a tendency to keep them unpaid for sometime.

- iv. When bills are drawn frequently on the same drawees for similar amounts then the Manager has to ensure that the bills are genuine and not relate to fictitious transactions.
- c. The customer's endorsement must be obtained in all cases to be make him liable.
- d. Clean or documentary bill drawn by a customer on his own branch or allied concern should not be purchased.
- e. Cheques drawn by the customer himself [i.e. Self-Cheque] or by a branch of his or an allied concern should not be purchased without specific sanction from the Head Office.
- f. Clean bills or Cheques should not be purchased from a Director or from a Company in which he is interested.
- g. Documents offered as security should be carefully scrutinised. Commodities or Securities covered by the documents should be in the approved list of the bank.
- h. Bills should not ordinarily be purchased in excess of the sanctioned limits.
- i. While purchasing a documentary bill covered by goods or securities whose value is subjected to wide fluctuations, the full amount of the bill should not be paid to the customer. Adequate amount must be retained as margin till the bill is paid / cleared.

3. Scrutiny of Bills:

- a. When a Documentary bill is offered for purchase the documents attached to the bill must be carefully and intelligently scrutinized.
- b. The Signature of the Drawer should be verified with his specimen signature.
- c. If the bill has been signed by a Power of Attorney holder, it must be ensured that he has authority to borrow money from the Bank.
- d. The Bills should be endorsed in favour of the Bank or drawn to the order of the Bank.
- e. Documents attached to Bill should not normally bear the stamp of other Bank.
- f. It must be carefully examined that particulars on Railway Receipts, Lorry Receipts etc. have not been tampered with or altered.
- g. The description and quantity of goods both in the invoice and the corresponding Railway Receipt, Lorry Receipt etc. must tally. The distinct numbers and marks of bales, cases, package as shown in the invoices should agree with those given in the Railway Receipts, Lorry Receipts etc.
- h. Each Bank may have an approved list of Transport / Lorry Operators.
 - i. Branch Manager before accepting a bill with Lorry transport receipts for purchase or discount must ensure inter alia that: -
 - ii. The Lorry Receipt (LR) is issued by a transport operator included in the approved list by Bank's Head Office. The L.R. is drawn in a special form containing:

- A special notice printed in red in a box on the face of it reading “Consignments covered by this special LR form shall be stored at the destination under the control of the Transport Operator”.
- A special Endorsement printed in Red between two parallel lines on the face of it reading “it is intended to use the consignee copy of this set for the purpose of borrowing from the Consignee Bank”.
- iii. Full address and telephone number of the delivery office at the destination are mentioned in the LR.
- iv. The name of the negotiating Bank as the “Consignee” and its address are shown in all the copies of the special forms of L.R.
- v. Only the consignee copy [and no other copy] of the LR accompanies the bill to be purchased or discounted.
- vi. The goods are booked by the customer at “Carriers Risk”.
- vii. The Bank’s lien on the goods to transport operator at the destination by Registered post is notified.
- viii. An indemnity in the prescribed form should be obtained from the borrower.

4. Procedure for Purchase / Discounting of Bills:

- a. Bills either clean / documentary tendered for purchase should be duly received by the Officer authorized by the Bank for the purpose.
- b. Each Bill should be accompanied by a covering letter from the customer requesting the Branch for purchase / discounting of the bill.
- c. Before putting through the transaction the Officer will have to ensure that there is sufficient unavailed limit for the customer for whom the bills / cheques are purchased.
- d. Before a new limit is allowed to be availed, the prescribed documents must be obtained and kept on record.
- e. Bills purchased must be given serial numbers and must be entered in that order in the “Bills Purchased Register”. A specimen of the format of “Bills Purchased Register” is given in the **Annexure – 1** to this Chapter.
- f. Proceeds of a Bill purchased should not be paid in cash. It should be credited to the account of the customer under advice to him.
- g. The limits for purchase / discounting of Bills for each Branch and to the Branch Manager or authorized officer shall be as fixed by the Bank from time to time.
- h. The Parties to a bill are “**Drawer**” or “**Maker**” and “**Endorser**”.

- i. While discounting the bill for an “Endorser” the bank mainly relies on the creditworthiness of the “Endorser”. At the same time the Bank Collects financial information about the “Drawer” also who is primarily responsible for payment of the bill on the due date.
- j. Branch will have to maintain i. An “Endorsers Ledger” and ii. A “Makers Ledger”. As and when bills are discounted or realised it should be posted in both the above ledgers.
- k. All bills discounted should be recorded in the “Bills Discounted Register “ serially and also in the “Liability Register “.
- l. The instrument must bear the branch stamp, the distinctive bill number and if endorsed blank then the endorsement stamp “PayCo-op. Bank Ltd. or order” must be affixed.
- m. Due date should be entered in Red ink on the top right hand corner of the bill.

5. Purchase of Cheques:

- a. While purchasing Cheques under a “clean bill purchased limit” the following points should be adhered to :
 - i. Cheques should be in order, in all respects e.g. Date, amount in words and figures, absence of unauthenticated alterations etc.
 - ii. Cheques should be drawn on scheduled Banks / SBI / RBI.
 - iii. Cheques should be crossed before they are tendered.
 - iv. Cheques should not bear “ **Not negotiable**” crossing if offered by a person other than the payee.
 - v. Cheques should ordinarily be in payment of goods supplied and the payee is the customer offering the Cheque for purchase.
 - vi. The customer should have a satisfactory record of transactions in his account with the Bank.

6. Bills Purchased Returned Unpaid :

- a. When bills purchased / discounted are returned unpaid, Branch should intimate the borrower/ customer to make good the amount.
- b. In case the amount is not adjusted or paid then immediate action should be taken to rebook the consignment by first ascertaining the charges for rebooking and demurrage payable to the Transport Company.
- c. When once a bill is returned no further bills drawn on the same customer should be purchased/ discounted.
- d. Whenever a bill is returned unpaid it should be entered in “Bills returned unpaid Register “ and should not be directly debited to customer’s account. It should be debited under the head “Bills returned unpaid account” and then reversed i.e. the following entries are to be passed.

- i. DEBIT : “Bills returned unpaid account”
- ii. CREDIT : “Bills purchased account”.
- iii. DEBIT : “Customer’s account”
- iv. CREDIT : “Bills returned unpaid account”.

7. Liability Register :

- a. An Individual Liability Register for bills should be maintained by the Branch. Separate folio should be allotted for each limit holder [Bills purchase / discount limit]. Full particulars of sanction, such as name of the customer, nature and extent of limit, terms and conditions of sanction etc. should be recorded on top of the folio which should be authenticated.
- b. As and when the bills are purchased or realised, they should be entered in the account of the concerned parties, so that the latest liability of any customer may be very easily ascertained.
- c. ‘Bills Purchased Register ’ and ‘Bills Individual Liability Register’ should be periodically balanced.

8. Book Entries:

- a. **Debit:** “Bills Discounted account” with the amount of face value of the bill.
- b. **Credit:**
 - i. “Customer’s [discounted] account with the amount of the bill less the discount charged at the rates prescribed by the Bank.
 - ii. “Discount / Commission Account” with the amount of discount calculated upto the end of the Current half year.
 - iii. “Unexpired Discount / Commission Account” with the balance amount of discount charged [due for the period beyond the Current half year till date of maturity]. This amount will have to be reversed and credited to Discount / Commission account” on the first day of the following half year.
- c. When the bill is realised “Bills Discounted Account” should be credited and entries in “Liability Register “ should be reversed marking off the bills realised in “Bills Discounted Register “ as per bill number.

9. Annexure/s :

- a. Following Annexure is appended to this Chapter :
Annexure – 1 : Specimen of ‘Bills Purchased Register’

★ ★ ★

Specimen of ‘Bills Purchased Register’

Bill No./ Cheque No.	Date	For Whose A/c. Recd.	Drawer	Drawee		Collecting Bank		Particulars of Documents	
				Name	Station	Name	Station	No. of Bills	Date of Bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

Amount	Tenor	Due Date	Comm. Charges	Date of Despatch	Date of Adj.	Bills realised		Remarks
						No.	Amt.	
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)

CHAPTER – 17

LOCAL CHEQUES, DEMAND DRAFTS AND OUTSTATION CHEQUES – PURCHASE / INSTANT CREDIT

1. General:

- a. This facility can be extended to selected customers of the Bank only (Current Account and Savings Bank Account Holders) as a service provided to regular and genuine customers of the Bank.
- b. The customer to whom this facility is extended should be in a position to remit the amount to the Bank immediately in short notice in case the purchased instrument is returned unpaid by the Drawer bank.

2. Monetary Ceiling:

- a. A monetary ceiling per customer should be fixed.
- b. This facility is not provided by way of limit. (Bills purchase / Bills discounting limits are provided to business class of customers as a separate line of credit).
- c. This is a facility provided to the customers who desire to encash the local / out station cheques/ Bills / Demand Drafts (DDs) drawn in their favour immediately without waiting till the proceeds of said instruments could be realised by the bank in the normal course.
- d. Since no other collateral security is available and this facility is a clean accommodation, till the realisation of the instruments deposited by such a customer, the Bank will fix a monetary ceiling per customer for provision of this facility.

3. Safe guards to be observed:

- a. The bank will have to establish the following in order to get a good title as “Holder for value”:
 - i. The bank should not have notice of any previous dishonour of the Cheque or any defect in the title of the customer.
 - ii. It should not have given value for the Cheque in good faith.
 - iii. It should not have paid the value under suspicion of forgery of the Cheque.
 - iv. The Cheque should not have been crossed “Not Negotiable”.
 - v. The cheques should be drawn in favour of the customer who wants the same to be purchased.
 - vi. The cheques should be crossed by the constituent before tendering to the Branch.
 - vii. The cheques must be drawn on well-known and sound banks.
 - viii. If the purchased / discounted cheque is returned unpaid for want of funds or due to stoppage of payment by the drawer (i.e. other than technical reason) the customer for whom the said cheque has been purchased should not be extended the same facility again.

4. Books:

- a. The Branch should maintain separate 'Bills Purchased Register'.
- b. Separate folios should be maintained for purchase of local cheques, outstation cheques and DDs.

5. Procedure:

- a. The Bank should collect a request letter from the customer for purchasing the cheque / DD drawn in his favour which he lodges for realisation and credit to his account with the branch. (He must mention whether he wants instant credit of full value or part value of the cheque lodged by him, mentioning clearly his account number.)
- b. Get the authorisation from the Branch Manager. Only authorized officers of the Bank may sanction payment to the customers against this facility upto the monetary limits / delegation of powers given by the Board of Management of the Bank.
- c. Prepare necessary vouchers for purchasing the said cheques.
- d. Pass the necessary "purchase" entries and send the cheque to HO / clearing House for collection of proceeds.
- e. Make necessary adjustment entries upon realisation of the cheque amount.

6. Vouchers / Entries:

- a. At the time of purchasing the instrument for part value of the cheque.
 - i. Debit - General Ledger Head of Account "Bills Purchased account" (This debit must be for the amount paid to the customer against the value of the cheque purchased.)
 - ii. Credit - Customer's Current or Savings account
 - For the amount paid Less commission.
 - "Commission account" for the value of commission charged.

Example: A. In case the cheque is for Rs.10,000/- but the customer wants immediate Payment of Rs.5,000/- only.

Debit - Bills purchased account for Rs.5,000/-

Credit - i. Customer's account for Rs.4,900/-
(if Commission charged is Rs.100/-) or

ii. Commission account for Rs.100/-

Debit - Head Office account (GL account) for Rs.10,000/-

Credit - i. "Bills purchased account" for Rs.5,000/-

ii. Customer's account for Rs.5,000/-

- b. At the time of purchasing the instrument for full value of the cheque.
- i. Debit - "Clearing House Account" (GL account).
 - ii. Credit - Bills purchased account (for the amount paid to customer).
- Customers account (for the balance amount of cheque).

Example: B. If the cheque for Rs.10,000/- is purchased for full value.

Debit - Bills purchased account for Rs.10,000/-

Credit - i. Customer's account for Rs.9,800/-
(if Commission charged is Rs.200/-) or
ii. Commission account for Rs.100/-

★ ★ ★

CHAPTER – 18
DEMAND DRAFTS & PAY ORDERS

1. General:

- a. The Demand Draft (DD) / Pay Order (PO) are the instruments issued to the customers by a bank on request. A Demand draft is an order to pay money, drawn by one office of a Bank upon another office of the same member Bank for a specified sum of money payable to order on demand and the 'Pay Order' is a Banker's Cheque payable locally.
- b. Issue of DD and PO is a non-fund based service of the Bank.

2. Custody:

- a. The stock of Demand Draft books and Pay Order Books must be properly recorded in the "Stock Register" and kept under lock & key in Joint Custody with authorized officers of the Bank.
- b. If any irregularity in the number of leaves in the DD / PO Books or number of books is found the same should be immediately noted in the Stock Register and informed to HO / Printing Stationery Department in writing with detailed particulars for scrutiny whether the missing stock / number of leaves, etc. are noticed and action taken prior to delivery by the Security Printers who printed the DD/PO books or any mishap had occurred at the time of delivery or later.
- c. Withdrawal / Issue of DD/PO must be recorded in the Stock Register and Issue Register with full particulars.
- d. "DD Issued Register" & "Pay Order Issued Register" should be tallied on daily basis to ensure proper use of the DD leaves & PO leaves and to avoid misuse/fraud.

3. All India Mutual Arrangement Scheme(AIMAS) and State Drafts Scheme(SDS):

- a. The SCBs, DCCBs and Urban Banks who are members of AIMAS are issuing DD through AIMAS.
- b. SDS is the scheme for issue of DD among the member affiliate DCCBs and Branches, Branches of SCB as well as the Urban Banks and their branches who are members of SDS in a particular State operated under the Guidelines of the SCB concerned.
- c. With regard to procedure for issue of DDs/honouring of DDs/maintenance of relevant Books, Accounting procedure etc. under AIMAS, the AIMAS Manual brought out by NAFSCOB may be referred to.
- d. Similarly for issue of DDs/Honouring DDs/reconciliation of accounts/remittance of fundsetc. under the State Drafts Scheme introduced and operated by the concerned SCB, all the terms & conditions and instructions issued by the SCB from time to time may be followed.

4. Procedure for issue of DDs & POs:

- a. The purchaser of DD or PO will have to fill up the relevant application form in which he has to furnish his name & full address in addition to other particulars like such as place on which the DD is required to be drawn, amount for which the DD is required and in favour of whom.
(List of Participant Banks under AIMAS and SDS are available with each Branch/Bank.)
- b. DDs are issued on all other centres excepting the local town / city.
- c. For local area i.e. the city or town in which the bank operates, only “PAY ORDERS” are issued.
- d. Commission/Bank Charges as per the rates fixed by the Bank from time to time will have to be collected along with the DD amount. For this “Commission/Bank Charges” column is provided in the DD application form.
- e. Cashier who received the remittance for DD should check up whether the correct commission rate has been noted in the DD application form.
- f. Customer may, instead of remitting the DD amount, enclose a cheque on his account with the Branch to the DD application form. In such case it has to be verified whether the amount of the cheque is inclusive of DD issue Commission also. In case the commission amount has not been included in the cheque amount then a separate letter from the customer, authorising the bank to debit the charges to his account, must be obtained.
- g. Before writing the DD / PO, the concerned staff member should ensure that the relative voucher is passed by authorised officer
- h. Any DD / PO, if lost, may be cancelled and reissued on request by the customer / purchaser and Duplicate DD / PO may be issued after obtaining indemnity and after confirming the non payment of the instrument by the Drawee Bank.
- i. All other procedures for issuing as well as honouring DDs have been explained in detail in AIMAS Manual.

5. Unclaimed DDs :

- a. A Bank draft is valid for a period of six months from the date of issue after which it becomes stale.
- b. The DDs / POs, which have become stale may be revalidated or reissued on request by the customer / purchaser.
- c. On receipt of Duplicate or revalidated DD / PO for Payment, the Officer in charge should ensure:
 - i. That the draft is duly revalidated by the issuing branch.
 - ii. That the relative advice from the issuing branch for the issue of duplicate draft or for its revalidation has been received.
- d. The main difference between DD and PO is that the DDs will be paid by Drawee branches, whereas the Pay Orders will have to be presented to the issuing branch itself for payment.

★ ★ ★

CHAPTER – 19
PAYMENT SYSTEMS –
CLEARING OPERATIONS & E - PAYMENT OPERATIONS

A. Clearing Operations:

1. General:

- a. The Head Office or the Main Branch or a branch identified as “Service Branch’ of a SCB will function as a “Clearing Centre” for all the paper based payment instruments such as Drafts, Cheques etc. received from its own customers and those of its other branches.
- b. These instruments will have to be presented for collection through the “Clearing House” situated at the local RBI or SBI office, as the case may be.
- c. The “Clearing Centre” can be divided into Non- MICR and MICR Clearing Centres.

2. Clearing House:

- a. The Clearing House will function either at the local RBI or SBI Office as the case be.
- b. The Clearing House will function during the stipulated hours which will be communicated to all Member Banks. The Member Banks will have to strictly adhere to these “Clearing House hours”.
- c. Delayed Participation in the Clearing House Operations will result in Non-Acceptance of the cheques presented by that Bank by all other Member Banks which in turn will cause serious damages to that Bank.
- d. The Clearing Operations may take place 2/3 times in a day in the following order:
 - i. First Clearing (or) Delivery Clearing
 - ii. Second Clearing (or) Main Clearing and
 - iii. Special Clearing (or) Returns Clearing
- e. On Saturdays only the Main Clearing and the Special Clearing will take place.

3. Operations in the Non-MICR Clearing Centre:

- a. The HO will have to draw a time schedule depending upon the “Clearing House hours” to collect the cheques from all its Branches to be presented in that day’s clearing.
- b. Normally in Non-MICR Centres the Clearing House operates THREE times daily on week days and TWICE on Saturdays as detailed below:

<u>Operations</u>	<u>Time schedule</u>
i. First or Delivery Clearing	10.30 AM
ii. Second or Main Clearing	2.30 PM
iii. Special or Returns Clearing	3.00 PM

c. Therefore the HO must arrange for daily tapal (daily mail) including clearing cheques, movements from HO to Branches and from Branches to HO as per the following time schedule:

<u>Operations</u>	<u>Time schedule</u>
i. HO to Branches (to reach all branches before)	8.30 / 9.00 AM Daily and
ii. All Branches to HO (to reach HO before)	11.30 AM

d. The HO Tapal Bag (Mail bag) will contain all advices, circulars etc. and also the clearing cheques drawn on the branch received through the Clearing House.

e. The Branch Tapal Bag will contain all advices to HO, Statements to HO and the Clearing Cheques (including cheques returned unpaid with separate return memo attached to each such cheque) to be presented in the Clearing House that day.

f. The HO Clearing Centre, on receipt of Clearing Cheques from all the branches should prepare a consolidated schedule for each member bank, on whom cheques have been drawn and presented in the Clearing House, enclosing the “Sub – Schedules” received from the branches.

g. The Sub-Schedule prepared by the branch will contain the details of individual cheque numbers and the amounts. Whereas the consolidated schedule prepared by the HO / Service Branch will contain only the name of its branch, total number of cheques presented by that branch drawn on that particular bank and the total value / amount of the cheques presented.

h. Book Entries at Branch Level:

i. Every branch must maintain a “Clearing / Local Cheques Register” and record therein the details of the cheques deposited for clearance. A specimen of “Clearing/Local Cheques Register” is given in the **Annexure – 1** to this Chapter.

ii. When cheques are sent to HO for clearing, the entry shall be;

- Debit : Head Office A/C (GL) for the total value of Clearing Cheques lodged.

- Credit: Various A/Cs (Current or Savings A/Cs) of customers being the amount
Of so many cheques presented in clearing.

(Note: Even though the Credit relating to cheques presented in clearing is made to customer’s A/C on the date of presentment in clearing, the customer will be allowed to draw against the proceeding of such clearing cheques only on the 3rd day i.e.; after the fate is known. e.g. Suppose a cheque deposited by the customer is presented in clearing for collection on 10th the relative credit will be posted in his account on 10th itself but withdrawal against this credit will be allowed only on 12th. The reason being that the Branch of the Bank on whom the said Clearing Cheque has been drawn, has time till 3 PM on 11th to return the same unpaid through the Clearing House. The returned cheque will be received by the collecting branch through its HO only on 12th.)

- iii. When cheques are returned unpaid from Clearing, the entry shall be;
- Debit: Customer's A/C (The narration will be ... Credit given on 10th being reversed now as the cheque has been returned unpaid.
 - Credit: Head Office A/C (The narration will be..... being the value of cheque onBankBranch presented in clearing on 10th returned unpaid.)

(Note : In Addition, the Clerk / Assistant handling that customer's A/C should enter the details of the cheques lodged by the customer to be presented in clearing returned unpaid by the Drawee Bank together with the "Objection" against which the said cheque has been returned unpaid in the "Cheques Returned Register " and then arrange to send the same to the customer through Post or Local Delivery on the same day.)

i. Book Entries at Head Office Level shall be:

i. At the time of presenting the cheques in Clearing House :

- Debit : Clearing A/C (GL) (being the total value of cheques presented in to-day's clearing)
- Credit : Branches A/C (GL) (being the total value of clearing cheques presented by the branches)

(Note : The HO must also maintain in the Main Cash Book (Day Book) Section a separate Register called "Branches Register " wherein separate folios should be allotted for each branch and the Debit / Credit amounts should be posted branch wise.)

ii. Clearing Stamp:

- All the instruments (Cheques and DDs) presented through the Clearing House should bear the '**Clearing**' Stamp with Bank and Branch abbreviation with specific code number and the date of presenting in Clearing House.
- Normally in Non-MICR Centres this '**Clearing**' Stamp of the Bank will be affixed on the face of the Instruments.

iii. Bank's Crossing Stamp:

- Similarly, on all the instruments presented through Clearing House, the '**Crossing**' Stamp i.e. the stamp bearing the name of the Bank with the name of the Branch and the specific code number allotted to it by the Clearing House and the Phone Number should be affixed at the left top corner of the instrument.

iv. Endorsements:

- The collecting Bank should endorse the clearing cheques properly.
e.g. In the case of the cheque crossed “A/C Payee only the collecting Bank should endorse on the back of the instrument with its endorsement rubber stamp which will read as follows:

Payee’s A/C will be Credited
For State Coop. Bank Ltd.
.....Branch
Manager / Authorised Officer

v. Bank / Branch Code:

- On all the cheques / DDs presented to the Clearing House for collection, the collecting bank should affix on the face of each clearing instruments on the left top corner a crossing stamp which will bear the name of the bank, the name of the branch, its code number. It may be desirable to add the phone number also in this rubber stamp. This stamp will appear as shown here under.

..... Bank
..... Branch
Code : _____
Ph.: _____

vi. Return of unpaid Cheques:

- The Clearing House will specify the time, for all the working days, when the member banks can exchange among themselves the cheques which are being returned unpaid to the respective collecting bank.
- Such returned cheques shall have a printed “Cheque Return Memo” attached to each returned cheque wherein the reason for dishonour should be clearly indicated (or) Written and Signed by the authorised Officer.
- These cheque return memos shall also bear the address stamp of the bank / branch.

4. Operations in the MICR Clearing Centres:

- a. In MICR centres 3 or 4 types of operations are carried out through the clearing cell.
- b. MICR clearing is also done in two centres. One in SBI MICR clearing cell wherein all the branches of the SBI and its Subsidiaries will participate. In addition all outward clearing instruments relating to other banks, presented by the SBI group will have to be collected by all the other member banks from this SBI MICR clearance cell. For all other banks the clearing arrangement is at '**MICR Clearing Cell**' of '**National Clearing Cell**' (NCC).
- c. Even the instruments (outward clearing instruments) drawn on various branches of SBI and its subsidiaries will have to be lodged only with the NC cell.
- d. The inward clearing instruments will be collected by all member banks from both MICR clearing cell (NCC) and also from the MICR clearing cell of SBI.
- e. All the member banks will identify either the HO (Main Branch) or any other branch as "Service Branch"
- f. All the branches of the SCB will have to send the outward clearing instruments to this service branch daily before the stipulated time.
- g. For this purpose the HO of the SCB will make arrangements for a courier service for movement of all mail including clearing instruments between the HO and Branches or will make arrangements through its own staff members.
- h. The timing for the courier movement will have to be so fixed/regulated in such a way that all outward clearing instruments from all the branches reach the service branch before 2pm on all week days and before 12 noon on Saturday so that the service branch will have adequate time for Encoding all the outward clearing instruments.
- i. The following are the MICR Clearing (NCC) timings on week days and Saturdays:

	<u>MICR Clearing (NCC) timings</u>	<u>Week days</u>	<u>Saturdays</u>
i.	Delivery of outward clearing instruments by member banks	7.30 pm	4.00 pm
ii.	National Clearing (for instruments drawn on Chennai, Bangalore, Mumbai, Delhi and Calcutta)	7.00 pm	4.00 pm
iii.	MICR inward clearing instruments – collection by members both from NCC and SBI MICR Cell	6.00 am	6.00 am
iv.	High value clearing (for this high value clearing, all details of outward clearing instruments should be loaded in a floppy and a printout is to to taken – floppy, print out and the instruments have to be lodged in NC cell.)	12.30 pm	10.30 am
		10.30 am	1.00 am

- j. In the case of normal MICR clearing all outward instruments are kept in a box and presented at MICR clearing centre (NCC) together with a BLOCK TICKET against a separate acknowledgement. However, in the case of High Value Clearing, Returns Clearing and Zone 5 (for e.g. as recently introduced in Chennai) instruments are to be deposited in the boxes of the respective banks in the clearing cell.
- k. For lodging all the 'unpaid returns cheques' in respect of branches operating within the main zone the time fixed is between 12.40 pm and 1.00 pm while the High Value returns will be between 12.30 pm and 12.40 pm.
- l. The Branches will get from HO (Service Branch) all inward clearing cheques between 8.15 am and 8.45 am through couriers.
- m. The branches will have to send the unpaid "Return Cheques" through the branch courier to reach the service branch before 11.30 am on week days and 12.00 noon on Saturdays. HO will have to present them in the Clearing House by 12.40 pm.
- n. Inward Clearing Cheques:
 - i. The service branch will have to arrange to collect the inward clearing instruments from the Clearing House (NC cell and SBI MICR cell) daily by 6 am.
 - ii. On getting the inward clearing instruments the staff of the service branch will have to verify the number of cheques as per the "Claim List" received from a clearing cell. Then record the number of instruments and the total value against the respective branches in the 'Inward Clearing Register/Slip'. If it is slip system it will be straight away used as Day Book voucher
 - iii. With the "Claim List" the clearing cheques will be sent to the respective branches which will be delivered to the branches between 8.15 am and 8.45 am through the bank's courier. For this purpose the couriers will leave the service branch by 7.30 am.
 - iv. While verifying the inward clearing instruments with the "Claim List" received from the clearing cell, if there is any difference in the amounts claimed the same will be noted/ marked in that claim list and the branch will be debited for actual amounts as per the instruments / cheques sent to the branches.
 - v. In respect of Missing Instruments, the service branch will advise the presenting bank in FORM – A under a copy of FORM – A to the MICR clearing cell.
 - vi. In respect of "unclaimed amounts" i.e. the cheque will be there in the bunch of inward clearing cheques but the amount relating to the particular cheque may not find place in the claim list/statement, then the fact will be reported to MICR (NCC) clearing cell in FORM – B.
 - vii. Under the latest system, the NC cell is imaging all the clearing instruments processed through the computers and if any bank represents about a missing cheque giving all the

relevant details as per “Inward Clearing Cheques – Claim statement”, then the clearing cell will provide a copy of the instruments for verification and action

- o. Outward Clearing Cheques – Encoding:
 - i. All the outward clearing instruments received from the branches with a covering schedule called “Local Clearing Cheques List”, the service branch staff will first count the number of instruments attached to such a list and verify whether the same agrees / tallies with the number of cheques recorded therein.
 - ii. Then the cheques will be Encoded. Under the process of Encoding only the amount for which the said cheque is drawn will be printed in the white Band at the bottom of the cheque.
 - iii. For each branch a “Batch Ticket” will be prepared which will relate to printing branch code number, number of instruments and total value of cheques presented in outward clearing.
 - iv. For the bank as a whole a “Block Ticker” will be printed which will contain bank code number, service branch code number, number of Batch tickets and total value of outward clearing cheques lodged.
 - v. specimens of ‘Batch Ticket’ and ‘Block Ticket’ are given below:

FORMAT OF BATCH TICKET

FOR MICR OUTWARD			* Bank’s Logo
A	B	C	D
600002	600091006 00	0049 —555	0000028725283

Note: A. Encoding machine number, B. Chennai Bank branch, C. Number of Instruments – The last three digits indicate the Batch Ticket Number, D. The total amount (value) of cheques lodged.

FORMAT OF BLOCK TICKET

FOR MICR OUTWARD			* Bank’s Logo
A	B	C	D
600010	600091000	000044 —666	0003956639540

Note: A. Encoding machine number, B. Main/Service Branch code number, C. Total number of batch tickets – last three digits indicate the Block Ticket Number, D. Total value of outward clearing instruments lodged.

- p. High Value Clearing:
- i. All instruments of value Rupees 1 lakh and above shall be separately presented in “High value clearing”. This will have to be done after loading all relevant details about the cheques presented in a floppy. This floppy together with a printout will be presented in MICR clearing cell.
 - ii. High value returned will be known by 3.40pm while all other returns will be known by 2.30 pm. Since the high value cheques are received by the service branch only around 1.30 pm, only those branches which are very close to Service Branch can participate in this high value return cleaning. Otherwise in the normal case the returned cheques (even high value cheques) will have to be presented in the Clearing House the next day.
- q. Rejections:
- i. Due to inferior quality of printing or paper or etc. some cheques may not be processed by MICR clearing cell computers. All such instruments will be manually re-encoded and sorted out and sent to the respective branch.
- r. Zone – 5 Clearing Arrangements:
- i. A new system as “Zone 5” has been introduced in Chennai to handle all
 - Non MICR instruments
 - Un Sized cheques
 - Mutilated cheques etc.
 - ii. All the relevant details about such instruments presented in clearing should be loaded in a floppy along with a print out and the instruments. The floppy must be dropped in the boxes of the respective member banks in the Clearing House.
- s. Sub-Members:
- i. With the approval of the Bankers Clearing House, other Coop. Banks which have substantial public deposit with the scope for sizable number of cheque operations may be admitted as Sub-Members of the SCB, subject to the terms and conditions, as may be decided by the management of the SCB after consulting local Bankers Clearing House.
 - ii. This will help such Coop. Banks to quickly realise the cheques drawn on various Banks and deposited by their customers into their accounts.
 - iii. The main conditions are :
 - Sub-Members will be bound by the rules and regulations of the Bankers Clearing House
 - The Sub-Members should agree to pledge FD receipts for an amount specified by the SCB, based on the volume of transactions.
 - The Sub-Members shall authorise the SCB to debit the amount of all cheques drawn

on it and received by the Bank in clearing every day to its account (A special current account will have to be maintained by the Sub-Members for this purpose). Such authorization should also specifically state that in case this special current account happen to be over drawn due to such debits of clearing cheque amounts, the SCB can debit such amounts to the regular current accounts of the Sub-Members and adjust the same to clear the overdraft in the special current account of the Sub-Member.

- The Sub-Member should also agree to pay interest at the rate fixed by the SCB for such over drafts.
- The Sub-Member should make its own arrangement to deliver the clearing cheques to the SCB HO / Service Branch before the stipulated time on all working days and also to collect the clearing cheques drawn on them, received through clearing daily at the prescribed time.
- The Sub-Member bank shall print or stamp the words “ Clearing Agents The SC Bank” on all its cheque leaves before issuing the cheque books to the customers

t. Responsibilities of the Officer In charge of Clearing Section of SCB at HO

- i. The Officer In charge shall keep a stock file of instructions issued by the Bankers Clearing House from time to time and also arrange to issue circulars to all the branches and Sub-Members covering the instructions received from the Clearing House.
- ii. He shall arrange to collect the clearing cheques from all the branches and Sub-Members before the stipulated time on all working days
- iii. He shall arrange for sorting them bank wise and to prepare the clearing schedules for each bank to whom clearing cheque have to be presented
- iv. He shall arrange to collect the clearing cheque drawn on his bank / branches / Sub-Members from the bankers Clearing House and to send them to the respective branch / Sub-Member after making proper and required entries in the books / registers maintained by the clearing section of the SCB HO for this purpose
- v. He shall arrange for the preparation of all the relevant vouchers relating to cheques lodged as well as cheques received through Clearing House and also in respect of cheques returned unpaid by the branches / Sub-Members
- vi. He shall arrange to make proper noting of cheques returned unpaid (outward return) by own branches and Sub-Members as well as the cheques returned by other banks (inward return) in the Register maintained for the purpose
- vii. He shall immediately arrange to transfer sufficient funds to RBI if the Clearing House figures goes against the bank. This will be done in coordination with the officer in charge of Funds Section of SCB HO

- u. Entries to be passed by SCB HO Clearing Section
 - i. When Outward Clearing cheques are received from branches :
 - Debit : Clearing House Account (or) RBI Account
 - Credit: Various branches (for total amount of cheques drawn on various banks and lodged by the respective branch in clearing)
 - ii. In respect of “Internal Clearing Cheques” (those cheques drawn on various branches of your own bank) :
 - Debit : Branches Account (to make debit entry in the Branches Amalgamation Register maintained by HO Day Book section to the respective branch for the total amount of cheques presented through internal clearing by other branches)
 - Credit: Branches Account (to make credit entry to the account of collecting branch in Branches Amalgamation Register)
 - iii. In respect of Inward Clearing Cheques :
 - Debit : Branches Account (to make debit entry to the account of the respective branch in the Branches Amalgamation Register for the total amount of cheques drawn on it and received through the Clearing House.
 - Credit : Clearing House Account (or) RBI Account
 - iv. In respect of cheques returned unpaid :
 - The cheques returned unpaid by the branches which have to be presented in Clearing House (outward)
 - Debit : Clearing House Account (or) RBI Account
 - Credit: Branches Account
 - For the cheques returned unpaid by the other banks received through Clearing House:
 - Debit: Branches Account
 - Credit: Clearing house account (or) RBI Account
 - For the cheques returned unpaid after “Clearing House Hours” directly presented to your bank as collecting bank :
 - Debit : Customer’s Account
 - Credit : Banker’s payment order issued account (or) Pay Orders issued Account (issue bankers payment order or a Pay Order favouring the bank presenting such returned cheque at your counter after Clearing House hours)

v. Clearing House Account Reconciliation

- i. Very often, on account of handling huge volume of cheques in Outward as well as Inward clearing operations, banks do commit mistakes while recording the cheque amounts either in the Clearing Schedules or in Clearing Register . Such differences are noticed only after close of the Clearing House hours when your bank’s Day Book does not tally.
- ii. When such a discrepancy / difference is noticed, first get it confirmed by the other bank involved in that particular transaction. Then issue or collect Pay Orders to or from that bank and adjust the amount to the Clearing House account to make good the difference.
- iii. All such amounts either payable or receivable owing to clearing differences, must be recorded in a Register called “Clearing House Reconciliation Register” in the following format:

Date of locating the difference	Amount of difference	Name of the Bank (to whom to be settled or from whom to be received)	PO issued / received – No.	Amount	Date of adjustment.

B. E-Payment Operations:

1. Introduction:

- a. Majority of the People use cash for retail payments. However, use of cheques and drafts is the preferred mode of payment for all economic activities. Payments through paper instruments are settled through the mechanism of clearing houses at various centres, where the cheques and drafts and other paper instruments received for collection are exchanged by the Banks and the resulting net payments between the Banks are settled.
- b. Since the volume of usage of cheques and drafts increased heavily, the physical movement of instruments from branches to clearing house and sorting them according to each Bank Branch at the clearing centre has become difficult.
- c. To reduce the difficulty in sorting, RBI introduced the MICR (Magnetic Ink Character Recognition) technology to facilitate and expedite sorting of instruments using high speed MICR sorters. Further, to reduce the difficulties in payment system, RBI introduced the ECS (Electronic Clearing Service).

2. Electronic Clearing Service (ECS):

- a. ECS enabled the Banks to settle payments as an alternate to use of cheques and drafts for remittance and payment of funds. ECS replaced huge paper instruments with electronic instructions in

transactions like dividend warrant, interest warrant, refund orders, salary and pension and other consumer payments like electricity bill, telephone bill, insurance premium, etc.

- b. Some companies for payment of periodical interest on the deposit of customers and Also for payment of annual dividends and companies like BSNL for collecting telephone charges obtain a Mandate from the customers for directly crediting/debiting the amounts to their accounts.
- c. In all such cases, through the clearing cell, the banks will receive a statement Giving details of the names of the account holders, their account numbers, amount to be debited / credited, purpose of debit / credit etc., 2/3 days prior to the actual date of debit / credit. In this statement the “TRANSACTION DATE” will also be indicated. On that day the respective branch will have debit / credit the customers account. If there is no adequate balance in any of the customer’s account to meet such debit under ECS, the same will have to be treated as regular return using return memo. Similarly in the case where the branch is not able to properly identify the customer’s account for crediting the interest / dividend amount then such amount must also be returned to the Clearing House following the procedure for normal return of any unpaid cheque.

3. National Electronic Funds Transfer (NEFT):

- a. Since the above said systems increased the cost to the Banks, RBI introduced the other mode of e – payments called Electronic Funds Transfer (EFT), through which one to one payments are effected with minimum cost. This retail funds transfer system enabled an account holder of a Bank to electronically transfer funds to another account holder with any other participating Bank.
- b. The EFT system was upgraded and replaced by a more secure system called National Electronic Funds Transfer (NEFT) system. The NEFT is more efficient for facilitating one – to – one funds transfer requirements of individuals / corporate. The NEFT system provides for batch settlements at hourly intervals, thus enabling near real time transfer of funds.
- c. NEFT is an electronic fund transfer system that operates on a Deferred Net Settlement (DNS) basis which settles transactions in batches. The settlement takes place with all transactions received till a particular cut off time. NEFT operates on Hourly basis – there are eleven settlements from 9 a.m. to 7 p.m. on week days and five settlements from 9 a.m. to 1 p.m. on Saturdays. Any transaction initiated after a designated settlement time would have to wait till the next designated settlement time.
- d. NEFT is a nationwide funds transfer system to facilitate transfer of funds from any bank branch to any other bank branch in India. Under NEFT any amount starting from Re.1 and above can be transferred to any bank branch having NEFT facility in India. RBI publishes the list of bank branches participating in the NEFT on its website. The beneficiary gets the credit on the same day or the next day depending on the time of request for settlement.

Note: The detailed Rules for NEFT prescribed by RBI are furnished in the Annexure – 1 to this chapter.

4. Real Time Gross Settlement (RTGS):

- a. The acronym 'RTGS' stands for Real Time Gross Settlement, which can be defined as the continuous (real-time) settlement of funds transfers individually on an order by order basis (without netting). 'Real Time' means the processing of instructions at the time they are received rather than at some later time. 'Gross Settlement' means the settlement of funds transfer instructions occurs individually (on an instruction by instruction basis). Considering that the funds settlement takes place in the books of the Reserve Bank of India, the payments are final and irrevocable.
- b. The RTGS system is primarily meant for large value transactions. The minimum amount to be remitted through RTGS is Rs. 2.00 lakhs. There is no upper ceiling for RTGS transactions. Contrary to NEFT in the RTGS system, transactions are processed continuously throughout the business hours and settled in real time.
- c. The remitting bank receives a message from the Reserve Bank that money has been credited to the receiving bank. Based on this the remitting bank can advise the remitting customer that money has been delivered to the receiving bank.
- d. Under normal circumstances the beneficiary branches are expected to receive the funds in real time as soon as funds are transferred by the remitting bank. The beneficiary bank has to credit the beneficiary's account within two hours of receiving the funds transfer message. If the money cannot be credited for any reason, the receiving bank would have to return the money to the remitting bank within 2 hours. Once the money is received back by the remitting bank, the original debit entry in the customer's account is reversed.
- e. With a view to rationalize the service charges levied by banks for offering various electronic products, a broad framework has been mandated as under:
 - i. Inward transactions – Free, no charge to be levied
 - ii. Outward transactions –
 - 'Rs 2 lakh to ' Rs.5 lakh - not exceeding 'Rs. 25 per transaction.
 - Above 'Rs. 5 lakh – not exceeding ' Rs.50 per transaction.
- f. The remitting customer has to furnish the following information to a bank for effecting a RTGS remittance:
 - i. Amount to be remitted
 - ii. Remitting customer's account number which is to be debited
 - iii. Name of the beneficiary bank
 - iv. Name of the beneficiary customer
 - v. Account number of the beneficiary customer
 - vi. Sender to receiver information, if any
 - vii. The IFSC Number of the receiving branch

- g. The beneficiary customer can obtain the IFSC code from his bank branch. The IFSC code is also available on the cheque leaf. The IFSC code is also available on the RBI website (<http://rbidocs.rbi.org.in/rdocs/RTGS/DOCs/RTGEB1110.xls>). This code number and bank branch details can be communicated by the beneficiary to the remitting customer.
- h. For a funds transfer to go through RTGS, both the sending bank branch and the receiving bank branch would have to be RTGS enabled. The lists are readily available at all RTGS enabled branches. Besides, the information is available at RBI website (<http://rbidocs.rbi.org.in/rdocs/RTGS/DOCs/RTGEB1110.xls>). Considering that more than 74,000 branches at more than 20,000 cities/ towns / taluka places are covered under the RTGS system, getting this information would not be difficult.

5. Cheque Truncation System (CTS):

- a. Reserve Bank of India is in the process of implementation of Cheque Truncation System in India in collaboration with National Payment Corporation of India.
- b. Truncation is the process of stopping the flow of the physical cheque issued by a drawer to the drawee branch. The physical cheque will be truncated at some point en – route to the drawee branch and an electronic image of the cheque would be sent to the drawee branch along with the relevant information like the MICR fields, date of presentation, presenting bank, etc.
- c. The Cheque truncation system is being implanted in some states and will be introduced in other states shortly by RBI.
- d. The following are the benefits of cheque truncation:
 - i. Speed up collection of cheques.
 - ii. Enhances customer service.
 - iii. More secure system with digital signature.
 - iv. Reduces the scope for clearing related frauds.
 - v. Minimizes the cost of collection of cheques.
 - vi. Reduces reconciliation problems.
 - vii. Eliminates logistics problems.

A detailed note on Cheque Truncation System placed by RBI is furnished in the **Annexure – 2** to this chapter.

6. Automated Teller Machine (ATM):

- a. Automated Teller Machine is a computerized machine that provides the customers of banks the facility of accessing their accounts for dispensing cash and to carry out other financial transactions without the need of actually visiting a bank branch at their convenient time.

- b. The ATM cards / debit cards, credit cards and prepaid cards that permit cash withdrawal can be used at ATMs for various transactions. In addition to cash dispensing ATMs have many other services / facilities such as:
 - i. Account information.
 - ii. Cash deposit.
 - iii. Regular bill payment.
 - iv. Loan account enquiry.
 - v. Mini / Short statement, Etc.
- c. The services offered may vary from bank to bank, or may depend on the capacity of the machine to provide such services.

A brief note on working of ATM is furnished in the **Annexure – 3** to this chapter.

7. Annexures:

- a. Following is the annexure appended to this Chapter.
 - Annexure – 1: Specimen of Clearing / Local Cheques Register
 - Annexure – 2: National Electronic Funds Transfer (NEFT) System
 - Annexure – 3: Automated Teller Machine (ATM)

★ ★ ★

Annexure – 1 to Chapter – 19

Specimen of Clearing / Local Cheques Register

Sl. No.	Cheque No.	Bank & Branch on which drawn	Cheque Amount	By whom drawn	For Credit of	Current/S.B. A/c. No.
(1)	(2)	(3)	(4)	(5)	(6)	(7)

NATIONAL ELECTRONIC FUNDS TRANSFER (NEFT) SYSTEM

1. Introduction

Reserve Bank of India has introduced an electronic funds transfer system called “National Electronic Funds Transfer” System (hereinafter referred to as “NEFT System” or “NEFT” or “System”, as appropriate). A set of procedures to be followed by various stakeholders to the system are detailed in this document.

2. Objective

The objective of the NEFT System is to establish an electronic funds transfer system to facilitate an efficient, secure, economical, reliable and expeditious system of funds transfer and clearing in the banking sector throughout India, and to relieve the stress on the existing paper based funds transfer and clearing system.

3. Definitions

In these Procedural Guidelines, unless the context otherwise requires :

- (a) **“Acceptance”** means execution of payment instruction.
- (b) **“Bank”** means a banking company as defined in Section 5 of the Banking Regulation Act, 1949, and includes the State Bank of India, constituted by the State Bank of India Act, 1955, a subsidiary bank constituted under the State Bank of India (Subsidiary Banks) Act, 1959, a corresponding new bank under Section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and a corresponding new bank constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980, a co-operative bank, as defined in Section 56 of Part V of the Banking Regulation Act, 1949 (AACS) and such other banks as may be specified from time to time.
- (c) **“Beneficiary”** means the person designated as such, and to whose account payment is directed to be made in a payment instruction.
- (d) **“Beneficiary / Destination Bank / Branch”** means the branch of the bank / branch identified in a payment instruction which is maintaining the account of the beneficiary.
- (e) **“NEFT Clearing Centre”** means any office designated by the Nodal Department for receiving, processing and sending the NEFT SFMS message and the debiting and crediting of accounts of the participating banks and institutions for settlement of payment obligations or one or more of these functions. The National Clearing Cell, Reserve Bank of India, Nariman Point, Mumbai has been designated as the NEFT Clearing Centre (NCC) for purposes of the NEFT System.

- (f) **“NEFT SFMS message”** means an electronic Structured Financial Messaging Solution (SFMS) message containing a batch of NEFT payment instructions for funds transfer, processed and consolidated in the manner specified for transmission of payment instructions from NEFT Service Centre to the NEFT Clearing Centre.
- (g) **“NEFT Service Centre”** means an office or branch of a bank in a centre designated by that bank to be responsible for processing, sending or receiving NEFT SFMS message on behalf of that bank in that Centre and to do all other functions entrusted to a NEFT Service Centre by or under these guidelines. NEFT Service Centre is referred to as “Sending NEFT Service Centre” when it originates an NEFT SFMS message for funds transfer. NEFT Service Centre is referred to as “Receiving NEFT Service Centre” when it receives a NEFT SFMS message from the NEFT Clearing Centre.
- (h) **“NEFT System”** means the National Electronic Funds Transfer System established by these guidelines for carrying out inter-bank funds transfers within India (and from India to Nepal), and providing for settlement of payment obligations arising out of such funds transfers, among the participating banks.
- (i) **“Execution”** of a payment instruction in relation to a sending bank means the transmission or sending of the payment instruction by it to the NEFT Service Centre; in relation to a Service Centre it means transmission of the consolidated payment instruction in the encrypted NEFT SFMS message to the NEFT Clearing Centre.
- (j) **“Funds Transfer”** means the series of transactions beginning with the issue of originator’s payment instruction to the sending bank and completed by acceptance of payment instruction by the beneficiary’s bank for the purpose of making payment to the beneficiary of the instruction.
- (k) **“Nodal Department”** means the Department of Payment and Settlement Systems of Reserve Bank of India, NEFT Clearing Centre and the Mumbai Regional Office of the Reserve Bank of India which are responsible for implementation, administration and supervision of the NEFT System.
- (l) **“Notified”** means communicated electronically or in writing.
- (m) **“Originator / Sender”** means the person who issues a payment instruction to the sending bank.
- (n) **“Participating Bank”** means a bank admitted for participating in the NEFT System pursuant to Paragraph 3.1 of these Guidelines and whose Letter of Admission has not been cancelled.
- (o) **“Payment Instruction”** means an unconditional instruction issued by an originator in writing or transmitted electronically to a sending bank to effect a funds transfer for a certain sum of money expressed in Indian Rupees, to the designated account of a designated beneficiary by debiting correspondingly an account of the originator or through remittance of cash.

- (p) **“Public Sector Bank”** means State Bank of India, constituted by the State Bank of India Act, 1955, subsidiary banks constituted under the State Bank of India (Subsidiary Banks) Act, 1959, the banks constituted under Section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and the banks constituted under Section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980. IDBI Bank has since been classified as a Public Sector Bank.
- (q) **“Reserve Bank of India”** means the Reserve Bank of India or RBI established under the Reserve Bank of India Act, 1934 (2 of 1934).
- (r) **“Security Procedure”** means the set of procedural guidelines at Paragraphs under the Sections of these Guidelines for the purpose of :
- (i) verifying that a payment instruction, a communication authorising a payment instruction or a NEFT Data File is authorised by the person from whom it purports to be authorised; and
 - (ii) detecting error in the transmission or the content of a payment instruction, a communication or a NEFT SFMS message.
- (s) **“Sending / Originating Bank”** means the branch of a bank, which receives payment instruction from its customer or any other person for transfer of funds to the account with another bank participating in NEFT. When the originator is a participating institution, reference to sending bank shall be construed as referring to the NEFT Service Centre.
- (t) **“Settlement Account”** means an account maintained by a participating bank or institution for the purpose of settlement of payment obligations under the NEFT System.
- (u) **“Valid Reasons of Non-payment”** are the reasons due to which the beneficiary bank fails to or cannot make payment to the beneficiary. Some illustrative reasons are :
- (i) Beneficiary not having an account with the beneficiary bank
 - (ii) Account number indicated in the payment instruction not matching with the number as recorded at the beneficiary bank.
 - (iii) Dislocation of work due to circumstances beyond the control of the beneficiary bank such as earthquake, fire, etc., at the place where the beneficiary’s account details are maintained, etc.
 - (iv) Any other valid reason preventing passage of the credit – such as a court order restraining operations on the Beneficiary’s account. The reason shall be explicitly indicated.
- (v) **“SFMS Message”** means an electronic Structured Financial Messaging Solution (SFMS) message containing a batch of payment instructions for funds transfer, processed and consolidated in the manner specified for transmission of payment instructions and communication related thereto.

- (w) **“Credit”** means credit received by the NEFT member through the NEFT System, which has to be ultimately credited to the account of the beneficiary customer at the concerned branch of the beneficiary bank, after due verification thereof.
- (x) **“IFSC”** means Indian Financial System Code used to identify a participating bank branch in the NEFT SFMS message.

4. Coverage

These procedural guidelines shall apply to all NEFT-enabled participating banks / and branches in the system as notified by Reserve Bank of India from time to time on its official website at the link <http://www.rbi.org.in/Scripts/neft.aspx>

5. Procedure for Participation

- (i) **Admission :** To be eligible to apply for admission as a participating bank, an applicant –
 - (a) shall be a bank. Regional Rural Banks (RRBs) can also participate through their sponsor bank in accordance with the guidelines issued by RBI.
 - (b) shall be a member of the Real Time Gross Settlement (RTGS) System.
 - (c) shall have installed SFMS.
 - (d) shall meet the other prescribed eligibility criteria / conditions which are notified by RBI from time to time (eligibility criteria for the present is indicated in Annexure IV).

Provided that, all or any of the above conditions may be relaxed or dispensed with, if so decided by the Reserve Bank of India.

List of participant banks and bank-branches will be displayed on website of Reserve Bank of India under the link <http://www.rbi.org.in/Scripts/neft.aspx>.

Any bank or institution desirous of participating in the NEFT System as a participating bank may submit to the Regional Director, Reserve Bank of India, Mumbai Regional Office, Shahid Bhagat Singh Marg, Fort, Mumbai – 400 001, duly authenticated application, containing full particulars in the form specified at Annexure I (Form : NEFT-IA). Every application shall be accompanied by an undertaking in the specified form to abide by the Procedural Guidelines in the event of admission.

Letter of Admission as specified in Annexure II (Form : NEFT-IB) to every bank admitted to the NEFT System will be issued by Reserve Bank of India.

- (ii) **Suspension :**
 - (a) If a participating bank has defaulted in meeting its settlement obligations or paying any charges or fees or complying with any procedural guideline provisions or for any reasons specified at paragraph 5(iv), the Letter of Admission issued to it is liable to be kept under suspension for such period as may be specified in the order of suspension.

- (b) Every order of suspension shall be notified immediately to all the participating banks and institutions including the bank or institution against which the order of suspension is passed.
- (c) An order of suspension may be reviewed and may be revoked at any time by the Reserve Bank of India upon representation received from the concerned bank or on its own. Every revocation shall be notified immediately to all participating banks.
- (d) A participating bank shall not, while any order of suspension is in force against it, be entitled to send or receive any NEFT message or otherwise to effect any funds transfer in the NEFT System.
- (e) Provided that a suspension shall not affect the obligations of the suspended bank or institution, whether incurred before or after the suspension.

(iii) **Withdrawal from Participation :**

- (a) Any participating bank or institution may, by giving a notice of one month to the Regional Director, Reserve Bank of India, Mumbai Regional Office, withdraw from participating in NEFT System.
- (b) No notice under these guidelines shall be effective unless it is given in writing and before the expiry of one month from the date of receipt of notice by the Regional Director, Reserve Bank of India, Mumbai Regional Office, Shahid Bhagat Singh Marg, Fort, Mumbai – 400 001.
- (c) Notwithstanding its withdrawal, a bank shall discharge all its payment obligations arising out of fund transfers attributable to it, whether effected before or after the withdrawal became effective.
- (d) The withdrawal of any participating bank shall be notified to all the participating banks by the Regional Director, Reserve Bank of India, Mumbai Regional Office, Shahid Bhagat Singh Marg, Fort, Mumbai - 400 001.

(iv) **Cancellation of Letter of Admission :** Letter of admission issued to a bank may be cancelled by the Reserve Bank on it being satisfied that such bank has –

- (a) defaulted in complying with any Regulations / Procedural Guidelines / admission terms and conditions / instructions issued from time to time.
- (b) been placed under an order of moratorium or an order prohibiting acceptance of fresh deposits or an order of winding up or in respect of which a provisional liquidator has been appointed.
- (c) stopped or suspended payment of its debts.
- (d) failed to get the order of suspension passed against it under Regulation 8(e) of the Uniform Regulations and Rules for Bankers' Clearing Houses (URRBCH) revoked within a period of three months from the date of order of suspension.

- (e) has conducted its transactions in the NEFT System in a manner prejudicial / detrimental to the interest, integrity or efficiency of the System.

No order of cancellation shall be passed without first giving an opportunity of hearing to the bank concerned.

Every order of cancellation shall be notified to the respective bank and also to all other participating banks in the NEFT System.

Notwithstanding the order of cancellation of Letter of Admission passed against it, such bank shall discharge all its payment obligations arising out of the funds transfers effected in the NEFT System.

6. Process Flow

The parties to a funds transfer under this NEFT System are the sending bank, the sending Service Centre, the NEFT Clearing Centre, the receiving Service Centre and the beneficiary branch.

(i) Request for NEFT by a Bank Customer / Any Person

- (a) A bank customer (i.e. sender or originator) desirous of remitting funds under the system shall submit an “NEFT Application Form” (to be designed by the participating bank) authorising the sending bank to debit the sender’s account and transfer funds to the beneficiary as specified in the Model NEFT Application Form (Annexure III). The application could be submitted either in physical form or electronically.
- (b) The payment instruction given by the sender / originator shall be in compliance with the provisions contained in Paragraph 8 (Rights and Obligations) of these guidelines. Banks shall ensure that the senders / originators are made aware of the rights and obligations of participants in NEFT system contained in Paragraph 8.
- (c) A transaction within the NEFT system will be said to have been initiated when the sending bank accepts a payment instruction issued by the sender.
- (d) If in a single payment instruction, the sender directs payments to several beneficiaries, each payment direction shall be treated as a separate payment instruction.
- (e) A bank branch may reject a customer’s request for funds transfer when, in the opinion of the sending branch –
- the customer has not placed funds at the disposal of the sending bank; or funds placed is not adequate to cover the sum to be remitted and the service charge; or
 - the beneficiary details given in the NEFT Application Form are not adequate to identify beneficiary by the beneficiary bank. The essential elements of beneficiary’s identification are:
Beneficiary’s Name :

Beneficiary's Branch Name :

Beneficiary's Bank Name :

Beneficiary's Account Type :

Beneficiary's Account No. :

Beneficiary's Branch IFSC :

- (f) The sending bank shall prominently display at its premises / on its website for the benefit of customers providing information, inter-alia, the cut-off timings up to which it shall receive the NEFT application forms from its customers for different settlements and the likely timings of the settlements by the NEFT Clearing Centre. Any payment instruction received after the cut-off time shall be included for the next available settlement either on the same NEFT day or the next NEFT day.
- (g) In order to facilitate cash remittances through NEFT up to ' 50,000/- for persons who are not having account with the originating bank, the originating banks are required to collect the full details of remitters, including complete address and telephone number, etc., in order to comply with the Wire Transfer Guidelines. These details need to be keyed in the Sender's details field provided in NEFT outward debit message with transaction code 50 for identification. A Special Account may need to be opened for this purpose at the originating branches to route the cash transactions and that Special Account Number should be given while originating a Cash Transaction. This account would also facilitate the handling of returned NEFT transactions. The returns would automatically be credited to the Special Account in a Straight through Processing (STP) environment.
- (h) In order to facilitate workers' remittances from India to Nepal for bank customers and persons not having bank accounts in India, Indo Nepal Remittance Facility Scheme has been introduced. An originator under the system shall indicate the IFSC of the Payment Systems Group, State Bank of India (SBIN0004430) as the Beneficiary Branch's IFSC No. in field no. 5569 with account number 2399468044302 and transaction type / code as 51 to identify the remittances meant for Nepal. At Nepal end, the remittances would be distributed through the branches of Nepal SBI Bank Ltd. (NSBL) or their money transfer agent, Prabhu Money Transfer Ltd., by picking up the beneficiary information from the inward message. Funds settlement will take place through the rupee account of the NSBL maintained with SBI, Mumbai Main Branch. The Procedural Guidelines for Indo-Nepal Remittance Facility Scheme available on the website of Reserve Bank of India may be referred for further details.
- (i) In case of payments towards Credit Card dues, customers would be required to furnish the 16 digit Credit Card Number as the Beneficiary's account number, the Beneficiary's account type as 52 and the beneficiary bank's IFSC will be the IFSC of the branch responsible for handing these card bill payments. The card issuing banks may designate a branch for accepting such payments and communicate the IFSC of the designated branch to their credit card customers.

(ii) **Data Entry at the Sending Bank Branch**

The sending bank branch shall prepare the SFMS message as and when the applications for funds transfer is received and arrange to send the message to NEFT Service Centre till the cut off time for the batch.

(iii) **Processing / Data Upload at Sending NEFT Service Centre**

The sending NEFT Service Centre shall accept the messages received from branches / customers through net banking platform if these are complete / in order and received within cut-off time or reject the same if the messages are incomplete / not confirming to the parameters specified.

(iv) **Transmission / Submission of NEFT Message to the NEFT Clearing Centre**

The sending Service Centre shall transmit the NEFT SFMS message to the NEFT Clearing Centre by using the communication network designated by Reserve Bank of India.

(v) **Processing and Transmission of NEFT Message to the Beneficiary Banks**

After consolidating all NEFT messages received from originating banks, the NEFT Clearing Centre shall process the data, arrive at fund settlement, send the fund file to Deposit Accounts Department (DAD), RBI for settlement and after settlement is over, send beneficiaries' details / data to each beneficiary bank for affording credit to the beneficiaries' accounts. Banks which have no transactions will get a batch wise 'nil' transactions report and a summary report at the end of the day indicating all inward transactions received by them during the day.

NEFT messages generated for destination banks will be transmitted to the NEFT Service Centre of each beneficiary bank using SFMS.

(vi) **Data Validation at the Receiving NEFT Service Centre**

On receipt of the NEFT message, the receiving NEFT Service Centre shall process these files and forward them to the beneficiary branches using SFMS. Alternatively, the receiving NEFT Service Centre may use the Straight Through Processing (STP) interface available in SFMS and upload these NEFT messages to their internal banking solution directly, to afford the credits to the beneficiary accounts centrally.

(vii) **Payment to Beneficiary**

The beneficiary branches would make payment to the beneficiaries within two hours of batch settlement time by crediting the specified account of the beneficiary or otherwise placing funds at the disposal of the beneficiary.

(viii) **Revocation of Payment Instruction**

A payment instruction issued for execution shall become irrevocable when it is executed by the sending bank. Any revocation, after the payment instruction is executed by the sending bank shall not be binding on any other customer in the NEFT system.

(ix) **Acknowledgement / Positive Confirmation by the Beneficiary Bank and Return in Case of Non-Credit**

NEFT presently functions with a Batch+2 (B+2) return cycle. The B+2 return discipline would require banks to afford credit to the beneficiaries' account immediately upon completion of a batch else return the transactions within two hours of completion of the batch settlement, if it is not possible to afford credits to the beneficiaries, for any reason. Therefore, an inward credit message which is not returned within two hours from the time at which the payment instructions are processed at NEFT Centre (B+2) is treated to have been completed and credit afforded to the beneficiary's account by the beneficiary branch. It is, therefore, vital that un-effected credits are re-transmitted back as return NEFT transactions in the immediate next batch itself.

In addition to this, in order to facilitate the originator of NEFT to receive a confirmation of credit being afforded to Beneficiary's account, the originator may indicate his / her mobile number or email-id in his / her NEFT application while initiating the transaction. After successfully crediting the Beneficiary's account, the beneficiary bank will send a Credit Acknowledgement message indicating "credited to customers' account" to the originating bank through NEFT Service Centre. The originating banks after receiving the positive confirmation message from the beneficiary bank, shall initiate a mobile SMS or generate an e-mail to the originator to convey the fate of the transaction.

(x) **Sender to be Advised in Case of Returns**

If the beneficiary specified in the sender's payment instruction fails to get payment through the NEFT system for some valid reasons, the sender shall be informed immediately after the sending bank gets the returned NEFT. The sending bank shall also arrange to make payment to the sender by crediting the account of the sender or otherwise placing funds at the disposal of the sender. The originating bank shall provide the description "NEFT-Return" in the pass book / account statement of the originator whose NEFT transaction is returned.

In case of returns pertaining to the outward transactions initiated by a non-customer, the initiator to be advised immediately by referring to the contact details provided, earlier, and funds to be kept at his / her disposal.

(xi) **Beneficiary to be Advised of the Receipt of Funds**

After crediting the account of the beneficiary, the beneficiary bank shall advise the beneficiary of the funds received. The Account Statement / Pass Book entry or any online messaging system shall indicate briefly the source of funds as well. For this purpose, the mandatory field 6091 which contains the remitter's name shall be picked up for the source of credit and information contained shall be printed in the Account Statement / Pass Book. Banks originating transactions shall ensure proper and meaningful details are provided in this field. Description of field 6091 is M6091 Sending customer a/c name 50x Sender's account name

(xii) **Holidays**

NEFT will function on all the RTGS working days and the banks participating in NEFT are required to participate on all such working days. The list of holidays for RTGS / NEFT is available in the website of RBI at <http://www.rbi.org.in/scripts/HolidayMatrixDisplay.aspx>

7. Inter-Bank Settlement

- (i) **Inter-bank Funds Settlement at Reserve Bank :** Every participating bank and admitted institution shall open and maintain in the NEFT Clearing Centre, Mumbai, a settlement account for settlement of payment obligations arising under the funds transfer executed under the NEFT system.
- (ii) **Finality of Settlement :** The settlement so arrived by through multilateral netting shall be final and irrevocable, in terms of section 23 of the “Payment and Settlement Systems Act, 2007” as soon as the same is determined in terms of the procedures notified by RBI.
- (iii) **Settlement and Default Handling Procedure :** Aspects relating to finality of settlement and default handling in the event of failure-to-settle situations will be in accordance with the Directive on Settlement and Default Handling Procedures issued by RBI and as duly amended from time to time.

The continued eligibility of a bank to participate shall be reviewed in case of permanent default by a member bank. Default will be considered permanent if the process of recalculation provided as part of the default handling procedure is necessitated in respect of a participant bank on more than three occasions in a calendar month. The number of occasions shall be calculated separately for each multilateral and deferred net settlement system.

8. Rights and Obligations

- (i) **General Rights and Obligations of Sender / Originator, Participating Banks or Institutions**

Every participating bank or institution shall maintain the security, integrity and efficiency of the System.
- (ii) **Rights and Obligations of the Sender / Originator**
 - (a) Funds transfer instruction shall be issued by the sender / originator in a manner prescribed by the participant bank.
 - (b) The format shall be complete and contain all requisite particulars. The sender or the originator shall be responsible for the accuracy of the particulars given in the payment instructions and special care should be taken for account number of the beneficiary, etc.
 - (c) The sender / originator shall be bound by any payment instruction executed by the bank if the bank had executed the payment instruction in good faith and in compliance with the security procedure, provided that the sender / originator shall not be bound by any payment

instruction executed by the bank, if he proves that the same was not issued by him and that it was caused either by negligence or a fraudulent act of any employee of the bank.

- (d) The sender / originator shall ensure availability of funds in his / her account or remit cash while issuing the payment instruction to his / her bank.
- (e) The payment instruction shall become irrevocable once it is executed by the bank. The bank is not bound by any notice of revocation unless it is not in compliance with the security procedure.
- (f) In the event of any delay or loss on account of error, negligence or fraud on the part of an employee of the beneficiary bank in the completion of funds transfer pursuant to receipt of payment instruction by the beneficiary bank leading to delayed payment to the beneficiary, the beneficiary bank shall pay compensation (at current **RBI LAF Repo Rate plus two per cent**) for the period of delay. In the event of delay in return of funds transfer instruction for any reason whatsoever, the beneficiary bank shall refund the amount together with interest (at current **RBI LAF Repo Rate plus two per cent**) till the date of refund.
- (g) During the NEFT operating hours, originating banks shall endeavour to put through the request for NEFT transactions received by them, either online or across the counters, preferably in the next available batch, but, in any case, not exceeding two hours from the time of receipt of requests. In the likelihood of any delay / possible delay in adhering to this requirement, the sender / originator shall be informed of the delay / possible delay and the reasons for the same.
- (h) Customers can complain to the Banking Ombudsman if the complaint is not resolved to his / her satisfaction within thirty days.

(iii) **Rights and Obligations of Sending Bank**

- (a) The Bank shall execute a payment instruction issued by the customer, after due verification with reference to the security procedure for its authenticity, unless –
 - the funds available in the account of the sender / originator is not adequate to comply with the payment instruction.
 - the payment instruction is incomplete or it is not issued in the prescribed form.
 - the payment instruction cannot be executed on account of court order / attachment, etc.
 - the bank has reason to believe that the payment instruction is issued to carry out an unlawful transaction
 - the payment instruction cannot be executed under the NEFT System.
- (b) No payment instruction issued by the sender / originator shall be binding on the sending bank until the bank has accepted it. The onus of ensuring credits to the Non Resident External

(NRE) account, comply with the extant Foreign Exchange Management Act (FEMA) Regulations and the Wire Transfer Guidelines rest with the sending bank. The sending bank shall therefore ensure that such remittances are eligible to be credited to NRE accounts in India under the said Act and guidelines. In such cases, the account type number 40 is to be used to enable the beneficiary bank to identify that the funds proposed to be credited to the beneficiaries' account represent foreign inward remittance / eligible to be remitted abroad.

- (c) The sending bank shall not execute a payment instruction without complying with the security procedure.
- (d) If the funds transfer is not complete before end of the particular NEFT batch timing as specified by the customer, the bank shall advise the customer.
- (e) No payment instruction shall be accepted for execution in the NEFT System, if the beneficiary's bank / branch is not a participating bank or institution.
- (f) The sending bank shall be responsible for the accuracy of the transaction as furnished / originated by the sender.
- (g) The sending bank shall not be entitled to bind any other participants in the NEFT System with any "special circumstances" attached to a payment instruction accepted by it.
- (h) The sending bank shall maintain record of all payment instructions executed by it for a period of ten years in terms of instructions issued by RBI under the PSS Act, 2007 on the preservation of information / data / record pertaining to payment system applications.
- (i) The sending bank shall, upon completion of funds transfer of a payment instruction, furnish to the originator on request by him, a duly authenticated record of the transaction.
- (j) The participating banks shall reconcile the transactions on a daily basis with reference to the settlements / settlement details made available by the NEFT centre and the bank account details by RBI, DAD, Mumbai.

(iv) Obligations of the Sending NEFT Service Centre

- (a) The sending NEFT Service Centre shall be responsible for the accuracy of the contents of the NEFT SFMS message and the authenticity of the payment instructions contained therein as received by the NEFT Centre, in compliance with the security procedure.
- (b) The sending NEFT Service Centre of a bank shall be responsible for settlement of all payment obligations in regard to payment instructions executed by the branches of the bank, compliance to the security procedure and adherence to the prescribed time schedules for such settlements.
- (c) The sending NEFT Service Centre shall ensure, before execution of any NEFT SFMS message that the balance in its settlement account is adequate to cover its settlement obligation and ensure that the ceiling, if any, specified for it is not exceeded and the requirement of collateral if specified by the Nodal Department is adequate for execution of the NEFT SFMS message originated by it.

- (d) The sending NEFT Service Centre shall generate, dispatch and maintain records of transaction in accordance with procedure specified.
- (e) The sending bank's Service Centre shall set up a Customer Facilitation Centre (CFC). The CFC shall ensure that complaints received from customers are resolved promptly. It would be the responsibility of the participating banks to ensure that all the transactions originated have been reflected in their account as also the transaction details have been received for all credits received by them in their current account. Such a mechanism would ensure reconciliation of daily batch-wise NEFT outward and inward transactions with that of the final settlement details. Mismatch, if any, shall be investigated and promptly followed up with the NEFT Clearing Centre.

(v) **Obligations of NEFT Clearing Centre**

The NEFT Clearing Centre shall comply with the time schedule, process and sort the SFMS messages bank-wise and after debiting / crediting the settlement accounts with the corresponding value, transmit the NEFT SFMS messages to the respective receiving NEFT Service Centres. The NEFT Clearing Centre shall generate, dispatch and maintain records of transactions. The Clearing Centre shall maintain record of all payment instructions processed by it for a period of ten years in terms of guidelines issued by RBI under the Payment and Settlement Systems Act on preservation of information / data / record pertaining to payment system applications.

(vi) **Obligations of the Receiving NEFT Service Centre**

- (a) The Receiving NEFT Service Centre shall be responsible for receiving NEFT SFMS message from the NEFT Clearing Centre in accordance with procedure and time schedules specified.
- (b) The Receiving NEFT Service Centre shall process the NEFT SFMS message in compliance with the SFMS procedure and sort the payment instructions into branch-wise lots and transmit to the respective branches for execution in accordance with the time schedule. Alternatively, the Receiving NEFT Service Centre may use the Straight Through Processing (STP) interface available in SFMS and upload these NEFT messages to their internal banking solution directly, to afford the credits to the beneficiaries account centrally.
- (c) The Receiving NEFT Service Centre shall generate, dispatch and maintain records of transactions. It would be the responsibility of the participating banks to ensure that all the transactions originated have been reflected in their account as also the transaction details have been received for all credits received by them in their current account. Such a mechanism would ensure reconciliation of daily batch-wise NEFT outward and inward transactions with that of the final settlement details. Mismatch, if any, shall be investigated and promptly followed up with the NEFT Clearing Centre

(vii) **Rights and Obligation of Beneficiary Bank**

- (a) The beneficiary bank shall execute the payment instruction within two hours of batch

settlement (B+2) on the NEFT working day unless it notices one or more of the following deficiencies –

- The beneficiary bank has no such account number as mentioned in the payment instructions.
 - The beneficiary bank is bound by instructions of the beneficiary not to give or receive any credit to the account.
 - No credit could be afforded to the Beneficiary's account for any other reasons.
- (b) The beneficiary bank may reject a payment instruction on one or more of the grounds mentioned above. The beneficiary bank shall return the funds and the reasons for the return as per the NEFT procedure, specified in Paragraph 6 (ix) of these guidelines to the sending bank.
- (c) The beneficiary branches would make payment to the beneficiaries within two hours of batch settlement time by crediting the specified account of the beneficiary or otherwise placing funds at the disposal of the beneficiary. For any delay, beneficiary bank is liable to pay penalty (at the rate **RBI LAF Repo rate plus two per cent**). Payment of penal interest shall be made to customer even if no claim is lodged by the customer to that effect.
- (d) The receiving bank shall maintain the record of all payment instructions received by it for a period of ten years in terms of guidelines issued by RBI under the Payment and Settlement Systems Act on preservation of information / data / record pertaining to payment system applications.
- (e) Banking Ombudsmen under the RBI's Banking Ombudsman Scheme, 2006 will have jurisdiction in case the customers' complaints are not resolved within thirty days.

9. Service Charges

The service charges to be levied by the originating banks would be in terms of the instructions issued from time to time under the framework of charges to be levied by the banks for offering various electronic products. There are no processing charges levied by the NEFT Clearing Centre up to March 31, 2011. The same would be reviewed periodically. The RBI may, if it so desires in future, decide to levy any other charge / fee as also the quantum thereof. Beneficiary Banks would not claim service charge for passing on the credit to the beneficiaries.

10. Dispute Resolution Mechanism

The mechanism for resolution of disputes will be in accordance with the Directive on Dispute Resolution Mechanism issued by RBI and as duly amended from time to time.

11. Amendment to Procedural Guidelines

The Procedural Guidelines can be amended only by RBI. RBI may also, by issuance of a circular, amend the procedure.

Form NEFT-1A

Ref. No.....

Date:

The Regional Director
Reserve Bank of India
Mumbai Regional Office
Shahid Bhagat Singh Marg
Fort, Mumbai – 400 001
Madam / Dear Sir,

Application for participation in NEFT System

Our bank requests Reserve Bank of India's approval for participation in the NEFT System and agrees to abide by the Procedural Guidelines for the NEFT System. Our bank satisfies the eligibility criteria devised in paragraph 5 (i) and Annexure IV of the NEFT Procedural Guidelines and documentary evidence in support of that are attached herewith for your perusal.

In the event of being admitted to the System, we would comply with the technical and operational requirements of the NEFT System and would meet the settlement obligations from our account/s maintained with Reserve Bank of India.

(.....)

Signature with name, designation and seal of the applicant

Place :

Enclosures : As stated above

No. of Core Banking-enabled branches that can participate in NEFT :

Form NEFT-1B

**Reserve Bank of India
Mumbai Regional Office
Shahid Bhagat Singh Marg
Fort, Mumbai – 400 001.**

NEFT System – Letter of Admission

Reference No.

Date :

To

.....

Madam / Dear Sir,

Please refer to your application no..... dated for participation in the NEFT System.

It is advised that your bank has been admitted for participation in the NEFT system with effect from

You are required to comply with the technical and operational requirements as indicated in the Procedural Guidelines for NEFT System and confirm your readiness latest by

(.....)

for Regional Director

Form NEFT-2B

ABCD Bank

Model NEFT Application Form

.....Branch

Date :

I / We wish to transfer a sum of ₹ (Rupees
 Only) to Mr./Mrs./Ms. maintaining SB / CA . CC account no.
 with branch of
 Bank

(IFSC No.) using NEFT facility

**You may transfer the amount as per above details, by debiting my / our account no.
 for the amount of remittance plus your charges.**

Amount ₹ Ps.				Exchange ₹ Ps				Total ₹ Ps			

Entered by

Signature of the Applicant

Checked by

.....

Transaction Reference No.....

Name and address of the applicant

E-mail Id.

Mobile Number

Please specify if the confirmation would be required through e-mail / Mobile SMS:

(Please see the conditions of Transfer overleaf)

(Contd.....)

Conditions for transfer of funds through NEFT

1. I / We have checked the funds transfer instructions / particulars given in the application and I / We shall be liable to compensate the Bank for any loss arising on account of any error in payment order / amendment / cancellation thereto.
2. I / We understand that the messages given after cut-off time will be sent only on the next batch / working day.
3. The transfer is effected for legitimate personal / business needs.
4. I / We shall ensure availability of funds properly applicable to the payment order before execution of the payment order by the bank and understand that if the bank executes the transfer order without properly applicable funds being available in my account, I / We shall be bound to pay to the bank the amount debited to my account together with charges including interest payable to the bank provided the transfer was effected as per my order.
5. I / We understand that in case the payee branch does not have NEFT facility, the funds will be credited back to my / our account as and when it is returned by the beneficiary bank.
6. I / We agree that in the event of any delay in the completion of the funds transfer or any loss on account of error in the execution of the funds transfer pursuant to my / our payment order, the bank's liability shall be limited to the extent of the amount involved in the funds transfer plus interest (at the **RBI LAF Repo rate plus two per cent**) for any period of delay.
7. I / We also agree to abide with all the other terms and conditions contained in the model agreements / application forms or other terms / rules / regulations governing NEFT transactions as enumerated by RBI.

(Signature of the Applicant)

Date :

Eligibility Criteria for Participation in NEFT System

Sl. No.	Category of banks	Access to NEFT
1.	Scheduled Commercial Banks (excluding Regional Rural Banks and Local Area Banks)	Type A Membership of RTGS subject to • CRAR 9% • Net NPAs less than 10% • No default in maintenance of CRR and SLR during the past one year • Net profit in at least one of the preceding two years; and • Minimum net - worth of Rs.50 crore
2.	State Co-operative Banks	Type A Membership of RTGS subject to • No default in maintenance of CRR and SLR during the past one year; and • Minimum net -worth of Rs.50 crore
3.	District Central Co-operative Banks	Type A Membership of RTGS subject to • No default in maintenance of CRR and SLR during the past one year; and • Minimum net - worth of Rs. 50 crore
4.	Regional Rural Banks	Type A Membership of RTGS subject to • No default in maintenance of CRR and SLR during the past one year; and • Minimum net - worth of Rs. 50 crore
5.	Local Area Banks	Type A Membership of RTGS subject to • CRAR 9% • Net NPAs less than 10% • No default in maintenance of CRR and SLR during the past one year • Net profit in at least one of the preceding two years; and • Minimum net - worth of Rs.50 crore
6.	Scheduled Urban Co-operative Banks	Type A Membership of RTGS subject to • CRAR 9% • Net NPAs less than 10% • No default in maintenance of CRR and SLR during the past one year • Net profit in at least one of the preceding two years; and • Minimum net - worth of Rs.50 crore
7.	Non-Scheduled Urban Cooperative Banks	Type A Membership of RTGS subject to • CRAR 9% • Net NPAs less than 10% • No default in maintenance of CRR and SLR during the past one year • Net profit in at least one of the preceding two years; and • Minimum net - worth of Rs.50 crore
8.	Banks in category 1, and 3-7 not complying with the requirements	No access
9.	Unlicensed banks (other than unlicensed State Co-operative Banks and District Central Co-operative Banks)	No access

CHEQUE TRUNCATION SYSTEM

1. Truncation is the process of stopping the flow of the physical cheque issued by a drawer to the drawee branch. The physical instrument will be truncated at some point en-route to the drawee branch and an electronic image of the cheque would be sent to the drawee branch along with the relevant information like the MICR fields, date of presentation, presenting banks etc. Thus with the implementation of cheque truncation, the need to move the physical instruments across branches would not be required, except in exceptional circumstances. This would effectively reduce the time required for payment of cheques, the associated cost of transit and delay in processing, etc., thus speeding up the process of collection or realization of the cheques.
2. Cheque Truncation speeds up collection of cheques and therefore enhances customer service, reduces the scope for clearing related frauds, minimizes cost of collection of cheques, reduces reconciliation problems, eliminates logistics problems etc. With the other major product offering in the form of RTGS, the Reserve Bank created the capability to enable inter-bank payments online real time and facilitate corporate customer payments. The other product, National Electronic Funds Transfer, is an electronic credit transfer system. However, to wish away cheques is simply not possible and that is the reason why the Bank decided to focus on improving the efficiency of the Cheque Clearing Cycle. Cheque Truncation is the alternative. Moreover contrary to perceptions, Cheque Truncation is a more secure system than the current exchange of physical documents in which the cheque moves from one point to another, thus, not only creating delays but inconvenience to the customer in case the instrument is lost in transit or manipulated during the clearing cycle. In addition to operational efficiency, Cheque Truncation has several benefits to the banks and customers which includes introduction of new products, re-engineering the total receipts and payments mechanism of the customers, human resource rationalization, cost effectiveness etc., Cheque Truncation thus is an important efficiency enhancement initiative in the Payments Systems area, undertaken by RBI.
3. The images captured at the presenting bank level would be transmitted to the Clearing House and then to the drawee branches with digital signatures of the presenting bank. Thus each image would carry the digital signature, apart from the physical endorsement of the presenting bank, in a prescribed manner. In order to ensure only images of requisite quality reach the drawee branches, there will be a quality check process at the level of the Capture Systems and the Clearing House Interface. This would ensure only images of requisite quality secured with the digital signatures of the presenting banks reach the drawee branches. In addition, drawers could consider using holograms, barcoding or such other features, which would add to the uniqueness of the images.
4. RBI is proposing to implement the project on a PILOT basis in the National Capital Region (NCR), New Delhi. Based on the experienced gathered, it would consider extending the coverage to other centres. In the process of implementation, banks have been given the freedom to decide the point of truncation. RBI would be installing an interface with its system (CHI) at the service branches of banks, who are members of New-Delhi Bankers Clearing House. Banks have to decide the point of

truncation and have to ensure that the images are digitally signed after their capture. It would flow thereafter to the interface (CHI) provided by RBI, from where the images would flow to the clearing House with the digital signatures of the banks. These digitally signed images would reach the service branches of the drawee branches clearing house interface. The service branches have to ensure that these images are moved across their branches to ensure their processing.

5. RBI's services include system development and installation at the clearing house, interfaces at the bank's end, network, handholding, awareness propagation and training.
6. The CTS project envisages a safe, secured, faster and effective system for clearing of the cheques. In the CTS the presenting bank will capture the data & images of the cheques using their Capture System which is internal to them. They have to meet the specifications and standards prescribed for data and images. To ensure security, safety and non-repudiation the PKI (Public Key Infrastructure) is being implemented across the system. The banks will send the captured images and data to the central clearing house for onward transmission to the payee/drawee banks. For that purpose RBI will be providing the banks software called the Clearing House Interface (CHI) that will enable them to connect and transmit data in a secure way and with non-repudiation to the Clearing House (CH). The Clearing House will process the data and arrive at the settlement figure for the banks and send the required data to payee/drawee banks for processing at their end. The drawee/payee banks will use the same CHI mentioned earlier for receiving the data and images from the Clearing House. It will be the responsibility of the drawee bank Capture System to process the inward data and images and generate the return file for unpaid instruments.
7. The criteria for banks participating in the Cheque truncation system are:
 - i. Membership of the clearing house in the NCR.
 - ii. Membership of the Indian Financial Network (INFINET)
8. In respect of banks who are not members of the INFINET, the following alternatives are available
 - (a) They may become the sub-members of the direct members or
 - (b) Such banks may use the infrastructure of the other banks having INFINET membership without being the INFINET members themselves and their clearing settlement can be done either directly or through the member through whom they are participating.
9. The infrastructure required for CTS from bank's end are connectivity from the bank gateway to the clearing house, hardware and software for the CTS applications. RBI shall be providing member banks with the CHI and the banks have to procure other hardware and system software for the CHI and the application software for their capture systems on their own. The hardware requirement is based on the volume of the cheques processed by the banks. Based on the volume the CHI is categorized into four types and the hardware requirement is different for each category. The band width requirement for each bank is calculated based a number of factors like the peak inward and outward volume of the bank, average size of an image, efficiency factor of the network etc. In addition to that future requirement have been taken into consideration for calculating the band with requirement.

10. Imaging of cheques can be based on various technology options. The cheque images can be black and white, Grey Scale or coloured. Black and White images do not reveal all the subtle features that are there in the cheques. Coloured Images increase storage and network bandwidth requirements. So it was decided that the electronic images of truncated cheques will be in grey scale technology. There will be three images of the cheques i.e. front grey, front black & white and back black & white which will be made available to member banks. The image specifications are:
- Image Type Minimum DPI Format Compression
 - Front Grey Scale 100 DPI JFIF JPEG
 - Front Black & White 200 DPI TIFF CCITT G4
 - Reverse Black & White 200 DPI TIFF CCITT G4
 - The image quality of the Grey Scale image shall be 8 bits/pixel (256 levels).
11. Scanners also function like photo-copiers by reflecting the light passed through narrow passage on to the document. Tiny sensors measure the reflection from each point along the strip of light. Reflectance measurements of each dot is called pixel. Images are classified as black and white, grey-scale or colour based on how the pixels are converted into digital values. For getting a grey scale image the pixels are mapped onto a range of grey shades between black and white. The entire image of the original document gets mapped as some shade of grey, lighter or darker, depending on the colour of the source. In the case of black and white images, such mapping is made only to two colours based on the range of values of contrasts. A black and white image is also called a binary image
12. As the payments will be made on the basis of the images, it is essential to ensure the quality of the images. For that purpose the solution proposes Image Quality Audit (IQA) at different level. RBI will be specifying the image standards to the member banks. The presenting bank is required to perform the quality audit during the capture itself. Further quality audit will be done at the gateway before onward transmission to clearing house. Further the drawee bank can ask for the physical instrument if it is not satisfied that the image quality is not good enough for payment processing.
13. The security, integrity, non-repudiation and authenticity of the data and image transmitted from the paying bank to payee bank will be ensured using the Public Key Infrastructure (PKI). The CTS is compliant to the requirement of the IT Act, 2000. It has been made mandatory for the presenting bank to sign the image & data from the point of origin itself. The image and data are secured using the PKI throughout the entire cycle covering capture system, the presenting bank, the clearing house and the drawee bank. The PKI standards used are in accordance with the appropriate Indian acts and practices of IDRBT which is the certifying authority for banks & financial institutions in India. The standards defined for the PKI are as followed:
- ☆ hash algorithm SHA-1
 - ☆ padding algorithm pkcs#1
 - ☆ RSA asymmetric encryption with 1024 bit key length
 - ☆ Triple DES (3DES, TDES) symmetric encryption with 168 bit key length
 - ☆ Certificates in x.509v3 format

14. All the local cheques can be presented in the CTS. Banks may also present cheques on banks situated outside the NCR, but such banks have branches in the NCR region. The CTS also supports the intercity clearing and specialized clearing like high value clearing etc. The on-us instruments where both presenting and drawee banks are same are not allowed in the CTS. Images of such instruments would be stopped at the Clearing House Interface itself.
15. Bank customers should use image friendly cheques. They should preferably use dark coloured ink while drawing the instruments. Care should be exercised in the use of rubber stamp, so that it would not interfere with the material portions of the cheque. The date of the cheque, payees name, amount and signature are the basic features which are essential in a cheque. The use of rubber stamps, etc., should not overshadow the clear appearance of these basic features in image. In order to ensure that all essential elements of a cheque are captured in an image during the scanning process, bank customers have to exercise appropriate care in this regard.
16. There will be no change in the clearing process. Customers would continue to use cheques as at present, except in the use of image friendly coloured ink for making the instruments. Of course, such of those customers, who used to receive the paid instruments, like Government Departments, would only receive cheque images instead of the physical instruments. This will also facilitate in better processing at their end, as they will be able to access online images in addition to the data. As the images are going to be moved across, the time taken for the receipt of paid instruments at their end could be reduced so that better and timely control could be exercised over payments. This will also give an early opportunity to the drawers or issuers of cheques to detect frauds or alterations in their cheques. It is also possible for cheque issuers to consider newer techniques such as embedded verifiable features such as bar-codes or logos or watermarks, encrypted codes, holograms, etc., which would facilitate early interception of altered/forged instruments.
17. The cheques presented by customers, today, are sent to the clearing house at the drawee centres by the beneficiaries. bank. The cheques at the bigger cities, in view of the large volume of paper instruments, are subjected encoding and then to mechanical sorting and thereafter reach the drawee branches. As per the existing banking practice, these instruments received at the counters of the drawee branches are paid or returned by them. The returned instruments are passed on to the presenting customers through the process of a return clearing. Only after the return clearing process gets over, banks release the credit to the customers. The beneficiaries. Account gets credited on the same day on which the drawee's account gets debited; however, the beneficiary is permitted to use the proceeds only after the return clearing process. With the introduction of the imaging and truncation, the physical movement of instruments would be stopped and the electronic movement of images of cheques would speed up the process of settlements and ultimately alter the clearing cycles. The clearing cycle could be shortened and it would be possible for customers to realize the proceeds of cheques early. Thus cheque truncation would reduce effectively the time of float, i.e. time from the point of issue of cheque to the point of time the actual debit takes place. In case such clearing is introduced across the cities, it would ensure the realisation of inter-city instruments faster thus ensuring early availability of funds to beneficiaries. Thus the benefits could be summarized as:

- a. Faster clearing cycle;
 - b. Better reconciliation/verification process
 - c. Better Customer Service - Enhanced Customer Window
 - d. T+0 for Local Clearing and T + 1 for inter-city clearing.
 - e. Elimination of Float - Incentive to shift to Credit Push payments.
 - f. The jurisdiction of Clearing House can be extended to the entire country- No Geographical Dependence
 - g. Operational Efficiency will benefit the bottom lines of banks – Local Clearing activity is a high cost no revenue activity.
 - h. Minimises Transaction Costs.
 - i. Reduces operational risk by securing the transmission route.
18. Under CTS, after the capture of the image, the physical cheque would be warehoused with the presenting bank. In case the beneficiary or any other connected persons require the instrument, the payee bank could issue a copy of the image, under its authentication, which is called Image Replacement document. It is a legally recognized replacement of the original cheque for re-presentation. The provisions of NI act (Section 81(3) of the NI Act as amended) also permit the usage of such IRD.
19. The physical instruments are required to be stored for a statutory period. It would be obligatory for presenting bank to warehouse the physical instruments for that statutory period. In case a customer desires to get a paper instrument back, the instrument can be sourced from the presenting bank through the drawee bank.

★ ★ ★

Automated Teller Machine (ATM)

Q. 1. What is an Automated Teller Machine (ATM)?

Ans. Automated Teller Machine is a computerised machine that provides the customers of banks the facility of accessing their accounts for dispensing cash and to carry out other financial transactions without the need of actually visiting a bank branch.

Q. 2. What type of cards can be used at an ATM?

Ans. The ATM cards/debit cards, credit cards and prepaid cards(that permit cash withdrawal) can be used at ATMs for various transactions.

Q. 3. What are the services/facilities available at ATMs?

Ans. In addition to cash dispensing ATMs may have many services/facilities such as:

- Account information
- Cash Deposit
- Regular bills payment
- Purchase of Re-load Vouchers for Mobiles
- Mini/Short Statement
- Loan account enquiry etc.

The services offered may vary from bank to bank, or may depend on the capacity of the machine to provide such services.

Q.4. How can one transact at an ATM ?

Ans. For transacting at an ATM, the customer insert (swipe) their card in the ATM and enter their Personal Identification Number (PIN).

Q.5. Can these cards be used at any bank ATM in the country ?

Ans. Yes. The cards issued by banks in India should be enabled for use at any bank ATM within India.

Q.6. What is a Personal Identification Number (PIN) ?

Ans. PIN is the numeric password for use at the ATM. The PIN is separately mailed/handed over to the customer by the bank while issuing the card. This PIN has to be reset to a new PIN by the customer. Most banks force the customers to change the PIN on the first use. The PIN number should not be written the card, card holder etc. as in such cases the card can be misused if card is lost/stolen.

Q. 7. What should one do if he forgets PIN or the card is sucked in by the ATM ?

Ans. The customer may contact the card issuing bank branch and apply for retrieval/issuance of a new card. This procedure is applicable even if the card is sucked in at another bank's ATM.

Q. 8. What should be done if the card is lost/stolen ?

Ans. The customer may contact the card issuing bank immediately on noticing the loss so as to enable the bank to block such cards.

Q. 9. Is there any minimum and maximum cash withdrawal limit per day ?

Ans. Yes, banks set limit for cash withdrawal by customers. The cash withdrawal limit for use at the ATM of the issuing bank is set by the bank during the issuance of the card. This limit is displayed at the respective ATM locations. For cash withdrawals at other bank ATMs, banks have decided to maintain a limit of Rs 10,000/- per transaction. This information is displayed at the ATM location.

Q.10 Do banks levy any service charge for use of other bank ATMs ?

Ans. No charges are payable for using other banks' ATM for cash withdrawal and balance enquiry, as RBI has made it free under its "Free ATM access policy" since April 01, 2009. But banks can restrict the number of such free transactions to a maximum of five per month. For transactions beyond this minimum number of transaction, banks charge maximum of Rs 20/- per transaction.

Q.11 What should be done in case during the cash withdrawal process, cash is not disbursed by the account gets debited for the amount ?

Ans. The customer may lodge a complaint with the card issuing bank. This process is applicable even if the transaction was carried out at another banks ATM.

Q.12 How many days maximum would the bank require to re-credit the account for such wrong debits ?

Ans. As per the RBI instructions, banks may re-credit such wrongly debited amounts within a maximum period of 12 working days.

Q.13 Are the customers eligible for compensation for delays beyond 12 working days ?

Ans. Yes. Effective from July 17, 2009, banks shall have to pay customers Rs 100/- per day for delays beyond 12 working days. This shall have to be credited to the account of the customer without any claim being made by the customer.

Q.14 In case the compensation is not credited as mandated, what recourse does the customer have ?

Ans. For all such complaints customer may lodge a complaint with the local Banking Ombudsman if the bank does not respond.

★ ★ ★

CHAPTER – 20
CASH MANAGEMENT

1. General:

- a. Cash Management System is the main important system in a Bank / Branch to ensure smooth functioning of the Branch / Bank. The Cash, must be kept in a fire proof safe in the Strong Room in the joint custody of the Head Cashier / Cashier and an authorised Supervising Official, who will be the Manager / Accountant to perform this duty.
- b. Since Cash is the most liquid asset, adequate care should be adopted while handling Cash. All the cash dealings like withdrawal or deposit in the cash safe / strong room should be done by Joint Custody only by the Cashier / Authorised Officers of the Bank.
- c. Managers should see that no member of staff other than the Cashier / Teller receives money over the counter from depositors. Notices to this effect should be prominently displayed in English and also the regional language in two places, one near the cash department and the other near the entrance.
- d. Notice in respect of branches where there are no 'Teller' counters may be as follows:
 - i. The customers are requested to remit cash only at the Cash counter provided in the Bank. No receipt for cash tendered will be recognised by the Bank unless it is signed by The Cashier and countersigned by the Manager or duly authorised officer of the Bank.
 - ii. The customers are also advised to be present till the counting of cash by the Cashier is over and found by him to be in order.
 - iii. The Customers are requested to count the cash received from the cashier before leaving the cash counter.
- e. Notice in respect of branches having 'Teller' counters may be as follows:
 - i. The customers are requested to remit cash only at the cash counter provided in the Bank and to a Cashier or Teller.

No receipt for cash tendered will be recognised by the Bank unless

 - it is signed by the Teller if the cash is tendered at Teller Counter

or

 - if tendered at Cash Counter it is signed by the Cashier and countersigned by Manager or duly authorised officer of the Bank.
 - ii. The customers are also advised to be present till the counting of the cash by the Cashier is over and found by him to be in order. The Teller is authorised to receive cash upto Rs. (Rupees..... as fixed by the bank from time to time) for deposit into Savings Bank Account only.

- iii. The customers are requested to count the cash received from the cashier / teller before leaving the cash counter.

2. Strong Room / Safe:

- a. The Safe and the Strong Room must be with double lock & key under the Joint Custody of the Head Cashier / Cashier and the Supervising Official in charge of cash. Both officials must be present when the Strong Room / Safe is opened and as far as possible, all receptacles in the Strong Room which are used for storing Cash and Currency Chest balances must also be with double lock & key under Joint custody of the Head Cashier / Cashier and the Supervising Official, with the exception of the receptacle used for the Head Cashier's / Cashier's hand balance which should be under his single custody. It must be ensured that the locking mechanism of all receptacle are always in good working condition and that the doors of all cupboards etc. are securely fastened before being locked.
- b. Separate arrangements in the Safe / Strong Room should be made to accommodate the currency denomination wise.
- c. If currency chest arrangements are available with the Bank, the instructions / guidelines provided by RBI in this regard must be scrupulously followed.
- d. Currency chest, if necessary, can be provided in the Bank as per the Guidelines issued by RBI for infrastructure and for other operations including engagement of Human Resources.

3. Functional duties and responsibilities of Personnel in Cash Department:

a. Cash Receipts:

i. Receiving Cashier:

Receives the pay-in-slips / remittance Pay-In-Slips / vouchers from the customers and verifies the following:

- date - whether correct date has been written
- account number
- name of the account holder
- amount in words & figures - must agree
- signature of the remitter on the voucher
- denominations
- place on which DD is required for purchase of DD
- name of the beneficiary

Having satisfied himself about the above details / particulars, the Cashier proceeds as follows:

- allots fresh serial number for the day in the “Cash Register “ to record all the remittances received that day,
- notes down the same serial number at the Right Top Corner of the office copy of the pay-in-slip as and when remittance is received and circles the serial number,- records the following in “Cash Register”
 - Sl. No.
 - Account number
 - Name of the account holder
 - DD on
 - For FD/CC
 - Loan Account No..... Principal
 - Loan Account No..... Interest
 - Amount.
- Verifies and satisfies himself that all the above mentioned particulars have been duly & correctly filled in all the copies of the pay-in-slips / remittance voucher and ensures that:
 - cash is received as per denomination noted by the remitter in the Pay-in-slip, and
 - the same is duly recorded in his “Cash Register”
 - affixes then the “CASH RECEIVED” rubber stamp on all the copies of the remittance voucher with date,
- signs all the “Copies of the cash remittance voucher / pay-in-slip, and
 - sends the voucher (with the Pass Book - if submitted by the remitter) to the Passing Officer.
 - the cash received has been safely kept till handed over to “Payment Cashier” after closure of business hours for amalgamation and to arrive at day’s closing cash balance.
- Exercises due care to prevent the acceptance of counterfeit notes with the help of gadgets such as ultra violet lamps, provided by the bank- Makes good the losses to the bank arising out of the acceptance of counterfeit notes.
- Cashier should never leave his cabin; should there be any need, could do so after securing the cabin properly.

ii. Passing Officer (Cash Receipts):

- The Passing Officer maintains the “Cash Receipt Scroll”, receives the pay-in-slips/ remittance Pay-In-Slip or vouchers from the Receipt Cashier, and records the account details found in the Pay-In-Slip
- He verifies whether the pay-in-slip bears correct date and also the “Cash Received Stamp” with correct date.
- Passes all the copies of the remittance voucher.
- Releases the customer’s copy to the remitter together with the Pass Book in relevant cases.
- Passes on the office copy of the remittance voucher to the concerned section.

b. Cash Payments:

i. Paying Cashier:

- opens the Cash Safe (Strong Room) along with the joint custodian (who will be either the Branch Manager or another officer of the Branch) before commencement of business for the day:
- withdraws additional cash if required based on anticipated requirements for the day, after taking necessary entries in the Cash Reserve Register.
- Payments to customers after verifying the correctness of the payment instruments.
- Notes the paid denominations on the reverse of the instruments.
- Ensures that cash at counter is within the cash retention limit fixed for the Branch.
- Arranges the physical cash denomination wise in packets and places them in Box.
- Tallies the closing cash with that exhibited in the cash payment register.
- Should exercise adequate care while handling cash (such as detecting forgery notes).
- The withdrawals, deposits and the balance in the cash reserve register should be authenticated by the authorized officer who is the Joint custodian of Cash.

Note: The banking institutions, while bundling the currency notes into packs, have been all along following the practice of stapling / stitching. This practice has been withdrawn and revised directions were issued by the Reserve Bank of India. vide their circular No. DBOD No.DIR.BC.42/ 13.03.00/ 2001-02 dated 7th November, 2001.

ii. Passing Officer (Cash Payments):

- Scrutinises the instrument for the correctness as to:
 - the instrument is in order, with no material alterations.
 - ensures that material alterations, if any, are authenticated with full signature of the drawer.
 - it bears ante date or current date (not being stale),

- it is a bearer instrument,
- payees name filled.
- amount in words & figures agree,
- drawer has signed and the signature agrees with the specimen available on bank records,
- the instrument has been posted in the ledger and the assistant has issued a “token” to the customer and the token number has been noted on the instrument, and
- the receiver has signed on the reverse of the instrument with date.
 - Checks the ledger while passing the instrument.
 - Ensures while handling the ‘Inward Clearing Cheques’ that :
 - the cheques are drawn on his branch,
 - proper endorsement is made on the reverse of the cheque if his branch is in Non-MICR Centre.
 - Satisfies himself that the Cheque / DD is in order and payment is in due course and without negligence as required by the NI Act.

4. Cash Balance of the Bank:

Every Branch / Bank shall maintain cash that is required for the day – to – day transactions. The cash Balance that may be required for day – to – day transactions is worked out by taking the average of daily cash receipts and cash payments and the closing cash balances in safe for 6 months and this limit is known as the cash retention limit. As far as possible, the Branch / Bank should maintain daily cash balances not exceeding the cash retention limit fixed for the Branch / Bank. In case if the cash balance at the end of the day exceeded the cash retention limit, the excess may be transferred to HO/ Currency chest / RBI. In case if the cash balance at the end of the day is well below the cash retention limit then the shortfall in the cash requirements may be collected from the HO/Currency Chest/RBI, the following working day.

- a. The bulk of the Cash Balance should always be in the Strong Room / Safe under joint custody, while the remainder (Cashier’s Hand Balance) which will be kept as low as conveniently possible, will be left with the Head Cashier / Cashier during the day for the day’s transactions.
- b. Every Branch shall maintain the following Registers:
 - i. Cash Receipts and Payments Scroll Register.
 - ii. Cash Reserve Register / Vault Register.
 - iii. Cash Abstract.
- c. The amounts of all notes and coins withdrawn from, or deposited in, the joint custody portion of the bank’s Cash Balance (i.e. excluding the Head Cashier’s / Cashier’s hand balance) will be entered immediately in the Cash Reserve Register / Vault Register under the initials of the joint

custodians. The Vault Register must always remain in the Strong Room. The withdrawals and deposits and the cash balance at the end of the day will be entered in this register. The entries checked and the balances initialled by Head Cashier / Cashier and the Supervising Official.

- d. Denomination wise currency notes and coins should be recorded in the Cash Abstract after close of business at the end of the day. The entire cash balance is to be thoroughly checked by the cashier / Branch Manager or authorized officer before depositing the same in the safe under Joint Custody. The cash abstract and cash reserve register should be signed by the cashier and the Branch Manager / authorized officer and kept in the safe at the end of the day. A specimen of the “Certificate of Cash Balance” is given in the **Annexure – 1** to this Chapter.
- e. The Branch Manager / authorized officer should physically count and verify all the currency notes and coins, denomination wise. In case of coins in bulk quantity, the Branch Manager / authorized officer shall weigh the bags containing the coins after ensuring that the contents in the bag are genuine coins.
- f. After the closing cash is checked by the Authorized Officer/ Manager, he must ensure that the notes and coins held in the Head Cashier’s / Cashier’s Hand Balance are kept in the Cash Box and locked in his presence.
- g. He should also accompany the Head Cashier / Cashier to the Safe Room when the Cash Box is kept under joint custody.
- h. Before the safe is closed, the Manager / authorized officer, Head Cashier and the Cashier should check the bundles kept in the vault and verify the same with the ‘Vault Register’/ Cash Reserve Register.
- i. The Cash Balance in the Branch / Bank shall be subjected to periodical verification by Senior Officers / Executives of the Bank once in a quarter.

5. Shortage or Excess in cash:

- i. Any shortage in the Cash Balance should be recovered the same day from the Head Cashier / Cashier, who will in turn recover it from the concerned employee of the Cash Department.
- ii. Failing recovery on the same day, the amount of shortage should be debited to the Suspense Account taking the signatures of the members responsible for the shortage on the reverse of the voucher under report to the Central Office and adjusted on recovery from the concerned members.
- iii. Head Cashier/Cashier is responsible for any shortage either in Hand or Vault Cash Balance. In case of any shortage in any book of notes, the Cashiers who have signed the Denomination Slips, will be responsible for the shortage.
- iv. Any excess in the Cash Balance must be credited to Sundry Creditors Account and Steps to be taken to rectify the defect.
- v. Items which have been lying unclaimed for more than six months in the Sundry Creditor’s account will be transferred to Central Office.

6. Remittance of Cash:

- i. Physical cash remittances to branches outside the town should be under taken only if transfers cannot be effected through the State Bank of India or any Nationalised Bank.
- ii. Under no circumstances should cash be allowed to be carried without an escort.
- iii. Cash remittances should always be entrusted to a secured employee who should be accompanied by a reliable and experienced member of the subordinate staff, preferably the guard, if any.
- iv. Night journeys and unusual halts at junctions should be avoided.
- v. Where the branch has a motor car or van of its own, the remittance box should always be conveyed in the car or van.
- vi. The box should be securely chained and locked to a staple or other fixed object in the car/van/ bus/cart or train by which the remittance is carried.
- vii. A Register in the following format should be maintained to record all cash remittances to and from local branches and other branches. There should be separate sections in this register for Outward and Inward Remittances with columns as under:

SPECIMEN OF OUTWARD REMITTANCE: REGISTER

Date	To whom sent	Through whom	Amount Manager/ Cashier	Initials of	Initials of Manager with date in token of his having verified the receipt of the remittance at the other end

SPECIMEN OF INWARD REMITTANCE: REGISTER

Date	From whom sent	Through whom	Cheque No. if drawn on Bank's Account	Amount	Initials of Manager	Initials of Cashier with date for receipt of the remittance

7. Insurance:

- a. Insuring the cash in transit / safe shall be carried out as follows:
 - i. All cash remittances in transit are covered under the Blanket Insurance Policy obtained by the Bank.

- ii. It must be ensured that the maximum limit laid down therein for any one carriage is not exceeded under any circumstances.
- iii. Cash in safe and on the cash counter for day – to – day transaction should be insured as directed by Central Office from time to time, based on the cash retention limit.
- iv. Care should be taken particularly in the case of cash on the counter to ensure any excess over the insured amount is placed immediately inside the safe under joint custody.

8. Object and Advantages of maintaining Currency Chest:

- a. The object of maintaining Currency Chests at branches is explained in ‘Treasury Rules’ (Part XIV, Chapter 1, para 10 and 11).
- b. Advantages of maintaining a Currency Chest are:
 - i. The branch maintaining a Currency Chest will be able to withdraw from it funds according to its requirements, when on any day its payments exceed its own Cash Balances or to deposit into it any funds received by it which are in excess of its day-to-day requirements/ retention limit fixed.
 - ii. The Currency Chest in fact serves as the basis for the provision of remittance facilities to Government, banks and the public.
 - iii. The Chest also enables the public to exchange their notes into those of higher or lower denominations or to obtain fresh notes for replacing soiled notes which are unfit for reissue.

(Note: Managers must see that the Currency Chests at their branches (if there is one) hold Sufficient balances in all denominations to meet all probable requirements. They should inform Central Office whenever they need a supply of notes or coin for the Currency Chest(vide para 62 (2) of Chapter III and para 86 of Chapter IV, Part XIV of the ‘Treasury Rules’) and also whenever they wish to have excess notes or coin removed.)

9. Operation of Currency Chest:

- a. The rules for operating a Currency Chest shall be as follows:
 - i. The rules for operations on Currency Chest are set forth in para 14, Chapter-II. Part XIV of the ‘Treasury Rules’.
- b. In addition, the following points also require careful attention of the Bankers in this regard:
 - i. There is no restriction on the number and amount of withdrawals or deposits per day. Before the branch opens for business, the Officer-Cashier will enter in the ‘Currency Chest Jotting Book’ the requirements of cash to be withdrawn from the Currency Chest.
 - ii. The Strong Rooms must at all times be with double lock under Joint Custody of the Officer-Cashier and the Manager / authorized office or the Supervising Official jointly. Both officials must be present when any Strong Room is opened / operated.

- iii. The amounts of all notes withdrawn from, or deposited in the 'Currency Chest' will be entered immediately in the 'Vault Register' under the initials of the joint custodians. The 'Currency Chest Vault Register' will serve as the primary check on the deposits and withdrawals made and must always remain in the Strong Room. Withdrawals made for the purpose of examination must also be entered in the Vault Register in the same manner as other withdrawals.
- iv. After the day's transactions are closed and the individual Cashiers have tallied their Cash balances, cash intended for deposit into the Currency Chest will be properly packed and entered in the 'Currency Chest Jotting Book' and deposited in the currency chest. The net amount of deposit or withdrawal is arrived from the 'Currency Chest Jotting Book' and the net amount is credited / debited to the Reserve Bank of India Account maintained at the main Link Branch under advice to RBI.
- v. In view of the free currency transfer facility available, the branch Cash Balance must be kept to the minimum possible and would comprise of loose notes which could not be made up of a pack of 100 pieces each called a section for deposit in the Currency chest.
- vi. Notes of the same denomination are stitched together into packs of one hundred pieces each. A covering slip with Bank's logo and denomination of the currency notes with full signature of the cashier and the authorized officer who physically counted the notes is to be attached to each section. Every ten such sections are tied up into a bundle of one thousand pieces. All sections of notes will have to bear the Bank's round stamp.
- vii. In the case of new notes received from the Security Printing Press through the Reserve Bank, it would be sufficient if the verifying Cashier affixes his dated signature in ink in the bank's round stamp affixed on the covering slip.
- viii. Before taking notes in joint custody and depositing them in the Currency Chest, both officials in joint charge will personally count all notes of denominations.
- ix. The Currency Chest Book will be kept in duplicate, one copy being retained in the Strong Room and the other by the Officer-Cashier. Each day a transaction of the Currency Chest takes place, the copy lying in possession of the Officer-Cashier will be written up and balanced and will then be checked and initialled by him and the Supervising official in joint charge. It will then be substituted for the copy in the Strong Room which will be taken out, brought up to date, checked and initialled by both of them.

10. Remittances of Treasury on Reserve Bank of India Account:

- i. The rules regarding remittances on Reserve Bank of India Account are set forth in part XI of the 'Treasury Rules'. Managers and other Supervising Officials must see that the rules are strictly followed at all times to ensure that under no circumstances would it be possible for the bank to be held responsible for losses due to non-observance of some rules. In order to ensure the same following steps must be ensured:

- i. All remittance from the Currency Chest will be effected under instructions from or with the prior approval of the Currency Officer and instructions contained in paragraphs 18 to 37 regarding the receipt and despatch of currency remittances contained in the 'Memorandum on the Procedure to be followed in connection with the opening of Currency Chests by Nationalised Banks' laid down by RBI must be strictly complied. Managers will also ensure that Cashiers deputed to accompany remittances are fully aware of their duties and responsibilities under the rules.
- ii. When despatching remittances, Managers will give timely notice to the consignees and must see that all remittances are promptly acknowledged by them.
- iii. Every box of notes and coins required to be accompanied by a Bank Cashier must be packed in his presence and he must sign the 'Contents memo' placed inside the box after satisfying himself, prima facie, of the contents.
- iv. Remittances received must be acknowledged and taken into account on the day of receipt and should be examined the same day. If there is any deficiency or other irregularity, such as mismatched or forged notes or spurious coin, the amount should, as a rule, be recovered from the Cashier accompanying the remittance under advice to the remittance office.
- v. All expenses incurred in connection with remittances on Reserve Bank of India account should be debited to suspense account through the prescribed format as given in the **Annexure - 1** in this chapter and claimed from that bank through Central Office in the following manner:—Advances for meeting expenses connected with the receipt and despatch of remittances will be given to the Head Cashier / Cashier by debit to suspense account and the amounts must be kept by him separate from other moneys in his hands, such as advances for Petty cash etc.
 - All advances, expenses and recoveries will be recorded in 'Remittance Expenses Book' to be maintained by the Head Cashier / Cashier wherein a separate account should be kept for each remittance. All entries in the book will be initialled by the head Cashier / Cashier and the Manager or Accountant. The balance on hand will be verified once a month by a Supervising Official.
 - When a claim in respect of a remittance is submitted to the Reserve Bank of India through Central Office, the outstanding amount in Suspense Account relating to the remittance should be adjusted by debiting Suspense account with the actual amount of expenses incurred and refunding the balance, if any, in cash to Suspense Account. This debit will be adjusted when payment of the relative claim is received from the Reserve Bank of India.
 - Remittances made from the Bank's Cash Balance at one office to the Cash Balance at another office (e.g. Consignments of uncurrent coin for transmission to the Mint) will

be debited to the receiving office and credited to the remitting office through Central Office account. No vouchers will be passed to debit or credit of Government a/c.

- Other remittances received into or despatched from the Bank's Cash Balance, will be credited or debited to the State Government Account if the remittance is from or to a place within the State and to the Central Government Account.

11. Cash Verification Certificate:

- a. Branches will submit to Central Office a certificate of their cash & Currency Chest balances at the close of business on the last working day of the month. A specimen of the format for the purpose is given in **Annexure – 2** to this Chapter.
- b. At branches where the Managers are not in charge of cash, they will verify the Bank Cash and Currency Chest balances, if any held by the branch, at intervals to be stipulated by Central Office.
- c. In large branches the verification may be performed by the accountant or other senior official who himself is not in joint charge of the cash. In other cases Central Office will depute officials from elsewhere to verify the balances at intervals.
- d. The verification will be carried out in accordance with the directions issued by the HO.
At the time of such verification, the verifying official will also check:
 - i. articles in safe deposit,
 - ii. foreign currency notes,
 - iii. travellers cheques (rupee and other currencies),
 - iv. gift cheques
 - v. Cheque Books / DD/ PO Books / Deposit Receipts.
 - vi. any other bearer securities. When the post of the Supervising Official in joint charge of the cash changes hands or a Branch Manager is permanently relieved the official taking over will carry out the verifications as above.
- f. On the occasion of every verification, the verifying official should submit to Central Office a 'Cash Verification Report'. A specimen of 'Cash Verification Report' is given in the **Annexure – 3** to this Chapter .
- g. Whenever the post of a Head Cashier / Cashier changes hands, the outgoing and the incoming officials will sign a certificate for record at Central Office. This regards to taking over and handing over joint charge of Bank's Cash / Currency Chest as well as gold ornaments under lien to the Bank
- h. Both Head Cashiers / Cashiers should be required to sign the Cash Balance Book, the Currency Chest Book on the date of relief. The incoming official will also initial against the individual items in the gold loan ledgers.

- i. The Reserve Bank of India has the right to depute its own officers to verify the Currency Chest balances at branches.
- j. A certified statement of the total notes and coin held in the Currency Chest as on the 30th June has to be submitted annually to the currency Officer.

12. Custody of Keys:

- a. Particulars of all important keys, including those of the Head Cashier / Cashier, must be entered in the Key Register . The Register should show what originals and duplicates exist and where they are to be found and must be initialled by every incoming Manager.
- b. Any slackness in the observance of these instructions for verification should be strongly impressed on officials, particularly those responsible for the safe custody of cash, gold ornaments, securities and other valuables.
- c. Subordinate employees or other unauthorized persons must never be allowed to handle the keys of the Strong Room and safes for any purpose whatsoever. Should this by any chance occur, the circumstances must be immediately reported to Central Office/Regional Manager so that necessary steps may be taken to safeguard the Bank's interest.
- d. In case of safes previously handled by unauthorised officials, the Manager must arrange with Central office for the wards of the locks thereof to be changed.
- e. Great care must be taken with all locks and keys. Any important key showing signs of serious wear should be sent to Central Office in sealed packet, registered and adequately insured in order that a new key may be made and the duplicate can be used in the meanwhile.
- f. No important key may be made and no repairs to important locks be carried out by local mechanics without the prior permission of Central Office / Regional Manager.
- g. All local repairs, if permitted, must be carried out under the personal supervision of the Manager and the Head Cashier / Cashier if he has joint control over the Strong Room door or Safe under repair.

13. Duplicate Keys :

- a. The Banks must follow the instructions as mentioned below with regard to the Duplicate Keys:
 - i. The officials holding the keys of the Strong Room / Safe Room and Safes / Cupboards containing cash, gold ornaments under pledge to the Bank and other securities, will pack their duplicate keys individually in a strong cloth lined envelope which will be sealed by them with their own personal seals. Before they are packed the keys must be greased and labelled (the label indicating the lock to which the key relates and the designation of the official who holds the original).

- ii. The sealed packets must be placed in a strong wooden or tin box locked or otherwise secured and wrapped in water-proof cloth.
- iii. It must then be sealed in the presence of the officials concerned and the sealed box will be labelled with the name of the branch and should bear a docket reading as under:
“This packet contains duplicate keys of Branch of the Bank and is deliverable against the joint signature of the Manager or authorized officer and Cashier of the branch for the time being”.
- iv. It should be signed by the Manager / Cashier and authorized officer whose keys are deposited therein. These instructions should also be conveyed to the branch of the Bank holding the box in safe custody by means of a letter signed by all the officials holding the keys.
- v. The box should be deposited with the nearest branch of the Bank at place where the bank has more than one branch. If the bank does not have another branch locally, it must be deposited with the local branch of the State Bank of India.
- vi. In all cases, the relative safe deposit receipt will be entered in the Branch documents Register and kept in the personal custody of the Manager in his personal safe or cabinet. Under no circumstances should the receipt be kept in any other safe, the duplicate key of which is held in safe custody with another branch or bank, as in the event of the loss of the original key or keys, the duplicates may not be available without the production of the safe custody receipt.
- vii. Duplicate keys must be withdrawn from safe deposit at every inspection of the branch and whenever there is a change of Manger, Head Cashier/Cashier or authorised Official, jointly in charge of cash.
- viii. The reason for and the duration of their withdrawal will be recorded in the key Register.
- ix. The box must be opened by the Manager, in the presence of the Cashier and the authorised Official, who should themselves break the seals on the parcels containing their keys.
- x. When the keys have been examined and tested, they will, unless they are more worn than the originals, be taken into use and the originals deposited in the box in accordance with the instructions of the bank, otherwise the duplicates may be re-deposited.
- xi. The fact of withdrawal and re-deposit of duplicate keys must be advised to Central office, unless such operation was made in connection with the inspection of the branch.
- xii. If it is not received back promptly, a reminder must be sent and Central Office informed. When the box is held by another branch the dates of its withdrawal and re-deposit should also be advised to Central Office by that branch.
- xiii. The packet should be returned to safe deposit the same day and in the event of delay, adequate precautions should be taken for its safe keeping until its despatch the following day and the fact should be reported to Central Office.

14. Bank Guards:

- a. The branches at which police guards are stationed, Managers will arrange with the local police authorities for definite orders to be issued to the guards regarding their duties and responsibilities. Where the Bank's own guards are employed, orders will be drawn up by the Managers themselves. In all cases a copy of the orders should be displayed in the guard room.
- b. In drafting orders for the Bank's own guards, Managers will be guided by the following general rules, the details of which may be adopted to meet local conditions:
 - i. The hours of duty will be - one guard must be present when the Strong Room is closed in the evening and when it is opened in the Morning, if this precaution is considered necessary. On Sundays and holidays a twenty four hour watch must be maintained.
 - ii. Guards on duty must be provided uniforms and other security equipments.
 - iii. The guards on duty will have to examine all doors, windows and locks and satisfy themselves, that they are properly secured. They will also examine the Strong Room door and all safes in the Office and see that they are locked properly.
 - iv. In case of any untoward incident the guard on duty will immediately contact the police and / or the Manager.
 - v. Guards will be provided with fire arms when this is considered necessary by Central Office. Burglar alarms must be provided for all the Strong Rooms of all branches. The actual method by which the police would be called in an emergency should be arranged in consultation with the local police authorities.
 - vi. On no account should the guard allow any persons including members of the branch staff to have access to the Bank premises after office hours without the Manager's permission. He should not accept any food or drink offered by anybody while on duty.
 - vii. Should a guard on duty become indisposed and unable to perform his duties he should inform another guard, if there is one, or inform the Branch Manager to arrange for alternate guard.
 - viii. Surprise inspection of the Branch premises and the guards on duty may be conducted by the Manager or authorized officer/ Executive of the Bank A guard inspection book will be kept in which the date and time of each inspection will be recorded. Arrangements should also be made for a police officer to visit the Bank while on his rounds and report any slackness on the part of the guard to the Branch Manager.

15. Annexure/s:

The following three Annexures are appended to this Chapter:

Annexure – 1 : Specimen of "Certificate of Cash Balance"

Annexure – 2 : Specimen of "Weekly Cash Balance Certificate"

Annexure – 3 : Specimen of "Cash Verification Report"

★ ★ ★

The SCB Branch
SPECIMEN OF CERTIFICATE OF CASH BALANCE

At the close of business on.....20....

Particulars	Hand Balance	In Joint Custody	Total
Denomination wise Currency Notes	Rs.	Rs.	Rs.
Rs.1000 x No. of pieces			
Rs.500 x No. of pieces			
Rs.100 x No. of pieces			
Rs.50 x No. of pieces			
Rs.20 x No. of pieces			
Rs.10 x No. of pieces			
Rs.5 x No. of pieces			
Rs.2 x No. of pieces			
Re.1 x No. of pieces			
Coins:			
Rs.10 x No. of coins			
Rs.5 x No. of coins			
Rs.2 x No. of coins			
Re.1 x No. of coins			
Re.0.50 ps. x No. of coins.			
Total:			

Branch Cash Balance Account

Dr. Summations Rs.

Cr. Summations Rs.

Balance Rs.

Rupees (in words)

.....

Manager / Authorized officer

Cashier

The SCB Branch
Specimen of ‘Weekly Cash Balance Certificate’
 Certificate of Cash Balance as at close of business on20

Particulars	Hand Balance	In Joint Custody	Total
Denomination wise Currency Notes	Rs.	Rs.	Rs.
Rs.1000 x No. of pieces			
Rs.500 x No. of pieces			
Rs.100 x No. of pieces			
Rs.50 x No. of pieces			
Rs.20 x No. of pieces			
Rs.10 x No. of pieces			
Rs.5 x No. of pieces			
Rs.2 x No. of pieces			
Re.1 x No. of pieces			
Coins:			
Rs.10 x No. of coins			
Rs.5 x No. of coins			
Rs.2 x No. of coins			
Re.1 x No. of coins			
Re.0.50 ps. x No. of coins.			
Total:			

**We hereby certify that the sum of
 Rs.....(Rupees.....)**

As detailed above is held in under joint custody.

Cashier

Authorized Officer

Manager

Cash Balance Account

Debit summation.....

Credit Summation.....

Balance Debit.....

**Countersigned.
 Manager.**

**The SCB Branch
Specimen of ‘Cash Verification Report’**

Date 20

The Inspection Department,
.....Bank,
Central Office,

Dear Sir,

1. I arrived at the above branch on the ...(date)...and checked the Cash Balance.
2. The Contents of the Currency Chest were verified on the ...(date)....
3. There is no Currency Chest at the above branch.
4. The miscellaneous articles in safe custody with the Branch were verified with the relative Register on the(date).....
5. The holdings of the Bank’s travelers’ cheques at the branch amounting to Rs..... were verified on the...(date).....
6. The holding of travellers cheques of Correspondent Banks amounting to Rs..... and \$..... was verified on the ...(date)....
7. Foreign currency notes amounting to..... were verified on the ...(date)....
8. I have physically verified the total number of Jewel Bags as on the ...(date).... in the Branch and found correct with the Books of the Branch.
9. I have also physically verified the weights and other aspects of over due Jewel loans.
10. The total number of Jewel Bags as on the date of my verification is
11. I certify that the particulars as shown herein are correct.

Yours Faithfully

.....

.....

(Name) Verifying Official.

NOTE : Delete or amend items or Portions of items as required.

CHAPTER – 21
SAFE DEPOSIT LOCKERS

1. General:

- a. Safe Deposit Locker facility is one of the services offered by the Banks.
- b. The relationship between the Bank and Locker hiring customer is basically that of the BAILOR & the BAILEE and incidentally it is also that of a “LESSOR” & “LESSEE”.
- c. The Bank is not required to know what is kept inside a Locker but is charged with the responsibility to exercise reasonable precautions against the loss of the contents of a Locker. That is why Safe Deposit Locker facility is provided only in those branches where a “Safe Vault” or a strong room is available to ensure safety and security to the Lockers.

2. Renting the Lockers:

- a. Lockers should be rented or hired by only respectable persons, properly introduced to the branch.
- b. Lockers can be rented to:
 - i. Individuals - singly or jointly including NRIs, illiterate customers & staff members.
 - ii. Trusts (with the prior approval of the HO)
 - iii. HUF concerns
 - iv. Societies / Clubs / Associations
 - v. Proprietary / partnership concerns
 - vi. Limited companies
 - vii. Government Departments / Courts
- c. However, Lockers should not be rented to MINORS.
- d. The usual precautions / formalities observed in the opening of Deposit Accounts for the above listed categories / types of constituents should be strictly observed in hiring out Lockers.
- e. In the case of individuals having the Locker in the joint names like “E or S” / “A or S”, any one of them can have access to the Locker.
- f. In the case of Partnership Firm, Trusts, HUF, Clubs, Societies, Association etc. their Bye laws rules/ Memorandum and Articles of Association / Certificate of Incorporation / Board Resolution, as the case may be, should in clear terms, specify the person / persons who are authorised to operate the Lockers.
- g. Normally in the case of Societies / Clubs / Associations etc. the Locker must be operated jointly by two authorised officials. In the case of partnership firm, it should be operated by at least two partners jointly.

3. Illiterates & Lockers:

- a. Renting of Lockers to illiterate customers involves potential risk and hence should be strictly in exceptional cases only and where the Branch Manager is satisfied about the genuineness of the need and bonafides of the customer.
- b. The following procedure should be adopted when a Safe Deposit Locker is rented to an illiterate customer.
 - i. The hirer should be properly introduced to the Bank / Branch.
 - ii. His/her left-hand thumb impression should be affixed on the Bank documents in the presence of the Manager.
 - iii. The Manager should at least get the Left Hand Thumb Impression (LTI) of the hirer both in the Locker Agreement / Memorandum of Hiring as well as Specimen Signature Card.
 - iv. It should be recorded in the “Locker Agreement Form”, by the Manager, that all the terms & conditions have been read to the hirer in a manner in which he could understand.
 - v. A copy of recent passport size photograph of the hirer, duly authenticated by the Manager, should be attached to the Locker Agreement form and to the Specimen Signature Card.
 - vi. Whenever he operates the Locker his LTI should be obtained on “Locker Access Register”.

4. Staff Members & Lockers:

- a. A declaration should be obtained from the staff member who wants to hire a Locker from the branch that he is not maintaining another Locker in any other branch of the bank either in his name or jointly with another family member availing “Staff concessional rent” facility “Staff concession rent”, if available, should be restricted to one Locker only.
- b. No member of the staff shall be permitted to hire a Locker jointly with a constituent of the bank or any other third customer. (i.e. other than his family members).

5. Terms for Hiring Lockers:

- a. Lockers are given on hire (rent) for a period of one year.
- b. The desiring customer should submit an application, in Bank’s form, furnishing complete particulars like:
 - i. Name and full address of the applicant with phone number.
 - ii. Occupation and Business address.
 - iii. Whether to be operated singly or as “E or S” or “A or S” or jointly should be clearly mentioned.
- c. The names and specimen signatures of other Joint Holders should be furnished.
- d. Specimen Signature Cards and “Stamped Locker Agreement Form” / “Memorandum of Hiring” should be kept under lock and key under the custody of the Officer-in-Charge of Lockers.

- e. Each Locker hirer will have to sign the stamped “Locker Agreement Form” and “Memorandum of Hiring” wherein the terms and conditions under which the Locker is rented to him are detailed.
- f. The key of the Locker should be tested i.e. to check whether it opens and locks the assigned Locker smoothly, before handing over to the hirer.
- g. When the Locker Units are installed by the supplier the keys of the individual Locker units and the Master key (to be used by the Bank) will be handed over to the Branch Manager by the company.
- h. The Manager should first, prior to renting out the Lockers to customers, check whether all the keys open & lock the respective Locker smoothly. Then each key must be kept in a small cover and sealed noting on it the Locker number & key number.
- i. These sealed covers (keys) should be kept in a box arranged in the order of Locker numbers and this box should be kept in a vacant Locker or inside cash safe.
- j. As and when a Locker is rented out then the sealed packet relating to that Locker should be taken out and the seal removed in the presence of the hirer and the key has to be tested to check whether it opens & locks the particular Locker. While doing so the officer should explain to the hirer how the Locker could be opened only with both the keys (the key of the respective Locker & the Master key) and how it could not be opened by solely by the Locker key or by the Master key.

6. Addition & Deletion of Names:

- a. Additions of new names to the hired Locker can be made only when all existing hirers agree in writing to such proposal.
- b. However one or more names from a Joint Locker Account should not be deleted.
- c. If such deletion is insisted by the hirers, then they have to be advised to surrender the existing Locker and a fresh Locker should be allotted to them following all the regular formalities.
- d. Nomination facility is also available.

7. Locker Rent:

- a. Rent for each type of Locker (as per size of the Locker) will vary. These rent rates will be fixed and revised from time to time by the HO.
- b. To ensure that Locker rents for all Lockers are collected without delay or default, it is desirable to fix a date to collect the annual rent.
- c. It may be the first week of April every year. In which case the Branch should send “Rent due notices” and collect the rent, either by debit to the customer’s accounts or by Cheque or cash. Proper follow up action should be taken to collect the annual rent before 7th April every year.
- d. If the rent is paid after 7th April penalty at the rates fixed by the Bank should also be collected.

- e. It is desirable to advise the customer, at the time of hiring the Locker, to place a specific amount in FD the annual interest of which will be equivalent to the yearly rent payable by the hirer. Such FD must be made for 2/3 years with an irrevocable letter to transfer the interest accrued towards Locker rent every year and to renew the deposit periodically as long as the Locker facility is required.
- f. If the Locker customer already has FD with the Branch the same could be earmarked by the customer in writing as above.

8. Operation of Lockers:

- a. The branch must introduce and maintain “Locker Access Register “ with column:

Locker No.	Signature of hirer operating	Time of entry in Locker room	Time of Checking out

- b. Access to the Lockers should be permitted to hirers only after they sign the “Locker Access Register “ and gives the correct “Pass Word” (Each Locker hirer will choose his own Pass Word which he should record in the “Locker Agreement Form”).. The Officer in charge of the Locker Department should verify the genuineness / correctness of the signature of the hirer by comparing the signature given in the access register with that of the specimen on record and then put his initial in the locker access register before allowing the hirer to operate the locker.
- c. When a Locker customer completes his Locker operation and checks out, the officer in charge of the Lockers should enter the Locker room and check whether the hirer had properly locked his Locker and he had not by mistake / oversight left any of his articles outside the Locker.
- d. Only after such a check another Locker customer should be permitted to enter the Locker room to operate his Locker.

9. Locker left open by the Hirer:

- a. At times the hirer may go out of Vault / Locker Room with out properly locking his Locker. Even though the Bank has no knowledge of and takes no cognisance of the contents of the Lockers, following precautionary measures may be adopted to safe guard the contents in the interest of the hirer.
- b. The Bank officer should immediately contact the hirer and request him to come to the bank / branch immediately with the Locker key. While calling him, no indication should be given to him about his unlocked Locker. Only when he comes to the branch he must be informed of the position and asked to check the contents of his Locker. A declaration should be obtained from him to the effect that the contents of the Locker are verified and found correct.
- c. In case the hirer who has left his Locker unlocked and has also taken the Locker key with him, is not immediately available then the contents may be listed in the presence of the Manager,

another officer, cashier and 2/3 customers and the articles should be kept in a vacant Locker or in the safe in sealed cover / bag. When the hirer subsequently comes to the Bank, he must be asked to check the contents in the sealed cover / bag and certify in writing that the contents are intact.

- d. In case the Locker key has been left behind by the hirer in the Locker itself which he has not properly locked, then after following the above procedure the contents may be kept in the same Locker and may be locked with the help of the key left behind by the hirer. The Locker key must then be left under the joint custody of the Manager & Accountant or Manager & Cashier. The key should not be left with the officer in charge of Locker who is holding the Master key. When the hirer subsequently comes to the Bank he should be asked to check the contents of his Locker and certify in writing that the contents are intact.
- e. In addition to the above precautions, at the end of each working day, before closing the vault doors, the officer in charge of Lockers (CUSTODIAN) should first check that no one is still inside the Locker room (vault) and then should check with reference to the “Locker Access Register “ all the Lockers which were operated during that day to ensure that they have been properly locked by the hirers and no article / valuables are left behind by the Locker hirers in the strong / Locker room.

10. Valuables / Articles found in Locker Room:

- a. Sometimes the Locker customer (hirer) by mistake or in a hurry, may leave certain valuable articles in the Locker room.
- b. Such valuable articles found inside the Vault or “Safe Deposit Locker Room” must be kept under proper Safe Custody as per the following guidelines.
 - i. A Register with title “ **Valuable Articles Found In The Locker Room**” should be maintained by the Branch with the following columns.

Date	Description of Valuables with Shop / maker’s name and address, if available	Signatures of Manager & Officer in charge of Lockers

- ii. The valuable articles found inside the Locker room should be kept in a cover, which should be properly sealed with the date of finding the article noted on this cover. The Manager, office in charge of Lockers and the cashier all will have to affix their full signatures on this cover.
- iii. Efforts should be taken, through discreet enquiries of all those Locker customers who operated their Lockers on that particular day, to trace the true owner of the valuable articles found inside the Locker room.

- iv. Excepting the Manager, officer in charge of the Locker and the cashier (if he is also included) no other staff in the Branch should be allowed to know the details and description of the valuables found in the Locker room. Utmost secrecy should be maintained to ensure that the information does not leak out to anyone else.
- v. The Manager will have to, in all such cases, inform the appropriate officer at HO, through a confidential letter in the Branch Letter Head, giving full particulars of date & time of finding the valuables inside the Locker room, their full description and number of items found. This letter must be prepared in “triplicate”, first copy of which will be retained with the sealed cover, second copy will be kept in a separate file maintained for this purpose titled as “Valuables / Documents found inside Locker room” and the third copy to be sent to the appropriate officer at HO [e.g.GM/DGM (Admin / Dev.)].
- vi. In case any claim is received or a reference to this loss is made by any of the Locker customers, the Manager will have to satisfy himself beyond any doubt that the person claiming is the genuine person. This should be possible if the person gives the correct description of each article he had misplaced in the Locker Room with the shop / maker from whom he had purchased them (if he is able to produce the purchase bill it will serve the purpose of identification of the article).
- vii. After identifying the genuine person (Locker hirer) the Manager will get the permission from the appropriate officer of HO to release the articles against indemnity bond (on stamp paper of appropriate value).
- viii. An acknowledgement should be obtained from the hirer, in writing giving full descriptions of the articles received back by him.
- ix. At the time of releasing the articles to the hirer all necessary details should be recorded in the Register maintained for this purpose with the following columns:

Name & Address of the claimant	Description of articles found & now restored to the locker hirer	Indemnity bond dated	HO order dated	Date of releasing the article to the claimant	Signature of the claimant	Compliance report sent to HO on	Initials of Officer & Accountant

11. Shifting of Locker Units:

- a. At the time of shifting the Branch / the Locker units from one premises to another, a notice to the hirers of all the Lockers to temporarily vacate their Lockers, should be sent under “Registered Post with Acknowledgement due”, at least 30 days in advance prior to the proposed date of shifting the Locker units.
- b. In the case of Joint Hirers such notice should be sent to all of them individually.

- c. All undelivered / returned covers (containing the above notice) should be kept unopened and preserved till such time the hirer visits the new premises to operate his Locker.
- d. In case few hirers fail to turn up within the prescribed time, the Locker units with the contents should be shifted with utmost care and in the presence of the CUSTODIAN or a responsible bank staff.

12. Surrendering of Locker:

- a. When a Locker is surrendered by the hirer, the Locker key should be collected from him. He has to sign in appropriate place in “Memorandum of Hiring” / “Locker Agreement Forms.” Locker Rent should be collected, if not already collected, till date of surrender of Locker.
- b. No refund of rent should be made for the unexpired period of the contract.
- c. If the Locker is in joint names, then all the hirers should sign the Locker Agreement Form and also the letter informing the bank about their surrendering the Locker.
- d. The lock of the surrendered Locker must be inter-changed with that of a vacant Locker. In case no vacant Locker is available in the branch then a spare lock should be procured from the company which supplied the Locker units and the same should be fitted in the surrendered Locker retaining the lock of that Locker as a spare one.
- e. Only after changing the lock of the surrendered Locker the same could be hired out to another customer.

13. Death of a Locker Hirer:

- a. On the death of one of the two Joint Hirers, in an “E or S” account, the survivor alone is entitled to have access to the Locker.
- b. In the case of sole hirer, the legal heir(s) of the deceased should be advised to submit a “CLAIM” and unless & until the claim is sanctioned by the HO, the contents of that Locker should not be parted with. i.e. till the claim is settled no one should have access to the Locker of the deceased.
- c. However access may be allowed to known heirs of the deceased or persons authorised by the Court for making an inventory of the contents in the presence of their solicitors or lawyers.

14. Nomination:

- a. Branch may permit nominations only in respect of the Safe Deposit Lockers hired by persons in their individual capacity and not in any other representative capacity. Only individuals could be the nominees. A specimen of “Nomination of Sole Hirer of Lockers” is given in the **Annexure – 1** to this Chapter.
- b. In the case of Joint Hirers, branch may accept more than one nominee. However at any time the total number of nominees must not exceed the total number of Joint Hirers. A specimen of “Nomination Form for Joint Hirers of Lockers” is given in the **Annexure – 2** to this Chapter.

- c. Separate nomination should be obtained in respect of each Locker account. However at any time the total number of nominees should not exceed the total number of Joint Hirers.

15. Prohibitory Orders:

- a. Access should not be allowed to the hirer of a Locker on which a valid prohibitory order from a competent authority or a Court appointing a Receiver in respect of the Locker is received.
- b. In the event of the competent authority bringing an order for making an inventory of the contents of the Locker and accompanied by the hirer, the access of the Locker should be allowed. However, the hirer should be made to sign the Locker Access Register as usual.

16. Breaking open of Locker:

- a. Breaking open of a Locker is an extreme step. It should not be resorted to without exhausting all available remedies. Prior permission should be obtained from HO for breaking open a Locker.
- b. All rents to the Lockers are strictly payable in advance. In case the hirer fails to pay the rents in advance or to deliver possession of the Locker with key, even after repeated reminders, the Branch will be at liberty to break open the Locker subject to compliance to the following.
- c. For breaking open the Locker following procedure should be followed:
 - i. Notice demanding the rent should be sent to the hirer calling upon him to pay up the rent immediately.
 - ii. If the rent is still unpaid, at least Three Reminders should be sent at an interval of 10 days, under certificate of posting.
 - iii. Even after the reminders the hirer does not pay up the rent, then issue a final letter advising that the Bank will break open the Locker in case of further delay. This letter should be sent by Register Post with Acknowledgement due.
 - iv. If there is no response for the Register letter the Branch should depute a responsible staff member to ascertain the following information of the hirer.
 - latest address of the hirer,
 - whether the hirer is available at this address, and
 - if not, what do the enquiries at the address reveal.
- d. If all the above efforts to collect the Locker rent fail then the Bank may wait for a further period of 3 months
- e. After expiry of this 3 months period, another registered letter may be issued informing him that the Locker hired by him will be broke open, without further intimation to him, if the rent is not paid within 10 days from the date of notice.
- f. If the rent is not paid within the notice period, then the Bank will have to break open the Locker after obtaining permission from Head Office.

- g. The Locker should be broken open in the presence of:
 - i. Manager of the Branch.
 - ii. A Senior Officer from HO.
 - iii. At least two respectable customers.
- h. The contents, if any, found in the Locker should be placed inside a vacant Locker or Iron Safe with double lock which should be under the joint custody of the Manager & another Officer / Cashier of the Branch.
- i. The fact should be recorded in a separate Register called “Register of Lockers Broken Open” which will be authenticated by both the custodians.
- j. After breaking open the Locker due notice are to be sent to the concerned hirer in the following manner, a specimen of such notices as follows is given in the Annexures.
 - i. Locker found empty (**Refer Annexure – 3 to this Chapter**)
 - ii. Locker found with articles (**Refer Annexure – 4 to this Chapter**)
 - iii. After auction of contents (**Refer Annexure – 5 to this Chapter**)
- k. A report / inventory should be prepared and signed by all the persons in whose presence the Locker was broken open. A specimen of the report / inventory is given in the **Annexure – 6** to this Chapter.

17. Report of Locker Broken Open:

- a. The specimen of the “Report of the Locker broken open” is as follows:

Locker number relating to hirer Shri/Smt.was broken open this day of 20 , in the presence of Manager Bank Ltd., Branch, Shri Senior Officer from H.O. and Shri..... & Shri Customer of the Bank.

There were no contents / an inventory of contents / An inventory of contents found in the Locker is given below:

- i.
- ii.
- iii.
- ★ (Signature of the Branch Manager)
- ★ (Signature of HO Officer)
- ★ Witness (i)
- ★ Witness (ii)

This report should be prepared in Duplicate, a copy of which should be sent to HO and the second copy should be kept in the Branch inside the safe under double lock. The report should be copied in "Register of Lockers Broken Open."

18. Care of Locker Keys:

- a. On no account, should the Manager or Officer in charge of Lockers receive the key of a rented Locker from the customer / hirer, even for a temporary period.

19. Master Key:

- a. If the Master key is lost, the locks of all the individual Lockers in the branch operated by that master key will have to be changed at the cost of the Bank.
- b. During officer hours, the Manager / Officer in charge of Locker should hold the Master key and he should not part with it. It should never be carried out of officer premises.
- c. The Master key should be kept in the cash safe under double lock except during office hours.

20. Books to be maintained:

- a. Register of Locker Hirers (customers). (Specimen I)
- b. Locker Rent Collection Register. (Specimen II)
- c. Rent Over Due Lockers Register. (Specimen III)
- d. Register of Lockers Broken Open. (Specimen IV)
- e. Key Register. (Specimen V)

Specimen I. Register of Locker Hirers:

Sl. No.	Date	Name &Address of the hirer	Locker Number	Key Number	Operation by Nominee (Singly / "E or S"/ "A or S" etc.)

Specimen II. Locker Rent Collection Register :

Sl. No.	LockerNo.	Name of the Hirer	Rent due on	Rent for the year	Due Date	Collected on

Specimen III. Register of Rent Over Due Lockers:

Sl. No.	Locker No.	Name of the Hirer	Rent for the year	Due on	Date of last operation of the Locker	Details of Notice sent including Register Notice

Specimen IV. - Register of Lockers Broken Open:

Date and Time of Breaking Open	Locker No.	Name of the Hirer	Date of intimation of Loss of Key	Is the break Open due to Rent default Yes/No	Names of address of independent witness in whose presence Locker was broken open	Signatures

Specimen V. -Locker Key Register:

Sl. No.	Locker No. (Write in ascending order of Lockers the Branch)	Size / Type of Locker	Key No.	Date of Hiring	Date of handing the over the key to Locker Hirer in

21. Annexure/s :

- a. Following are the Annexures appended to this Chapter :
- Annexure – 1 : Specimen of Nomination for Safe Deposit Locker – Sole Hirer
- Annexure – 2 : Specimen of Nomination for Safe Deposit Locker – Joint Hirers
- Annexure – 3 : Specimen of notice to be sent to hirers when Locker is found empty when it is broken open in case of overdue rent.
- Annexure – 4 : Specimen of notice to be sent to hirers after Locker is broken open in case of overdue rent (with list of Articles).
- Annexure – 5 : Specimen of letter to hirer(s) after auction of items found in Locker broken open in case of overdue rent
- Annexure – 6 : Specimen of inventory to be prepared after breaking open Locker in case of overdue rent (with the certificate of Locker mechanic)

★ ★ ★

SPECIMEN OF NOMINATION FOR SAFE DEPOSIT LOCKER - SOLE HIRER

Form-SL1

Nomination under Section 45ZE of the Banking Regulation Act, 1949
and Rule 4(1) of the Banking Companies (Nomination) Rules, 1985
by Sole Hirer in respect of Safe Deposit Locker

I, _____

(Name and address)

nominate the following person to whom in the event of my/minor's death _____

(Name and address of branch/office in which the locker is situated)

may give access to the locker and liberty to remove the contents of the locker, particulars whereof are given below:

Locker			Nominee			
Nature of	Distinguishing mark or No.	Additional details if any	Name	Address	Relationship with hirer, if any	Age

Place :

Date : * Signature / Thumb impression of hirer

Name(s), Signature(s) and address(es) of witness(es)#

* Where the locker is hired solely in the name of a minor, the nomination should be signed by a person lawfully entitled to act on behalf of the minor.

Thumb impression shall be attested by two witnesses.

Nomination accepted and Registered vide Reg. No. _____ dated _____

For _____ Bank

Accountant / Manager.

ACKNOWLEDGEMENT (To be returned to hirer)

Name and Address of the hirer _____

Locker No. _____

Nomination in favour of _____ registered on _____

vide Regd. No. _____

For _____ Bank

Accountant / Manager.

SPECIMEN OF NOMINATION FOR SAFE DEPOSIT LOCKER - JOINT HIRERS

Form-SL1A

Nomination under Section 45ZE of the Banking Regulation Act, 1949
and Rule 4(2) of the Banking Companies (Nomination) Rules, 1985
by Joint Hirers in respect of Safe Deposit Locker

We, _____
(Name and Addresses)

nominate the following person(s) to whom in the event of the death of one or more of _____

(Name and address of branch/office in which the locker is situated)

may give access to the locker and liberty to remove the contents of the locker, particulars whereof are given below, jointly with the survivor or survivors of us.

Locker			Nominee(s)			
Nature of	Distinguishing mark or No.	Additional details, if any	Name	Address	Relationship with hirer, if any	Age

Place :

Date: _____ *Signature/Thumb impressions of hirers

Name(s), Signature(s) and address(es) of witness(es)\$

\$ _____ Thumb impression(s) shall be attested by two witnesses.)

Nomination accepted and Registered vide Regn. No..... dated

For Bank

Accountant / Manager.

ACKNOWLEDGEMENT (To be returned to hirer)

Name and Address of the hirer _____

Locker No. _____

Nomination in favour of _____ Registered on _____

vide Regd. No. _____

For _____ Bank

Accountant / Manager.

**SPECIMEN OF NOTICE TO BE SENT TO HIRER(S) WHEN LOCKER IS FOUND EMPTY
WHEN IT IS BROKEN OPEN IN CASE OF OVERDUE RENT**

Regd. Ack. Due

Dated _____

To

Dear Sir/Madam,

Re: Locker No. _____ Class No. _____
hired by you in our Safe Deposit Vault. (Lease Agreement dated ——)

The above said locker hired by you, was after giving you notice, broken open on _____
in the presence of the following persons :

- 1.
- 2.
- 3.
- 4.

The locker was found empty. The following arrears are due from you to Bank:

- | | |
|---|-----|
| 1. Overdue Rent | Rs. |
| 2. Expenses in breaking open of locker | |
| (a) Wages paid to mechanic | Rs. |
| (b) Cost incurred in sending the lock and door to company for getting it replaced | Rs. |
| (c) Repairing charges | Rs. |
| (d) Recovery of postal expenses | Rs. |

Notice is hereby given to you that either as per hiring agreement entered by you, deposit the above said dues in the Bank otherwise, we will be constrained to take legal proceedings against you. Needless to say that all costs and expenses incurred in legal proceedings for above dues will be on your account.

Yours faithfully,

MANAGER.

**SPECIMEN OF NOTICE TO BE SENT TO HIRER AFTER BREAKING
OPEN OF LOCKER IN CASE OF OVERDUE RENT
(LIST OF ARTICLES)**

Regd. Ack. Due

Dated _____

To

Dear Sir/Madam,

Re: Locker No. _____ Class No. _____ in our Safe Deposit Vault hired by you.
(Lease Agreement dated _____)

The above said locker hired by you, was after giving you notice, broken open on _____
in the presence of following persons :

- 1.
- 2.
- 3.

The following items were found in the locker :-

- 1.
- 2.
- 3.

The following amount is due by you to the Bank:

- | | |
|---|-----|
| 1. Overdue Rent | Rs. |
| 2. Wages paid to mechanic | Rs. |
| 3. Cost incurred in sending the door and lock to the
company for getting it replaced | Rs. |
| 4. Repair charges paid to company | Rs. |
| 5. Safe Custody charges for content of locker | Rs. |
| 6. Recovery & Postal expenses | Rs. |

We, hereby, give you notice that in terms of agreement entered by you with Bank, above said items/
following items will be auctioned in bank's building at _____ on _____
at _____. The proceeds of the auction will be appropriated towards payment of bank's
dues in arrear. In case bank's dues are not fully satisfied by utilising the proceeds of the auction, please note
that you will be responsible for payment of the balance amount.

Yours faithfully,

MANAGER.

**SPECIMEN OF LETTER TO HIRER(S) AFTER AUCTION OF ITEMS FOUND IN LOCKER
BROKEN OPEN IN CASE OF OVERDUE RENT**

Regd. Ack. Due

Dated _____

To

Dear Sir/Madam,

Re: Our letter No. _____ dated _____ .

We have to advise that the articles found in your locker No. _____ the details of which were advised to you vide our above letter, have now been auctioned and a sum of Rs. _____ have been realised there from.

A sum of Rs. _____ was due from you and after setting off the proceeds obtained in auction, Rs. _____ are payable to you/are payable by you*.

You are advised to collect this amount on any working day/you are requested to pay this amount failing which we shall be constrained to take such steps as may be necessary for the recovery of the amount due to us*.

Yours faithfully,

MANAGER.

* Strike out which is not applicable.

SPECIMEN OF INVENTORY TO BE PREPARED AFTER BREAKING OPEN LOCKER IN CASE OF OVERDUE RENT

Date _____

INVENTORY

Re: Breaking open of Locker No. _____ Class No. _____

Bank had given a notice on _____ to Shri./Smt. _____ advising him/her/them that if he/she/they does/do not pay arrears of rent amounting to Rs. _____ on above locker within a month from the date of the notice, the locker will be broken open and contents disposed off in accordance with hiring agreement.

However, Shri./Smt. _____ neither paid the arrears of rent nor surrendered the key of the locker. It has therefore become necessary to get the locker No. _____ Class No. _____ broken open by Mechanic Shri. _____.

Before getting the locker open, it was found in perfect normal condition. Officer in charge, Locker Department Shri. _____ inserted master key in the key hole of the above locker in our presence and tried to open the locker but it was not opening. Thereafter, in the presence of the following persons, Mechanic Shri. _____ broke open the locker No. _____ Class No. _____.

- 1.
- 2.
- 3.
- 4.
- 5.

After the breaking open of locker by above said mechanic, locker was searched and the following items were found in it/it was found empty*.

- 1.
- 2.
- 3.
- 4.
- 5.

Signatures

Certificate by Mechanic:

I certify that in the presence of above said persons, I, at the request of _____ Branch of SC Bank broke open on _____ locker No. _____ Class No. _____

*Strike out which is not applicable Signature of Mechanic

★ ★ ★

CHAPTER – 22
SAFE CUSTODY AND SAFE DEPOSIT

1. General:

- a. Banks do provide another service to its constituents by accepting for safe keeping / Safe Custody of Share Certificates, Securities and sealed articles from them.
- b. Safe Custody service under taken by the Bank is a contract of bailment and the legal relationship between the Bank and the customer is that of a bailee and bailor.
- c. An application has to be made in the prescribed format for depositing articles in Safe Custody and Safe Deposit. A specimen of the format is given in **Annexure – 1** to this Chapter.
- d. Share and Securities, except those which are already in the name of the Bank, should stand in the name of the depositor.
- e. Government Promissory Notes should be examined to see that the depositor is either the registered holder or one who drives his title to them by a valid chain of endorsements. If the Notes are in any way defective they should be returned to the depositor with a request to have the defects rectified.
- f. In the case of Safe Custody Accounts in joint names of more than one person, the mode of operation such as Either or Survivor / “A or S” etc. should be clearly indicated at the time of acceptance of the Safe Custody.
- g. In the absence of definite instructions, the account should be treated and marked as “ **Joint Operation.**”
- h. In the case of accounts in the names of more than one person, written instructions should be obtained naming one of the depositors to whom all correspondence, relating to that account, should be addressed.
- i. Instructions regarding collection and disposal of interest / dividends by the bank should be obtained in writing from all the depositors and recorded in “ **Safe Custody Ledger.**”
- j. Wherever possible, with the consent of the holders, Government Securities may be converted in to Stock Certificates. The advantage of the same is that the warrants for payment of interest will be issued by Public Debt Office (PDO) in RBI, without the presentation of the Securities each time when interest falls due for payment.
- k. The dates of maturity of all debentures, Securities etc. should be diarised and the constituents notified. Their instructions should be obtained well before the due dates of such Securities.
- l. When authentic information about the death of a constituent is received, his Securities should be kept separately, as no further interest should be collected there on.

2. Safe Custody Ledger:

- a. A separate page / folio in the ledger should be allotted to each constituent depositing Securities or Shares for Safe Custody with the Bank.
- b. The accounts should be numbered in the serial order and must be indexed as in the case of Current Accounts.
- c. Particulars of Securities and Shares deposited by a constituent for Safe Custody will be recorded in his "Safe Custody Account."
- d. The Face Value of Securities and the Number of Shares will be entered in this ledger.
- e. Particulars of Deposits / Withdrawals and the Balance remaining with the Bank will be properly recorded in this ledger and all entries must be authenticated by an officer.

3. Custody of scrip:

- a. The number of the 'Safe Custody' must be entered at the right top corner of each scrip lodged in Safe Custody with the Bank using a rubber stamp as below:

SC A/c No.

- b. All Securities / Shares and Articles lodged with the Bank for Safe Custody must be kept in the cupboard / steel box with double lock facility which should be kept inside the Strong Room.
- c. No Securities should be held by the Bank either as cover for its advances or under Safe Custody, blank endorsed.
- d. At least once in a half year these Securities, Shares and sealed boxes / sealed covers under Safe Custody with the Bank should be physically verified by an officer, of the Branch, other than the officer who is in charge, of the Safe Custody.

4. Delivery of Securities & Shares:

- a. As far as possible the customer must be asked, at the time of their withdrawal to take delivery of the Securities and Shares, which are under Safe Custody with the Bank personally.
- b. Scrips sent by post to the customers should be registered and insured at the customer's cost / expenses. Bearer scrips must be insured for their full market value plus 1/4th of their face value, but other scrips need be insured only for a nominal sum.
- c. Securities and Share held by the Bank, under Safe Custody, in the names of deceased constituents, must be delivered only to the legal representatives / heirs of the deceased.

5. Safe Custody Receipts:

- a. A memorandum of Securities, deposited with the bank for Safe Custody should be issued to all such constituents. This memorandum need not be returned to the bank when the Securities or Shares are withdrawn or disposed off.

- b. In case customers insist, bank may issue “Safe Custody Receipt” for Securities, Shares and other Articles deposited in “Safe Custody” with the bank with the conditions i) Safe Custody Receipts must be receipted and surrendered to the Bank before the relative Securities or Shares or Articles can be delivered. ii) When Securities or Shares are sold or redeemed, the Safe Custody Receipt will be called for by the Bank for cancellation or amendment. A specimen of the format for “Safe Custody Receipt” is given in **Annexure – 2** to this Chapter.
- c. These Safe Custody Receipts must be printed with serial numbers. This receipt number should be noted in the relative account in “Safe Custody Ledger” in Red ink.
- d. If a customer loses the Safe Custody Receipt, he must ordinarily sign a stamped “Agreement” before he is given a duplicate Safe Custody Receipt or delivery of his Securities / Share / Articles under Safe Custody with the Bank. A specimen of the format for “Agreement” is given in **Annexure – 3** to this Chapter.
- e. When the Securities are sent for renewal, examination etc. to a Public Department Office (RBI) or to a local HO of SBI or when Share Certificates are sent for Registration etc. to the companies concerned, the name of the office or company to which they have been sent and the purpose must be recorded in a “Securities Ex-custody Register “ which must be authenticated by an officer.
[P.S. : No entries for such scrips, should be made in the “Safe Custody Ledger” as if withdrawn.]
- f. When the scrips are received back by the Bank they will be verified with reference to the entries in “Ex-Custody Register “ and the relative entries therein must be rounded off with date.

6. Safe Custody Fees:

- a. From the constituents who are depositing their Securities / Shares / Articles for Safe Custody, the Bank / Branch should collect “Safe Custody Charges” or “Commission” at the rates fixed by the management.
- b. However for Bank’s own deposit receipts “Safe Custody Charges” or “Commission” should not be charged.
- c. Similarly for periodical collection of interest or dividend, service charges at the rates prescribed by the management should also be collected from such constituents.
- d. Postage etc. incurred by the bank in dealing with the scrips lodged with the bank for Safe Custody should also be collected from such constituents.

7. Safe Deposit of Articles:

- a. The Branches which are equipped with fire & burglary resisting strong rooms, may accept articles from customer for “Safe Deposit”.

- b. Particulars of articles taken in to Safe Custody should be recorded in the “Safe Deposit Register”. A specimen of the format for “Safe Deposit Register” is given in **Annexure – 4** to this Chapter.
- c. Safe Deposit Receipts should be issued to the constituent. Where there are two or more persons depositing the articles, their instruction regarding the mode of withdrawal such as “E or S’ ‘A or S” or jointly etc. should be recorded in the “Safe Deposit Register “.
- d. All articles lodged in Safe Deposit should be sealed with depositor’s own seal bearing his initials, name or monogram.
- e. Papers should be enclosed in stout cloth lined covers, which must be securely sealed. Each envelope / cover should bear the Bank’s Safe Deposit number and the name of the depositor who may write the nature of contents on it.

8. Safe Custody of Wills:

- a. When the sealed cover is said to be a **Will**, the depositor should also write on the cover / envelop the words. “In the case of my death this packet is to be delivered to Shri. / Smt..... . On his / her written application” which he should sign with date. He must also give a separate letter to the same effect to the bank.
- b. Small boxes should be locked and put in a cloth bag, which must be sewed up securely and sealed with depositor’s seal. The name of the depositor and the Safe Deposit number must be clearly written in ink on the cloth cover of each box.
- c. Slightly bigger box not covered by cloth, should be securely locked by the depositors with their own locks. The lock should be wrapped in cloth and sealed with depositor’s seal. The name of the depositors and Safe Custody number should be painted on the box.
- d. The Bank must admit no cognisance of the contents of sealed packets or locked boxes left with it in safe deposit.
- e. The bank should not lock any such box lodged by a customer in Safe Custody of the bank, with Bank’s Lock. Bank’s seal should not also be affixed on any article / box / envelope / cover lodged in Safe Custody with the Bank.
- f. Branch should not accept large box for safe deposit.

9. Verification of articles in Safe Custody:

- a. The liability of the Bank for damage to articles left in Safe Custody of the Bank is defined in **Sec. 151 of the “Indian Contract Act”** . The Bank’s position is that of a bailee who is expected to take the same degree of care as any reasonably prudent man under similar circumstances would take care of his own goods of the same description.
- b. The Supervising Official in charge should periodically verify the articles with the “Safe Deposit Register “.

10. Delivery of articles in Safe Custody:

- a. As a general rule, articles in Safe Deposit with the bank should not be released / delivered without production of the relative “Safe Deposit Receipt” duly signed.
- b. In case the depositor has lost the “Safe Deposit Receipt” then he must apply for a duplicate receipt by executing a stamped “Agreement”. Then a duplicate Safe Deposit Receipt should be issued and there after the articles should be delivered / released to the customer against production of this duplicate receipt duly signed.

11. Nomination:

- a. Branch may accept ‘Nominations’ for items held in Safe Deposit / Custody in the bank only if they are held in personal name of a single individual. A specimen of the format for “Nomination Form” is given in **Annexure – 5** to this Chapter.
- b. Branches should not accept nomination in respect of persons jointly depositing articles for Safe Custody / Deposit.

12. Deceased Customer:

- a. An article in Safe Deposit does not constitute a debt due to the depositor. So a valid succession certificate cannot be granted in respect of an article held on account of a deceased constituent. Such an article may therefore, be delivered only against the ‘**Probate of Will,**’ if the deceased left a will or against letter of administration covering the assets of the deceased.

13. Service Charge / Commission:

- a. The branch should collect charges / fees for keeping the articles in Safe Custody / Deposit at the rates fixed by the management.
- b. This fee should be recovered from the constituent or debited to his account **in advance**, quarterly/ half yearly.
- c. A separate diary should be maintained for this purpose.

14. Documents and Keys of the Bank:

- a. Title Deeds relating to properties owned by the Bank, Lease Agreements entered by the Bank etc. must be kept in easily identifiable envelopes / covers and such cover should be kept inside strong room, separate from articles lodged by customers to be kept in safe deposit with the bank.
- b. All such documents of value to the Bank should be entered in Branch / Bank Document Register. Separate folios should be allotted in this Register for
 - i) Title Deeds of Bank’s own buildings, ii) Lease agreements, iii) cypher code books,
 - iv) Licenses etc. and all relative particulars should be entered therein.

- c. Branches should keep the “Duplicate Keys” of the strong room, cash safe and jewel safe (wherever separate safe is provided) inside a small Tin Box and wrap it lightly with a cloth which should be stitched at the ends. Over this cloth wrapping branch stamp should be affixed and the contents as “Duplicate Keys” to be written by sketch pen. This sealed box should be lodged with HO for Safe Custody / Safe Deposit. The branch should obtain a Safe Deposit Receipt, the number of which must also be recorded on this sealed box lodged with HO.
- d. The Safe Deposit Receipt received from HO must be kept inside cash safe. The fact about lodging the “Duplicate Keys” with HO should be recorded together with its Safe Deposit Receipt Number in the “Key Register “ maintained by the Branch.

15. Annexure/s

- a. Following are the Annexures appended to this Chapter :
 - Annexure – 1 : Specimen of the format for “Application for Safe Custody”
 - Annexure – 2 : Specimen of the format for “Safe Custody Receipt”
 - Annexure – 3 : Specimen of the format for “Agreement” for issue of duplicate Safe Custody Receipt
 - Annexure – 4 : Specimen of the format for “Safe Custody Register”
 - Annexure – 5 : Specimen of the format for Application for “Nomination” of Safe Custody Articles

★ ★ ★

SPECIMEN OF APPLICATION FOR SAFE CUSTODY

Account No _____ Ledger and Folio No _____

Date: _____

For Safe Custody

The Manager

_____ Bank

Dear Sir,

I/We hand you herewith to be kept in Safe Custody with you.

A. *Packet/box/trunk properly sealed and labelled with my/our address thereon but without its contents having been declared and/or made known to you.

B. *The following *Stocks/Shares/Securities :
(give herein particulars of Stocks/Shares/Securities)

The article bears scales as shown below.

The said _____ is/are to be held in our joint names and may delivered to
** _____ or to the Survivor(s) of us.

I/We agree that the article(s) to be kept with you in Safe Custody will be subject to the terms and conditions given to the reverse hereof which I/we have read and which I/we unreservedly accept and I/we further agree to pay Safe Custody charges in terms of the schedule of Safe Custody charges prescribed by you.

No. of seals and their description

Yours faithfully,

Name _____

Address _____

Telephone No _____

Specimen Signature

* Strike out whatever is not applicable

** “all of us”/ “Either of us”/ “Any one of us” /
“Any two of us” etc., as the case may be.

Open the Account

Manager

(Contd.....)

I/We agree that the Bank will not incur any liability or responsibility in the event of the Safe Custody article(s) being lost or destroyed wholly or in part by theft, dacoity, fire or other “Vismajor” over which the Bank has no control or misdelivered wholly or in part howsoever.

I/We agree and undertake to delivery of the article(s) if so desired by the Bank against charges due to the Bank by giving me/us a fortnight’s notice and in case I/we do not take delivery of the article(s) as aforesaid the Bank will be absolved from all risks and responsibility for loss or destruction or misdelivery in whole or in part of the article(s) howsoever caused.

I/We declare that the article(s) deposited in Safe Custody with the Bank is/are non-combustible and non-hazardous in character and that I/we am/are responsible for all risks and damages that are attended upon their deposit with the Bank.

I/We agree and declare that the Bank shall have no responsibility for the contents for the sealed article(s) deposited with it.

I/We further agree and declare that the Bank will not be responsible if seal(s) on the article(s) is/are damaged or destroyed either in whole or in part due to storage and/or handling of the article(s).

I/We agree and declare that the Bank shall have a general lien in terms of Section 171 of the Indian Contract Act on article(s)/security(ies) deposited with the Bank in Safe Custody against any guarantees given by me/us and or my/our joint and several indebtedness to the Bank or of my/our firm or of firm(s) in which I/we or one or more of us may be interested as partner(s).

I/We hereby agree to pay you in advance the charges for keeping article(s) aforesaid in Safe Custody with you as are now in force or which may prescribed from time to time.

Signature.

SPECIMEN OF SAFE CUSTODY RECEIPT

Safe Custody Fee of Rs _____ received

(Not Negotiable)

The Bank reserves the right to refuse to deliver up the securities under mentioned, except on production of this receipt discharged.

..... **Bank**

Office : _____

Date : _____

RECEIVED from _____
the undernoted items, the same being deposited with SC BANK for Safe Custody.

Where the deposit is made jointly, the Securities will be deliverable to the Depositors or the Survivors of them, or the representatives of such Survivor.

Register Folio No _____

Manager.

(Reverse Side)

SCHEDULE OF THE SECURITIES DEPOSITED

Serial Number	Interest due Securities /	Nominal Value	
		Rs.	Ps.

**SPECIMEN OF THE FORMAT OF
AGREEMENT FOR ISSUE OF DUPLICATE SAFE CUSTODY RECEIPT**

Special Adhesive Stamp as on Agreement

To
The Manager
_____ Bank

Dear Sir,

Re.: Sealed packet/box kept with you in Safe Custody by _____ under Safe Custody
Receipt No _____

The original Safe Custody receipt(s) covering _____ has/have been lost/stolen/
misplaced and cannot be found. I/We therefore request you to issue a duplicate Safe Custody receipt in lieu
thereof and in consideration of your doing so, I/we the undersigned undertake jointly and severally to
indemnify SC Bank, its successors and assigns from time to time and at all times hereafter against any
claim, costs, damages, charges, expenses, etc., whatsoever which SC Bank may suffer by reason of
issuing the duplicate Safe Custody receipt(s) as aforesaid.

It is also hereby agreed that the original Safe Custody receipt(s), which is/are lost, stolen or mis-
placed now stand(s) cancelled and none of the undersigned nor their heirs, legal representatives and/or
assignees and any customer whomsoever have any claim under the said original Safe Custody receipt(s). I/
We also undertake to return to the Bank the said original Safe Custody receipt(s) if and when found.

I/We know that relying on the representation herein above made by me/us and believing the same to
be true, you will issue the duplicate Safe Custody receipt(s) as aforesaid.

Yours faithfully,

Annexure – 4 to Chapter – 22

SPECIMEN OF SAFE CUSTODY REGISTER

Name _____

Address _____

Date	Particulars of Securities	Value of Securities Rs.	Safe Custody Receipt No.	Safe Custody Fee Rs.	Remarks

**SPECIMEN OF THE FORMAT FOR
APPLICATION FOR NOMINATION - SAFE CUSTODY ARTICLES**

FORM-SC1

Nomination under Section 45ZC of the Banking Regulation Act, 1949 and Rule 3(1) of the Banking Companies(Nomination) Rules, 1985, in respect of articles left in Safe Custody with banking company

I, _____
(Name and Address)

nominate the following person to whom, in the event of my/minor’s death the articles left in Safe Custody, particulars whereof are given below, may be returned by _____
(Name and address of branch/office in which the articles are left in Safe Custody)

Articles			Nominee				
Nature of	Distinguishing mark of No.	Addl. Details, if any	Name	Address	Relationship with depositors, if any	Age	If nominee is a minor, his date of birth

\$ As the nominee is a minor on this date, I appoint Shri./Smt./Kum _____
(Name, address and age)

to receive the said articles on behalf of the nominee, in the event of my/minor’s death during the minority of the nominee.

Place :

Date : _____ *Signature / @ Thumb Impression of depositor
Name(s) and Address(es) and

Signature(s) of Witness(es)

- * Where the articles are left in Safe Custody in the name of a minor, the nomination should signed by a person lawfully entitled to act on behalf of the minor.
- \$ Strike out if nominee is not a minor.
- @ Thumb impression shall be attested by two witnesses.

Nomination accepted and registered vide Regn. No. _____ dated _____

For _____ Bank
Accountant / Manager

ACKNOWLEDGEMENT (To be returned to the depositor)

Name & Address of the person who has left the articles in Safe Custody _____

Nature of article & Account No. if any _____

Nomination in favour of _____

Registered on _____ vide Regn. No. _____

For _____ Bank
Accountant/Manager

CHAPTER – 23
SETTLEMENT OF CLAIMS
(IN CASE OF DEATH / INSANITY / INSOLVENCY OF A CUSTOMER)

1. General:

- a. In the case of deceased depositor's account normally the question of settlement of claim by the Bank will arise, if the account was solely in the name of deceased customer & no nomination has been made by the customer for that account and all the Account Holders of a Joint Account have expired.
- b. In all such cases the legal heirs of the deceased customer will have to prefer a claim in the prescribed application format, a specimen of which is given in the **Annexure – 1** to this Chapter, for the amounts lying in the account(s) of the deceased customer and submit the following documents for this purpose:
 - i. Claim Form in Bank's Format (**Refer Annexure – 2 to this Chapter**)
 - ii. Succession Certificate (**Refer Annexure – 3 to this Chapter**)
 - iii. Probate of the Will (**Refer Annexure – 4 to this Chapter**)
 - iv. Letter of Administration (**Refer Annexure – 5 to this Chapter**)
 - v. Death Certificate - AFFIDAVIT
 - vi. Legal Heirship Certificate
 - vii. Affidavit Declaration Form (**Refer Annexure – 6 to this Chapter**)
 - viii. Indemnity Bond
 - ix. Evidence in proof of solvency of sureties
 - x. Consent letters
 - xi. Documents like Pass Book / Deposit Receipts.

2. Joint Accounts:

- a. On the death of any one of the joint account holders, where there is no stipulation for operation by the survivor(s), operations in the account should be suspended. Any cheque issued by the deceased singly or jointly with others should be returned. The balance in the account is payable to the survivor(s) jointly with the legal heirs of the deceased.

3. Either or Survivor Accounts:

On the death of one of the Account Holders, the surviving Account Holder would be allowed to operate the account or withdraw the entire balance amount, on production of valid Death Certificate of the deceased Account Holder. No other formality need be insisted.

4. Any one or Survivor Accounts :

On the death of one of the Account Holders the right to operate the account and the entitlement to the balance in the accounts rests with the surviving Account Holders. However, in such cases it is desirable that 'Fresh Account Opening Form' is obtained from the surviving Account Holders and 'New Account' is opened in the names of the surviving Account Holders and the balance in the earlier account (where one of the Account Holders is now deceased) should be transferred to this new account.

5. Partnership Concern:

The death of a partner has the legal effect of dissolving the partnership firm. However, the surviving partners can operate the account for the purpose of winding up of the partnership concern.

6. Other Accounts:

(I). a. Hindu Undivided Family Accounts:

On the death of the Karta, the operations in the account should be stopped and a regular claim will have to be made by the legal heirs.

b. Minor Accounts:

In the case of survivor who is a minor, the Branch must refer the case to HO Legal Department for guidance.

c. Trust Accounts:

In the case of Trust Accounts, upon the death of one of the Trustees, the operations in the account should be stopped unless the **Trust Deed** confers express power on the surviving trustees to continue to act.

d. Clubs/ Association Accounts:

In the case of accounts in the names of Clubs / Associations, on the death or resignation of one of the Authorised persons to operate the account, all further operations in such account must be stopped till fresh resolution from the said Club / Association nominating another person to operate the account is received. Resolution and minutes copy of such meeting should be obtained and retained by the Bank.

6 (II). a. When there are more than one legal heir and all of them agree among themselves to authorize one person to receive the entire amount lying in the account of the deceased customer, then they have to give an "Authorisation Letter" to the bank to settle the claim in favour of that identified legal heir. A specimen of the format for "Authorisation Letter" is given in the **Annexure – 7** to this Chapter.

b. However in the official claim form as well as **Indemnity Bond**, which are as per Bank's Format, all the Legal heirs, mentioned in the 'Legal Heirship Certificate' issued by appropriate authority, must sign.

- c. In case of a deceased customer's account with a Branch, the Manager will have to forward the Claim Form together with the following documents to HO for settlement of the account.
 - i. Claim Form duly attested by Notary
 - ii. Claim Forwarding letter of the Branch. **(Refer to Annexure – 8 to this Chapter)**
 - iii. Pass Book / Term Deposit Receipt.
 - iv. Legal Heirship Certificate
 - v. Death Certificate
 - vi. Succession Certificate, wherever applicable
 - vii. Two sworn Affidavits
 - viii. Letter of Disclaimer, if any **(Refer Annexure – 9 to this Chapter)**
 - ix. Special Power of Attorney, if any **(Refer Annexure – 10 to this Chapter)**
- d. In the case of death of any one of the joint account holders, the claim may be settled as per the prescribed norms if there is no rival claim. Otherwise the Branch Manager has to act according to the instructions of the Legal Department of the HO or as per the Court orders, if any.
- e. In the case of Current Accounts in the names of individuals for the balance in the account of a deceased customer, interest at the prevailing rate of interest for S.B. accounts will have to be paid from the date of death of the Account Holder till the date of settlement of the amount to the claimant. [RBI circular dated 30.4.1983].

7. Insanity of an Account Holder:

- a. Under Section 11 of Indian Contract Act 1872, persons of unsound mind are disqualified from entering into a contract. On receipt of notice of lunacy of a customer the Bank should verify the veracity of the information. Bank must have sufficient proof like court order, lawful detention in a lunatic asylum or confirmation of lunacy by an authorised physician etc.
- b. On receipt of such valid notice the fact must be noted in the Ledger account in Red Ink with date and source of information.
- c. Cheques drawn by the insane person should be returned unpaid with the observation "Refer to Drawer". The account must be conducted in accordance with the court orders.
- d. In case the account is operated by a Power of Attorney Holder but the principal becomes insane, the authority of Attorney stands cancelled. The operation in the account should be immediately stopped and no Cheque signed by the attorney should be honoured, after receipt of notice of insanity of the principal. If the attorney becomes insolvent, the power stands cancelled. Cheques presented after getting notice of insolvency should be paid only after getting confirmation of the Principal.

- e. In case if one of the joint Account Holders becomes insane, the joint relationship is cancelled and the operations in the account by the joint account holders should be stopped even if the account has “E or S” or “A or S” status. No Cheques should be honoured after insanity of any of the account holder.
- f. In the case of a Partnership Account if one of the partners becomes insane, the account can be operated by the other sane partners, as lunacy of a partner does not dissolve the partnership unless such clause is provided in the Partnership Deed. However Cheques drawn by the partner who becomes insane should not be honoured unless confirmed by all other sane partners.
- g. In the case of a Joint Hindu Family account if the Karta becomes insane, the Bank must get a written consent from all other co-parceners authorising the next senior person to be the new Karta.

8. Insolvency of an Account Holder:

- a. When the Bank receives the notice of insolvency of a customer from appropriate authority, the bank must stop all operations in the account and record the fact on the Ledger account in Red ink.
- b. Even the Cheques dated prior to the date of his insolvency have to be returned unpaid with the remark “Refer to Drawer”.
- c. In case of bankruptcy of one of the Joint Account Holders the joint relationship is cancelled. No further operation in the account should be allowed.
- d. In the case of Partnership account where one of the partners becomes insolvent, the partnership deed should be thoroughly examined to find out whether the firm continues or dissolved. In case the firm continues, the Bank may request the solvent partners to close the existing account and open a new account in the name of the firm. The balance in the previous account will be transferred to this new account. In case of resolution of the firm, the solvent partner can operate the accounts of the firm for the purpose of winding up and any cheque drawn by the solvent partners can be paid. Cheques signed by a partner presented after he has been adjudicated insolvent should not be honoured as he ceases to be a partner of the firm.

The effect of an order of adjudication made against a firm, will be that the order shall operate as if it were an order of adjudication made against each of the persons who at the date of order is a partner in the firm. All the property of the insolvent, whether the property of the firm or their separate property vest in the official assignee or official receiver as the case may be. As such, in the case of bankruptcy of a firm, the authority of its partners to act on behalf of the firm ceases.

9. Settlement of Claims under Nomination:

- a. In respect of the balance amounts lying in the account(s) of a deceased customer, when the claim is received from the nominee, all formalities regarding verification of the records for eligibility of the nominee to make the claim, identification of the nominee etc. should be scrupulously observed.

- b. On receipt of information about the death of an Account Holder, noting should be made in the relative Register /ledger etc.
- c. Death Certificate should be registered in Bank's Document Register.
- d. The Death Certificate may be issued by any of the following authorities with official seal:
 - i. Corporation
 - ii. Municipality
 - iii. Panchayat Union Office
 - iv. Village Administrative Office
 - v. Registrar of Births & Deaths.
 - vi. Parish Priest (in the case of Christian only)
 - vii. Village Munsiff
 - viii. Muslim Jama-I-Eth (in case the deceased person is a Mohammedan)
- e. The claims may relate to any of the following :
 - i. Settlement of various claims under Nomination facility
 - ii. Settlement of various claims where Nomination has not been received
- f. Nomination facility was introduced in 1985 in Banks by amending the provisions of the BR Act 1949. Nomination is available only for deposit accounts, safe deposit Lockers, Safe Custody of articles. On the death of an Account Holder, wherein Nomination is available, the nominee should apply to the Bank for delivery of the assets or for paying the amounts lying in the account of the deceased customer to him in bank's prescribed claim form.
- g. This claim letter should be signed by Two Witnesses of good standing and integrity as prescribed by the bank.
- h. On receipt of such a claim the existence of nomination in favour of the claimant should be verified in Branch records like Deposit Ledgers, Nomination Register etc.
- i. Where a nominee is a minor, the authorised person mentioned in the nomination is entitled to prefer the claim and receive the settlement during the minority of the nominee.
- j. The claim of the nominee should be settled **irrespective of any claim** from legal heirs or anybody else except in the case of receipt of Court order prohibiting such settlement. In case the legal heir is holding a succession certificate the Bank should advise such a legal heir to bring an order of the Court restraining the Bank from effecting payment / settling the claim in favour of the nominee.

10. Settlement of Claims under Nomination – Locker Facility:

- a. If the claim relates to the contents of a **Safe Deposit Locker** held by the deceased hirer then the Branch should obtain the following from the claimant (nominee) while making claim:
 - i. Claim application in Bank’s format
 - ii. Proof of Death of the Locker hirer
 - iii. Key to the Locker (if the nominee is not in a position to produce the same, this requirement may be waived after establishing the bona fides of the nominee). However, the formalities relating to breaking open of a Locker should be followed and the cost should be borne by the claimant.
- b. In the case of death of a single hirer, the contents of the Locker may be delivered to the nominee upon the death of the hirer. Where there are more than one hirer, the contents of such Locker should be delivered upon the death of one or more Joint Hirers to the surviving hirer(s) and the nominee jointly.
- c. After the Nominee has been identified and the claim has been approved by the Branch Manager, an inventory of the articles left in the Safe Deposit Locker and Safe Custody should be taken in the presence of the Nominee and surviving heirs of the deceased, if any, and two independent witnesses. The inventory should be recorded in the appropriate Claim Form as per specimen and receipt obtained as per format. A specimen of the formats for the ‘Claim Form’ and receipt obtained is given in the **Annexure – 11 & 12** to this Chapter. Branch is not required to open a sealed / closed packet found in a Locker while taking inventory or releasing the packets to the nominee. In settling the claim, the articles / contents of the Safe Deposit Locker should be handed over immediately after taking inventory as detailed above.
- d. Delivery of the contents of the Safe Deposit Locker to the nominee jointly with the survivor(s) by the Bank shall constitute full and valid discharge.
- e. The following noting should be made in claim ‘Settlement Register’ as well as in the ‘Safe Deposit Locker Hirers Register’ in red ink with the full signature of the Branch Manager. “Contents of SD Locker No..... which was hired by deceased on delivered to (names of the nominee / surviving heir) in FULL & FINAL Settlement of claim.”

11. Settlement of Claims under Nomination - Deposit Accounts:

- a. Claims from a nominee under Deposit Accounts should be entertained only upon the death of the depositor. Satisfactory proof evidencing the death of the depositor must be tendered along with the claim papers.
- b. In all cases of claim by the nominee the branch should request the nominee to produce the death certificate. In addition the nominee must surrender the Pass Book and the Cheque Book relating to the account of the deceased or the Deposit Receipt as the case may be. If the Pass

Book, Cheque Book or Deposit Receipt is not available with the nominee and the branch is convinced about the bonafides of the nominee, the production of the same may be waived.

- c. In order to ensure that the claims are genuine the nominee has to be identified as per KYC norms or as prescribed by the Bank.
- d. After verifying the documents submitted by the nominee i.e. the Claim Form, Death Certificate and Deposit Receipt / Pass Book, the Branch Manager must ensure that:
 - i. the nomination in favour of the claimant is in force and there is no variation or cancellation.
 - ii. there is no lien on the monies claimed
 - iii. no order of any Court has been received restraining payment of the amount to the nominee
 - iv. in the case of pensioner's account the branch should ensure that no pension payment has been made (realised) for the period subsequent to the death of the pensioner.
 - v. In case of any doubt with regard to the claim, the matter should be referred to HO for guidance.
- e. If the claim is in order, action to close the account should be taken after the claim has been passed by the Branch Manager.
- f. Amounts held in Term Deposits may be paid to the nominee by closing the deposit before maturity if the nominee so desires without applying the penalty applicable to premature closure. Interest on amounts held in Term Deposits in the name of the deceased depositor may be paid to the nominee in the manner detailed below:
 - i. At the contracted rate upto the date of maturity of the deposit, if paid on maturity date / due date.
 - ii. If settled prior to due date, interest should be paid at the appropriate rate for the period for which the Deposit had remained with the branch without applying penalty for premature withdrawal / closure.
 - iii. If claimed after maturity of the deposit, interest should be paid at the contracted rate upto the date of maturity and thereafter, simple interest should be paid at the appropriate rate applicable as on the date of the maturity for the period from date of maturity to date of settlement of claim.
 - iv. Interest should be paid at the rate of interest applicable in respect of Savings Bank Accounts from the date of death till the date of settlement of claim in the following cases.
 - Credit balances lying in the Savings Bank Account of the deceased individual depositor.
 - Credit balance in the Current / Cash Credit Account of the deceased individual Account Holder.
- g. A receipt for the balance amount in the account and the interest payable must be obtained from the claimant (Nominee) with required revenue stamp.

- h. The account must be closed by preparing a simple Debit Voucher with the following narration:
 “To Account No..... closed and balance paid to (Name of the nominee) in Full Settlement of the claim.”
- i. Payment may be made to the nominee in cash or by issuing a Banker’s Cheque (Pay Order) in favour of the nominee and in the relative Ledger Folio it must be entered in red ink as below:
 “Account closed and balance paid to (Name of the claimant / nominee) in Full Settlement of the claim. Pass Book, unused Cheque Leaves, Deposit Receipt number
 (Surrendered / Not Surrendered details also to be recorded.)
- j. In the accounts opened and closed Register it must be recorded against that particular account as “Account closed on and claim paid to the nominee”.
- k. Account opening form specimen signature card, nomination letter, death certificate or any other proof of death and claim form and other connected papers must be preserved in a separate file titled as “claims paid file”.

12. Settlement of Claims where Nomination has not been received:

- a. Branches should obtain documents such as Legal Heirship Certificate / Succession Certificate/ Letters of Administration / Probate of the Will of the deceased constituent for disposal of balance in the account or assets held in Safe Deposit Locker of the deceased when no Nomination has been received. The relevant documents required are based on the amount of claim and the guidelines issued by the Bank. The claims may be settled as per the powers delegated to the officers of the Bank / Branch upto the amount delegated.

b. Settlement of claims:

Branch should obtain the following documents in case of claims whose value does not exceed the prescribed amount by the Bank from the claimant before proceeding with the processing of claims:

- i. Death Certificate in Original
- ii. Affidavit on Judicial paper of requisite value as fixed by the bank. In certain cases where the claim is for less than Rs.20,000/- Affidavit need not be obtained where simple declaration will do.
- iii. Legal Heirship Certificate.
- iv. Consent letter from the legal heirs who are not claiming the amount authorising the payment to be made to the claimant.
- v. Indemnity Bond, in the prescribed form, duly stamped and signed by the claimants and notarized.
- vi. Letter from the guardian of a minor legal heir confirming utilisation of minor’s Share for the benefit of the minor.

- vii. In the case of claims where Legal representation is required, the Branch Manager has to obtain the legal representation / legal certificate [Succession Certificate, Letters of Administration, Probate of the Will] in Original or a true copy duly attested.
- viii. Letter of Administration for gold ornaments held as security for loans, articles in Safe Custody articles in Safe Deposit Lockers.

13. Checklist for verifying the Claim Papers:

- a. **If the claim is supported by legal representation the following points are to be verified:**
 - i. Whether the Original Certificate / Order is produced
 - ii. Does the certificate / order specifically empower the claimant to receive the amounts due to the deceased and lying with the Bank in the name of the deceased account holder.
 - iii. Whether the details of the account furnished by the claimant are as per the Bank records.
 - iv. In the case of Succession Certificate whether it is properly stamped.
 - v. If the Succession Certificate mentions that a particular claimant is entitled to collect the amount for self and on behalf of other petitioners, the discharge certificate should be signed by the claimant for self and also in the representative capacity.
- b. **If the claim is supported by the Will of the deceased, then verify, whether it has been probated. If so the Branch should verify whether:**
 - i. an appeal or any other proceedings are pending before the Court against grant of the probate
 - ii. the probate of the will empowers the claimant to receive the amount.
- c. **Where the customer has died intestate and the claim is supported only by indemnity without Legal representation i.e. when Legal representation is proposed to be waived, the following aspects are to be verified:**
 - i. What is the religion of the deceased i.e. Hindu/Christian/Mohammedan or a Parsi or any other religion?
 - ii. The legal heirs and their order of priority for settlement of claims under each religion will have to be properly assessed.
 - iii. To ensure that the Affidavit is strictly in conformity with Bank's format. The Affidavit should be duly attested by a Magistrate/Notary with his official seal.
 - iv. Legal Heirship Certificate, where possible should be obtained.
 - v. The sureties should be worth at least twice the amount of claim. Particulars such as names of sureties, residential address, occupation and worth should be clearly stated in the claim forms.
 - vi. While forwarding the claim papers to HO with recommendations for their approval and sanction the Branch Manager should give the following certificate:

“We have made enquiries about this claim, which appears to be genuine to the best of our knowledge. The customer has died intestate and the claim is in order as per office guidelines. The claim may be settled in favour of Shri./Smt./Kumari..... against his/her/their stamped indemnity and receipt to be executed by all other legal heirs and the proposed sureties without insisting for legal representation.”

14. Annexure/s:

a. Following are the Annexures appended to this Chapter.

Annexure – 1 : Specimen of ‘Deceased customer’s Account(s) – Claim Application’

Annexure – 2 : Specimen of ‘Claim Format – Safe Custody Articles’

Annexure – 3 : Specimen of ‘Form of Succession Certificate’

Annexure – 4 : Specimen of ‘Form of Probate of the Will’

Annexure – 5 : Specimen of ‘Form of Letters of Administration’

Annexure – 6 : Specimen of ‘Affidavit – Declaration Form’

Annexure – 7 : Specimen of ‘Authorisation Letter’

Annexure – 8 : Specimen of ‘Claim Forwarding Letter’

Annexure – 9 : Specimen of ‘Letter of Disclaimer’

Annexure – 10 : Specimen of ‘Special Power of Attorney’

Annexure – 11 : Specimen of ‘Inventory of the Contents of the Locker’

Annexure – 12 : Specimen of ‘Inventory of Article under Safe Custody’

★ ★ ★

SPECIMEN OF ‘DECEASED CUSTOMER’S ACCOUNT(S) - CLAIM APPLICATION’

THE COOP. BANK LTD.
_____ **BRANCH/H.O.**

Dear Sirs,

Sub.: Accounts in the name of..... Deceased - Reg.

I/We claim the balance/securities/articles in the account(s) of the deceased mentioned above and accordingly, furnish the following particulars:

1. Particulars of the deceased

- a) Name.....
- b) Father’s/Husband’s Name.....
- c) Sex: Male / Female d) Religion.....
- e) Marital Status: Unmarried/Married/Divorced
- f) Age: yrs.
- g) i) Permanent address of the deceased :
- ii) Last residence of the deceased :
- h) Date of Death.....
- i) Evidence/Proof of death.....
- j) At the time of his death
the deceased _____ WAS/WAS NOT*
a member of Hindu Undivided
Family (HUF)

2. Details of succession, etc.

- a) Whether a Succession Certificate has
been obtained? If yes, attach a certified copy. YES/NO*
- b) i) Has the deceased left any Will ?
If yes, attach a certified copy. YES/NO*
- ii) Whether any Executor(s) has been
appointed under the Will? YES/NO*
- c) Has the Will been probated? If yes,
attach a certified copy. If not, give
reasons YES/NO*
- d) Whether any Letters of Administration
has been granted? If yes, attach a certified copy. YES/NO*
- e) Details of legal heirs are given in the
Annexure (to be given only in cases where
the answers to a, b & d above are ‘No’)

* Strike out if not applicable.

3. Particulars of the claimants :

Is the claimant solely entitled or jointly entitled with others ?

Name of Claimant	Father / Husband's Name	Relationship with deceased	Age	Occupation	Address
1.					
2.					
3.					
4.					
5.					

4.1 Is the amount claimed self-acquired or ancestral property of the deceased?

4.2 Had the deceased any undivided or divided co-parceners? If divided, give proof of division

4.3 Did the deceased make any other disposition of the property ? If so, give details.

4.4 Proof of claimant's title

5. Claim(s) made

5.1 Deposit Account(s):

- a) Name of deposit account:
- b) Account/Receipt No.....
- c) Due date(s) (For Time Deposits).....
- d) Amount: Rs.....

5.2 Securities :

- a) Nature of account:
- b) Amount due to the bank with interest upto (date) Rs.....
- c) Details of Securities:

5.3 Any other (Safe Deposit Locker, etc.) give details.....
.....

6. Document(s) in proof of the claim (Pass Book, Deposit Receipt, etc.)

- a) Document(s) details.....
- b) Whether the above document(s) is/are in the possession of Yes / No* the claimant(s)

c) If no, the reasons therefore

7. Details of the liabilities to the bank

8. Name and address of the sureties:

a) Name i)

ii)

b) Father/Husband's name

c) Age

d) Occupation

e) Worth Rs.....

f) Address

9. Declaration by Claimant/s:

I/We declare that the particulars mentioned in this application and in the Annexure are true and correct to the best of my/our knowledge and belief. I/We further declare that I am / we are liable to the bank for damages in case any of the particulars turns out to be not true or correct and the bank is held or made liable for any wrong payments.

(All claimants to sign)

10. Witness and declarations:

a) Name

b) Father's/

Husband's Name

c) Occupation

d) Address

e) I/We hereby declare that the particulars given above and in the Annexure are true to the best of my/our knowledge and belief, and the signature/s of the claimant(s) was/were affixed in my/our presence.

Signature(s) of

Witness/es :

Date:

* Strike out if not applicable

(Space for Branch Use)

Branch Manager's Recommendations:

SPECIMEN OF ‘CLAIM FORMAT - SAFE CUSTODY ARTICLES’

Application to recognise the claim to the deposit / articles in
Safe Custody/Safe Deposit Locker

I, Shri./Smt./Kum. _____ Nominee/appointed on behalf of the minor nominee hereby declare that I am the nominee/appointed on behalf on the minor nominee of the deceased Shri./Smt. _____. I further declare that I am nominated to claim the deposit monies / articles held Safe Custody/Safe Deposit Locker with _____ branch by Shri./Smt. _____ deceased. The deposit monies/articles held in Safe Custody/safe deposit locker are held in Account _____ /Locker No. _____ Safe Custody receipt No. _____ of Shri./Smt. _____ deceased.

Shri./Smt. _____

Signature _____

(Nominee/Appointed on behalf of minor nominee)

Date _____

Address _____

Witness*

1. Magistrate or Judicial Official

or

2. An Officer of the Central or
State Government

or

3. An Officer of a bank

or

4. Two persons acceptable to
the bank

1. Name :

Address _____

Signature _____

2. Name _____

Address _____

Signature

(*Strike out whichever is not applicable)

SPECIMEN OF ‘FORM OF SUCCESSION CERTIFICATE’

To

In the court of

Whereas you applied on the day of for a certificate under Part X of the Indian Succession Act, 1925, in respect of the following debts and securities namely:

DEBTS

Sl. No.	Name of Debtor	Amount of debts, including interest, on date of application for certificate	Description and date of the instrument, if any, by which the debt is secured

SECURITIES

Sl. No.	Description			Market value of security on date of application for
	Distinguishing No. or letter of Security	Name, title or class of security	Amount or par value of security certificate	

This certificate is accordingly granted to you and empowers you to collect those debts (and) (to receive) (interest) (dividends) (on) (to negotiate) (to transfer) (those securities).

Dated this day of

Annexure – 4 to Chapter – 23

SPECIMEN OF ‘FORM OF PROBATE OF THE WILL’

I, Judge of the district of (or Delegate appointed for granting probate or letters of administration in (here insert the limits of the Delegate’s jurisdiction) hereby make known that on the day of in the year the last will of late of a copy whereof is hereunto annexed was proved and Registered before me, and the administration of the property and credits of the said deceased and in any way concerning his will was granted to the executor in the said will named, he having undertaken to administer the same, and to make a full and true inventory of the said property and credits and exhibit the same in this Court within six months from the date of this grant or within such further time as the Court may, from time to time, appoint and also to render to this Court a true account of the said property and credit within one year from the same date or within such further time as the Court may, from time to time appoint.

Annexure – 5 to Chapter – 23

SPECIMEN OF ‘FORM OF LETTERS OF ADMINISTRATION’

I, Judge of the district of (or Delegate appointed for granting probate or Letters of Administration in (here insert the limits of the Delegate’s jurisdiction), hereby make known that on the day of Letters of Administration (with or without the will annexed, as the case may be), of the property and credit of late of deceased, were granted to the father (or as the case may be) of the deceased, he having undertaken to administer the same and to make a full and true inventory of the said property and credits and exhibit the same in this Court within six months from the date of this grant or within such further time as the Court may, from time to time, appoint, and also to render to this Court a true account of the said property and credits within one year from the same date, or within such further time as the court may, from time to time, appoint.

(To be typed on Stamp Paper of appropriate value)

SPECIMEN OF ‘AFFIDAVIT – DECLARATION FORM’

I/We (1) son/s of and (2) son of residing at (1) and (2) do hereby make oath/solemnly affirm and say as follows:

1. That Shri./Smt. (name of the deceased) (hereinafter referred to as “the deceased”) died intestate on at.....
2. That we know the deceased and his family since the last years.
3. That at the time of his death the deceased left surviving him 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.
 - i) (State here the name, age and
 - ii) relationship of each of
 - iii) the persons with the deceased)
4. That we are not related in any manner whatsoever to the deceased or any of the above mentioned persons nor have we any claim or interest of whatsoever nature in the estate of the deceased.
5. That we are informed and we verify believe that the deceased has left certain deposits/assets with the Coop. Bank Ltd..... Branch/H.O. to which the above mentioned persons are entitled to claim.
6. That we are 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 _____ Cooperative Bank Ltd. Branch / H.O. has agreed at our request, to make payment of the amounts of the deposit/to deliver the assets* to the above mentioned persons without insisting on production by them of a grant of legal representation to the estate of the deceased from a competent court.

Sworn / solemnly affirmed
 at this
 day of

1.
2.

in the presence of
.....

Before me
Judge/Magistrate/Notary

Seal

* Delete whichever is inapplicable

(To be furnished where claimants are more than one)
SPECIMEN OF ‘AUTHORISATION LETTER’

From Date:.....
.....
.....
.....

To
The Coop. Bank Ltd.,
..... Branch/H.O.

Dear Sirs,

Sub.: Account(s) in the name of deceased - Reg..

1. Please refer to claim application dated in the above account.
2. The deceased has left behind the following deposit(s) articles given for Safe Custody/in locker with you:

Deposit:

Types of Deposit account	Balance Rs.
.....
.....
.....

Safe Custody/Locker/Securities:

Details of articles/Securities:

3. I/We hereby authorise Shri./Smt. _____
_____ aged _____ yrs. and residing at _____ to receive the amount(s)
securities/articles detailed in the said application and to give effectual discharge of the same.

Yours faithfully,

Signature(s).

Note: All claimants to sign this letter.

SPECIMEN OF ‘CLAIM FORWARDING LETTER’

The Cooperative Bank Ltd.
_____ **Branch/H.O.**

(To be submitted in duplicate)

Date:

Ref. No

The Managing Director

The _____ Cooperative Bank Ltd.

Dear Sir,

Sub.: _____

I have to advise that the above named constituent died on and the balance of Rs..... lying at credit in the Current Account/Savings Bank Account/FD/CC/RD Special Deposits Account of the deceased is claimed by Shri./Smt. give below further details for your consideration.

- i.) Whether the depositor dies intestate or left a will.
- ii.) Names, age and relationship of the legal representatives, including co-parceners, if any, of the deceased depositor.

Name	Age	Relationship
1.		
2.		
3.		
4.		
5.		

I confirm that there are no other claimants to the estate of the deceased except those mentioned above.

- iii.) Whether the Branch Manager/Chief Manager is fully satisfied that persons mentioned in column (ii) above are the only legal representatives of the deceased and that the question of obtaining letter(s) of disclaimer from any person(s) does not arise. If not, state who are the other legal representatives with details of their relationship with the deceased and whether they have signed letter(s) of disclaimer in favour of the claimants, i.e., persons whose names are set out in column (ii) above.
- iv.) Has the relative death certificate been received and Registered in the branch books ?

- v.) Was the deceased a member of a Joint Hindu Family governed by the Mitakshara School of Hindu Law ?
- vi.) Does the balance in the deposit account form part of the self-acquired property or the Joint Hindu Family property of the deceased.
- vii.) Have sworn affidavits been obtained from two respectable persons, well acquainted with the affairs of the deceased ?
- viii.) Whether the facts stated in the affidavits have been independently verified and are found to be correct.
- ix.) Names of the two sureties proposed and their addresses together with their occupation and unencumbered individual worth.
- x.) Whether the sureties and the deponents to the affidavits are unrelated to each other and to the family of the deceased but known to the Bank.
- xi.) Whether the sureties proposed are recommended for our approval.
- xii.) Whether Estate Duty Clearance Certificate has been produced and Registered in the branch books.
- xiii.) Details of other assets left by the deceased which require the taking out of legal representation.
- xiv.) Other connections the deceased constituent had with the Bank.
- xv.) Reasons for the inordinate delay, if any, in claiming the amount.

I recommend that the balance in the above deposit account(s) be paid to Shri/Smt./Ms. jointly to Shri/Smt./Ms. against his/her/their receipt and on his/her/their executing an indemnity bond along with the sureties proposed who may be approved.

Shri/Smt./Ms. will sign the Indemnity Bond and the receipt once on his/her own behalf and a second time on behalf of the minor children as Karta/Mother and natural guardian.

Yours faithfully,

Manager / Chief Manager.

SPECIMEN OF ‘LETTER OF DISCLAIMER’

The Manager/Chief Manager

The _____ Cooperative Bank Ltd.

_____ Branch/H.O.

Dear Sir,

Sub.: Account No.....

In the name of

Balance Rs..... - Reg..

With reference to the above account(s), I/we, the following legal heirs of the late Shri./Smt. (Name of the deceased account holder), have to advise that I/we have no interest in the above asset(s) and as such, I/we have no objection to your, paying the balance amount lying in the above account(s) with you in the name of the aforesaid Shri./ Smt..... (Name of the de- ceased account holder) to Shri./ Smt..... Such delivery or the payment of the balance in the above account(s) would be completely binding on me/us and I/we will not question the Bank’s action in so doing, in any proceedings. I/We also undertake to bind myself/ourselves, my/our heirs and legal representatives not to revoke the declaration made herein.

S.No.	Name of Claimants	Age	Signature
1.
2.
3.
4.
5.
6.
7.

Signed before me

This day of

Notary Public / Magistrate

* Fill here the type of the account viz. SB/FD/RD/CC/Current Account etc.

SPECIMEN OF ‘SPECIAL POWER OF ATTORNEY’

(To be executed on non-judicial stamp paper of the appropriate value)

Place:

Date:

I/We (1) S/o. R/o. (2) S/o. R/o. successors to the estate of deceased Shri S/o. R/o..... do hereby appoint Shri..... S/o..... R/o..... my/our lawful attorney and authorise him to do all acts and execute all documents for and on my/our behalf and in my/our name, necessary for receiving the payment of the up-to-date outstanding balances in all and any of the accounts of the deceased and/or the contents of the locker(s)/ safe deposit article(s) held with the _____ Coop. Bank Ltd., Branch / Head Office. He is also authorised to make necessary applications, give declarations, indemnities and sign effectual receipts for and on my/our behalf and in my/our name/s.

All acts done by my/our above attorney shall be binding on me/us, as if the same were done by me/us\ and I/we agree to ratify them.

The said attorney signs as under:

(Signature of attorney)

(Signatures of persons giving power)

SPECIMEN OF ‘INVENTORY OF THE CONTENTS OF THE LOCKER’

Form of Inventory of contents of safe deposit locker hired from
banking company (Section 45ZE(4) of the Banking Regulation Act, 1949)

The following inventory of contents of safe deposit locker No. _____ located the safe deposit vault of SC BANK, _____ Branch, _____ hired by Shri./Smt. _____ (deceased) in his/her sole name.

hired by Shri./Smt. (i) _____ (deceased)
(ii) _____ Jointly
(iii) _____

was taken on this _____ day of _____ 20 _____

Sl. No.	Description of article in Safe Deposit Locker	Other identifying particulars, if any

For the purpose of inventory access to the locker was given to the nominee/and the surviving hirers.

- * who produced the key to the locker
- * by breaking open the locker under his/her/their instructions.

_____ The above inventory was taken in the presence of :

Shri./Smt. _____ (Nominee) _____
Address _____ (Signature)

OR

Shri./Smt. _____ (Nominee) _____
Address _____ (Signature)

AND

Shri./Smt. _____
Address _____ (Signature)

Shri./Smt. _____
Address _____ (Signature) Survivors of joint hirers

Witness(es) with name, address and signature

* I, Shri./Smt. _____ (Nominee)

* We, Shri./Smt. _____ (Nominee), Shri./Smt. _____ and Shri./Smt. _____ the survivors of the joint hirers, hereby acknowledge the receipt of the contents of the Safe Deposit Locker comprised in and set out in the above inventory together with a copy of the said inventory.

Shri./Smt. _____ (Nominee)

Shri./Smt. _____ (Survivor)

Signature _____

Signature _____

Date & Place _____

Date & Place _____

Shri./Smt. _____ (Survivor)

Signature _____

Date & Place _____

(* Delete whichever is not applicable)

SPECIMEN OF ‘INVENTORY OF ARTICLES UNDER SAFE CUSTODY’

Form of inventory of articles left in Safe Custody with banking company (Section 45ZC(3) of the Banking Regulation Act, 1949)

The following inventory of articles left in Safe Custody with SC BANK, _____ Branch by Shri./Smt. _____ (deceased) under an agreement / receipt dated _____ was taken on this, _____ day of _____ 20_____ .

Sl. No.	Description of article	Other identifying particulars, if any

The above inventory was taken in the presence of :

Shri./Smt. _____ (Nominee)

Shri./Smt. _____

(Appointed on behalf of minor nominee)

Address _____

(OR)

Address _____

Signature _____

Signature _____

Witness(es) with name, address and signature

I, Shri./Smt. _____ (Nominee/appointed on behalf of minor nominee) hereby acknowledge receipt of the articles comprised and set out in the above inventory together with a copy of the said inventory.

Shri./Smt. _____ (Nominee)

Shri./Smt. _____

(Appointed on behalf of minor nominee)

Signature _____

Signature _____

Date _____

Date _____

Place _____

Place _____

CHAPTER – 24
BANK'S ACCOUNTING PROCEDURE

1. General:

- a. Proper accounting system ensures and facilitates expeditious handling of the transactions of the public with the branch. It safe-guards the interest of the Bank against any loss by fraud. In addition to observing the precautions laid down in the accounting system, frauds can be prevented by:
 - i. Exercising proper care at the time of opening new accounts.
 - ii. Implementing a periodical job rotation for staff in the branch.
 - iii. Carrying out an intelligent check over each day's transactions.

A system of surprise inspection / check and balancing of books must be followed.

- b. The Branch Manager should move out of his cabin and be present in the banking hall frequently, particularly when there is crowd at the counters and personally ensure that all transaction with the public are being dealt with expeditiously. Managers and other officers in the branch must see that the systems and procedures laid down by the Bank's Management is meticulously observed and no deviations are permitted unless the same is specifically sanctioned / approved by the HO. Manager must satisfy himself at all times, by daily examination of few of the books of the branch by rotation, that they are properly kept and have been duly checked. Direct responsibility for all the books being maintained and operated in accordance with the prescribed procedure is on the officer who is in charge of the section / department. The Manager's responsibility is to ensure that all the Officers carry out their responsibilities without default. The Officers must ensure proper maintenance of ledgers, registers, balancing of accounts, preparation and timely despatch of various statements / returns by the members of clerical cadre under their direct supervision. The Manager should ensure by an examination of the various books/registers that they are properly maintained and duly checked by the concerned officer. He must call for various books at irregular intervals and check them and thus the officers are made to feel that their work is kept under his close supervision.
- c. On no account should an alteration or over writing be permitted in Bank's books of accounts. Whenever an alteration in an amount has to be made, the whole amount must be neatly ruled out in red ink and the correct amount inserted immediately above the red line, the alteration being authenticated by an authorised officer. Similarly writing below the last line in ledgers and Registers should be avoided.
- d. Credit slip / remittance Pay-In-Slips / pay in slips should be signed by the remitter. If it is cash remittance the customer should be asked to fill up the denomination-wise details of his remittance in the pay-in-slips / Pay-In-Slips. If it is deposit of a Cheque / DD etc. he should fill up the details of name of the Drawee bank, branch Cheque / DD number and amount on the reverse of

the pay-in-slip / Pay-In-Slips. Counterfoils of pay-in-slips in respect of cash remittance must be signed in full by the cashier and the Authorised Officer. The relative credit slip (Main part of the pay-in-slip / Pay-In-Slip) should also be signed in full by both. Bank's "Cash Received" stamp with date must be affixed on the counter foil as well as the office portion (Main part) of the pay-in-slips relating to cash remittance.

- e. Drawer's signature on the Cheque / S.B. withdrawal relating to cash payment should be cancelled by the passing officer / teller by drawing a line on the full signature of the drawer. Then he must affix "Pay Cash" stamp and sign underneath that in full. He must then enter the details in cash payment scroll maintained by him as passing officer.
- f. The Passing Officer must assign serial numbers to all cash payment vouchers which must be recorded in the "Cash Payment Scroll" as well as on the payment voucher (Cheque/Savings Bank withdrawal (S.B.W.) etc.). This serial number may be written at right top corner (i.e. above the date) of the instrument so that it will not be confused with **Token Number** written by Ledger clerk. The cashier at payment counter must enter this serial number, given by the passing officer first under the **First Column** of the "Payment Cashier Register" maintained by him and then the account number, Cheque number and amount paid. After paying the amount to the customer he must correctly note on the reverse of the payment voucher (Cheque / S.B.W. etc.) the denominations in which the payment was made. Bank's "Cash Paid": stamp with date should be affixed on all cash paid vouchers and the cashier must initial thereon.
- g. All other debit and credit vouchers (other than cash payment or remittance voucher) should be stamped with 'Transfer' or 'Clearing' stamp bearing the date of transaction.
- h. All Cheques, Drafts and other instruments, which are received for credit to an account, (either by post or over the counter) must be stamped with Bank's 'Crossing' stamp immediately on receipt. Every care should be taken to enter the instruments in the relative Register s (like Clearing Register, OBC Register, etc.).
- i. Debits to Sundry Debtor's account and credits to Sundry Creditors' accounts must be passed only by the Branch Manager or authorized official. The passing officials should adhere to Rules laid down by the Bank and should not exceed his authorized limits while passing cheques, etc.
- j. The Branch Manager should scrutinise each morning, the vouchers of the previous day, to ensure that the above instructions have been duly complied with.

2. Branch Cash Scroll:

- a. In the branches, where there is more than 3 officials, cash receipt and payment scrolls may be maintained by any two of the officials as per the laid down office guidelines. Otherwise, the existing procedure may be continued with the concurrence of Head Office.

- b. All the cash payment vouchers would be assigned a serial number, and will be as noted in “Cash Payment Scroll”. This serial number should also be noted by the Payment Counter Cashier in his register in addition to noting the Token number, account number / name of the Account Holder, Cheque number and the amount paid.
- c. After payment, the Debit Vouchers retained by the Payment Cashier will be sent to concerned Ledger Assistant / or the assistant assigned the job of writing the Subsidiary Cash Books (Day Book) through a Pass Book specially maintained for this purpose. In this Pass Book the following details should be recorded (i) Date, (ii) Number of Current Account Cheques, (iii) Number of S.B. Cheques, (iv) Number of S.B. withdrawals, (v) Number of Day Book debits, (vi) Number of Loan voucher, (vii) Number of other vouchers and (viii) “time” of handing over the paid vouchers for writing subsidiary cash book (Register). The receiving assistant shall initial against the vouchers he has received from payment cashier.
- d. Credit vouchers in respect of Cash Receipts should be entered in the “Receiving Counter Cashiers Registers” serially numbered by the Cashier which should be noted in his register also. The Cashier shall then affix Bank’s “Cash Received” stamp with date on the counter foil (if any) as well as the main portion of the pay-in-slips and should sign on these stamps. Thereafter he must send these vouchers to the Passing Officer who is maintaining “Cash Receipts Scroll” and should enter them in this scroll after noting the serial numbers given by the Receiving Cashier and mark a “tick” near this serial number on the voucher as a mark of identification that the voucher has been entered in Cash Receipts Scroll. He must then sign both the portions of the pay-in-slips and pass on the counterfoil to the customer retaining the main portion with him in a tray.
- e. These vouchers should then be passed on to the Ledger Assistants for being posted in respective Ledgers or for being dealt in by the section concerned (like DD issue, preparation of Term Deposit receipt etc.). These vouchers should thereafter be sent to the assistants writing Subsidiary Cash Books.
- f. The staff in charge of writing DDs or Term Deposit receipts or Loan receipts should not do so unless the related voucher has been entered in “Cash receipts scroll” and passed by the Passing Officer. Similarly the Ledger Assistants should not also post such vouchers unless they have been scrolled and passed / signed by the Passing Officer.
- g. After the Business hours the total figures in “Cash Receipts Scroll” and “Cash Payments Scroll” should be arrived and they must be tallied with the “Receipts Cashier’s” and “Payment Cashier’s” Register s by one of the officers maintaining the scroll.
- h. The payment cashier will then enter the opening cash balance (i.e. the previous working days closing cash balance) in his Payment Register, after the total figure of day’s cash payments. To this he will add the total amount of cash received that day (as per Receipt Cashier’s Register) and reduce there from the total amount of cash payments made that day. The figure thus arrived is the closing cash balance as on that date must agree with the closing cash balance as on that date as per Day Book.

- i. All the cash scrolls should be retained by the Passing Officer or the Branch Manager overnight.
- j. The Physical Cash at the counter at the end of the day should be checked (100%) by the Branch Manager or Official in – charge of cash and then moved to the cash safe. Excess / shortage in cash should be dealt as per office guidelines.

3. Tokens:

- a. The Branches where the Token system is in force for cash payment, a “Token Issued Register” must be maintained wherein the serial numbers of the Tokens issued to each clerk / assistant concerned shall be entered and their acknowledgement obtained therein.
- b. These Tokens must be kept by the Ledger Clerk / assistants in the order of their serial numbers in a spike for issue to public / clients strictly in their order.
- c. After business hours the Ledger clerks must get back these Tokens from Payment Cashier and verify that all the Tokens have been received back. Then these Tokens must be again arranged in their serial order on a spike and handed over to cashier for being kept in the strong room overnight.
- d. Normally these Tokens should not be inter-changed by the Ledger Clerks unless authorised by the officer.
- e. If any Token is lost it should be reported to the Manager and an immediate search should be made and if not recovered its number should be noted in the list of missing Tokens to be kept beside the Payment Cashier to guard against wrong payments.

4. Transfer Scroll:

- a. Many Banks / Branches are following a system of maintaining a Transfer Scroll in the Branch wherein all transfer vouchers are recorded by an assistant which will be checked and initialled by the officer.
- b. This will help to balance the transfer transaction separately with the total amount of “Transfer Transactions” shown in the Cash Book (Day Book).
- c. These Transfer Vouchers must be stamped with the “Transfer” stamp. At the end of the day the Transfer Scroll should be totalled and signed by the officer and sent to “Cash Book / Day Book” section.
- d. Constituents must fill in the particulars of Cheques on the reverse of the Pay-In-Slips or in the space provided for this purpose and the particulars must be checked by the supervising official while receiving the cheques.
- e. When Cheques etc. are returned to constituents the Bank’s Crossing Stamp and the serial number, if any, noted therein, must be cancelled under the stamp and signature of a supervising official on the reverse of the Cheque.

- f. No transfer credit voucher should be posted in the ledger or a receipt, draft etc., issued against transfer vouchers unless the relative credit vouchers have been duly passed and entered in a Transfer Scroll.

5. Subsidiary Day Book:

- a. Branch may maintain separate “Subsidiary Supplementary Day Book” for Current Accounts Ledgers, Savings Bank Accounts Ledgers, Cash Credit Ledgers, Recurring Deposit Ledgers etc. where the relative transaction vouchers must be grouped “Ledger number-wise” and written. In entering the vouchers in these books the following instructions should be noted;
 - i. Supplementary (Subsidiary) Cash Books should be written by clerks other than the one maintaining the relative ledgers.
 - ii. All the vouchers after they have been posted in the relative ledgers should be sorted and arranged in the order of ledger folio numbers (noted on the voucher under the initials of clerks posting them in the respective ledgers) and entered in the same order in the relative Supplementary Cash Book.
 - iii. The assistants writing the Supplementary Cash Books should see that all the vouchers entered by them have been duly passed by an authorised officer and stamped with “Cash Paid” or “Cash Received Stamp” or “Transfer Scroll” stamp with current date and the drawer’s signatures on all Cheques & Savings Bank withdrawals have been cancelled. These vouchers should also have been posted or otherwise acted upon (like issue of DD/ FD receipt etc.).
- b. These supplementary Day Books should be totalled and closed at the end of the day with the number of vouchers noted as under:
 - i. No of Debit Vouchers.....
 - ii. No of Credit Vouchers.....
 - iii. Total No. of Vouchers
 - iv. Register Written by :
 - v. Register Checked by :
(A suitable rubber stamp may be used for this purpose)
- c. These entries in the Supplementary Day Book must be checked by the officers with reference to the relative vouchers. The total figures arrived by the assistant must also be verified.
- d. Similarly, all the entries and balances in the respective Ledgers should also be checked by the officers the same day evening, with reference to the vouchers.
- e. The Supplementary Day Books should be checked only after checking the Ledgers.

6. Cash Book (Day Book):

- a. The Cash Book or Day Book which is an abstract of the day's transactions classified under General Ledger headings will be written up from the vouchers themselves.
- b. Wherever Supplementaries (Subsidiary Day Books) are prepared, the total figures from these Registers under respective column i.e. cash / transfer / clearing should be carried to the Day Book under the appropriate G.L. headings.
- c. The narration of entries in the Cash Book / Day Book must be brief and sufficiently self - explanatory (e.g. in the case of voucher relating to FD, the FD receipt number, in whose name issued and the amount, must be recorded. The period of investment, due date and the periodicity of payment of interest thereon etc. need not be recorded in Day Book).
- d. In respect of all other entries in Cash Book/ Day Book which have been incorporated from subsidiary Cash Books the figures under columns Cash, Clearing and Transfer must be checked with reference to the totals of respective columns in the related Registers (Subsidiary Day Books).
- e. The assistant as well as the checking officer both should sign the Cash Book for the correctness of the day's transactions.
- f. After the Day Book is tallied all the vouchers relating to day's transactions should be stitched in individual packs (i.e. like C/A, S.B., R.D., F.D, Loans & Cash Book etc.). On these packs, pre-printed brown papers with the following should be kept on both sides before stitching and with these papers as covers the packs must be stitched.

Date

..... Vouchers

No. of Credit Vouchers:

No. of Debit Vouchers:

Total No. of Vouchers:

Officer's
Initials

Assistant's
Initials

7. General Ledger:

- a. The General Ledger (GL) should be posted from the Cash Book / Day Book by the Assistant and the postings in the General Ledger should be checked and authenticated by an Officer / Branch Manager.
- b. The Branch Manager should daily check the entries in Sundry Creditors & Sundry Debtors.
- c. A weekly Trial Balance as on each Friday, of the GL will be extracted tallied and forwarded on the following working day to HO.

8. Sundry Debtors & Sundry Creditors Account :

- a. In order to account for missing instruments / vouchers, entries may have to be passed by Debit/ Credit to Sundry Debtors / Sundry Creditors account. These entries should be passed by the Branch Manager. Steps should be taken to reverse the entries early.
- b. As at the end of each calendar quarter, a statement of all outstanding in Sundry Creditor's account and Sundry Debtor's account should be furnished to Head Office. It may contain reasons for these existence / and steps taken to reverse them.

9. Stamp Account:

- a. In respect of special adhesive stamps to be affixed to Safe Deposit Lockers (SDL) agreement forms the amount required for procuring this stamp may be released as advance under "Sundry Debtors A/c, SDL adhesive stamps."
- b. As and when SD Lockers are hired out, the cost of this stamp must be recovered from the hirers and the amounts credited to the relevant Sundry Debtors account to wipe out the outstanding under this account.
- c. Such SDL agreement forms with special adhesive stamps pasted to them and duly cancelled by the concerned Treasury authorities must be under the custody of the officer in charge of SDL.

10. Periodical Balancing of Accounts:

Sl. No.	NAME OF THE ACCOUNT	INSTRUCTIONS
a.	Current and Cash Credit Accounts	<ol style="list-style-type: none">a. Will be balanced once a week, preferably on Fridays.b. The Trial Balance (TB) so extracted weekly must be balanced before the extraction of next week's TB is due.
b.	Savings Bank Accounts	Will be balanced once a month as on the last working day of the month.
c.	Recurring Deposit	Will be balanced as at the end of each month
d.	Pay Order	Will be balanced as at the end of each month
e.	Sundry Debtors & Sundry Creditors Accounts	Will be balanced as at the end of each month
f.	Bills purchased & Bills discounted	Will be balanced weekly on all Fridays
g.	Collection of Bills (inward & outward)	Will be balanced as at the end of each month
h.	All types of Loan Accounts	Will be balanced once a month
i.	Postage, Telegram, Petty Cash & Stamp (SDL-spl. adhesive) Account	Will be balanced once a month

j.	Fixed Deposits Cash Certificates Special Deposits	Will be balanced every calendar quarter and other
k.	Stationery	Will be balanced Half Yearly
l.	Furniture & Fixtures	a. Annually at the end of each Accounting year. b. A complete list should be prepared & sent to HO.
m.	Safe Custody & Safe Deposit Accounts	Once in Half Yearly the Scrips & Sealed boxes should be physically verified.
n.	Inoperative Accounts	Will be balanced once in 6 months
o.	Overdue Loan Accounts	Half yearly
p.	Surprise verification of cash balance	Quarterly with the help of officers of near by Branch or HO.
q.	Stock of unused DDs/Pay Orders/ FD-CC receipts on hand	Will be checked & balanced quarterly

A detailed list of different periodicity of Balancing of Books is given as **Annexure – 1** to this Chapter.

11. Other Items of Work:

	Arrangement of records in Record room	To be verified by the Branch Manager Half Yearly
a.	Maintenance of premises	Should ensure that the Branch premises is kept neat & tidy. Cobwebs are removed once in a fortnight. Buildings repainted periodically Rolling shutters are well greased for smooth operations bi-monthly. All minor repairs to furniture & fixture items are carried out then & there. Cash Cabin locks, Table drawer locks etc. to be checked and repairs, if any, required to be carried out immediately.

12. Petty Cash:

- a. An advance for Petty Cash may be drawn to the debit of “Sundry Debtor’s A/c. Miscellaneous Expenses.”
- b. In the “Petty Cash Book” all the expenditures incurred - date wise, may be recorded. All relevant Bills / receipts should be properly maintained.

- c. At the end of each month, the actual expenditure incurred during the month should be credited to “Sundry Debtors A/c Miscellaneous Expenses” and debited to “Miscellaneous A/c” duly authorized by the Executive of the Bank.
- d. At the time of Half Yearly / Annual closing of accounts the balance, cash available on hand should be remitted back / re credited to “Sundry Debtor’s A/c. Miscellaneous Expenses.” .

13. Monthly Interest Provisions:

- a. With a view to ascertain the working results of the Branch, it is necessary to calculate interest payable on deposit accounts and interest receivable on Loans / Advances accounts for each month approximately. For this purpose TWO REGISTERS styled as “Interest Payable Register” and “Interest Receivable Register” should be maintained.
- b. In the “Interest Payable Register” separate folios should be allotted / opened for
 - i. Savings Bank
 - ii. Fixed, Cash Certificate & Special Deposit
 - iii. Recurring Deposits
 - iv. Other Deposits.
- c. In respect of Liability accounts such as FD A/c, a tentative monthly provision may be made by passing the following entries:
 - i. Credit : Interest Payable on FD A/c.
 - ii. Debit: Interest Paid on FD A/c.

(The provision may be 1/6th of the previous Half Year’s figure +allowance for increase in Deposits) After calculating the actual payable amount at the end of the Half Year, the Balance amount could be provided at the end of each Half Year.
- d. Similar system may be adopted where actual monthly provision is not possible in respect of Asset accounts.

14. Annexure/s:

Following is the Annexure appended to this Chapter.

Annexure – 1 : Specimen of “Balancing of Books – Periodicity – Detailed List”

★ ★ ★

“Balancing of Books – Periodicity” – Detailed List

Sl. No.	Name of Account	Periodicity
1.	All Term Deposits	Quarterly
2.	Savings Deposit Accounts	Monthly
3.	Current Accounts	Weekly/Month end
4.	Matured Deposits	Monthly
6.	TTs payable	Monthly
7.	Interest payable on Fixed Deposits	Quarterly
8.	Interest payable on Cash Certificate	Quarterly
9.	Interest payable on Recurring Deposit	Quarterly
10.	Interest Realisable	Quarterly
11.	Outstanding Liabilities (Sundry Creditors)	Quarterly
12.	Clearing Adjustment Account	Monthly
13.	CGC Amount Reimbursed by DICGC	Half-yearly
14.	Unexpired commission on Guarantee	Half-yearly
15.	Contra Accounts	
	i) Bills for Collection	Monthly
	ii) Other contra items	Quarterly
16.	Reconciliation of balances in accounts with other banks	Monthly
17.	Overdrafts (including TODs) and all Cash Credit Accounts	Weekly
18.	Defaulted Guarantees	Half-yearly
19.	All Loan Accounts	Monthly
20.	Sticky / Protested Bills, Law charges on Protested Bills, Credit Guarantee Claims and other Advances	Quarterly
21.	Overdue Bills	Fortnightly
22.	Bills Purchased/Negotiated (Inland & Foreign)	Fortnightly
23.	BP returned unpaid	Monthly
24.	Safe, Furniture, Vehicles and Machinery	Yearly
25.	Books, Forms & Stationery	Yearly
26.	Sundries Receivable	Monthly
27.	Interest Free Advances to Staff Members	Quarterly
28.	Stamps Monthly	
29.	Government Pensions	Half-yearly
30.	DDs paid without Advice	Fortnightly
31.	All Nominal Accounts	Monthly
32.	Income & Expenditure (from Sub. G.L.)	Monthly
33.	General Ledger Trial Balance	Weekly/month end
34.	All staff loans	Half-yearly

CHAPTER – 25
BOOK ENTRIES

1. General:

- a. Based on “General Ledger” heads of accounts different type of vouchers are prepared and entries made in various Registers and Ledgers maintained by each Section / Division in the Branch.

2. Current Accounts and Savings Bank Accounts:

- a. As and when Temporary Overdraft (TOD) is cleared interest will have to be charged for this. The entries will be (this relates only to C/A) :-
 - i. Debit : Customer’s Current Account
(towards interest @% pa charged for the TOD availed from..... to.....)
 - ii. Credit : Interest received on C/A OD.
- b. At the end of each year folio charges at the rates fixed by the HO should be charged and the amount should be credited to “Commission account” (for C/As over)
 - i. Debit : Various Current Accounts
(Towards folio charge for the year ending 31st March for (number) of folios used during the year)
 - ii. Credit : Commission account
- c. Service charges at the rate fixed by the HO are levied for Cheques returned unpaid as well as issue of Duplicate Pass Book and Statement of Accounts in the case of both Savings Bank Account and Current Account. In such cases the entries would be as follows:
 - i. Debit : Customer’s Current Account
 - ii. Credit : Commission account.
- d. Charges at the prescribed rate are collected from the Account Holder. Many banks collect Cheque Book charges for Cheque Leaves over & above free limit of 60 leaves in the case of Savings Bank Account.
 - i. Debit : Customer’s respective Account (Savings Bank Account or Current Account)
(Towards charges for issue of Cheque Book with 25/50/100 leaves bearing numbers to.....)
 - ii. Credit : Printing, Stationery, Books & Forms account.
- e. In respect of permanent Over Draft Accounts interest will have to be charged at the end of each calendar quarter; (for Current Accounts only)
 - i. Debit : Customer’s Current Account
(Towards interest @% pa charged for the O/S overdraft in your account for the quarter ended.....)
 - ii. Credit : Interest received on C/A OD.

- f. Whenever Cheques deposited for collection (through local clearing) are returned unpaid, the following entries will be made since the credit is posted in the ledger prior to knowing the fate of such instruments.
- i. Debit : Customer's Accounts
(Towards the amount of clearing Cheque deposited by you on bank returned unpaid to day).
 - ii. Credit : HO Account (or to the original entry of debit made early)
At the time of payment of Half Yearly interest on Savings Bank Accounts.
 - i. Debit : Interest payable on Savings Bank Accounts
(Towards interest for the Half Year ended.....)
 - ii. Credit : Customer's accounts.

At the time of closing a Savings Bank Account or Current Account and payment is by way of:
 - i. If by cash :
 - Debit : Customer's Current Account or Savings Bank Account
(Towards closing the account at the request of the customer letter dt.....)
 - Credit: (no voucher) as cash paid is itself is credit
 - ii. If by pay order :
 - Debit : Customer's account
 - Credit : Pay orders issued.
(in favour of the customer for the balance amount in his/ her C/A no...../S.B. account no..... with us paid as per the request letter dt.....)
- g. At the time of making monthly provisions (for liability accounts):
- Debit: Interest Paid on SB / FD / CC / RD A/c. _____
- Credit: Interest Payable on SB / FD/ CC/ RD A/c. _____.
- h. At the time of making provisions for Asset A/c. _____.
- Debit: Interest Receivable on Depositors' Loan /
and other loans and advances A/c ; _____
- Credit: Interest Received on Depositors' Loan /
And other loans and advances A/c. _____

3. Clearing:

- a. When Cheques are deposited by various customers of the Branch for collection through local clearing the following entries will have to be made.
 - i. Debit : Head office account
(Towards (number) Cheques lodged to day for collection through local clearing house)
 - ii. Credit : Various accounts (Current & Savings Bank Accounts) (at times it may be even for investment in Term Deposit)
- b. For Cheques received in clearing and paid by the Branch:
 - i. Debit : Various accounts (Current / Savings Bank a/c)
 - ii. Credit: Head Office A/c.

4. Bills:

- a. When the outstation instruments (Cheques/DDs/DWs etc.) deposited by the customers are sent for collection and subsequently on realisation the following entries are passed: (Contra entries)
 - i. Debit : Bills lodged account
(Towards OBC Nos.....to..... lodged to day for collection)
 - ii. Credit : Bills for collection.
On realisation of OBC the above entries are reversed.
 - iii. Debit : Bills for collection
 - iv. Credit : Bills lodged and in respect of OBCs realised the following entries should also be made:
 - v. Debit : Bills for collection
(for the full face value of the outstation instrument sent for collection)
 - vi. Credit : – Commission account
(Towards service charges for the bank at the rates fixed by HO from time to time)
 - Postage & Telegram charges account
(Towards postage incurred for sending the instrument through registered post for collection)
 - Customer's account (only for balance amount)
(Being the amount of the OBC No..... on..... realised less commission and P&T charges)

- ii. Credit : Customer's account.
(Being the value of PO no..... dt..... now surrendered for cancellation and commission collected, date and time of issue of the above PO)

Note: Cancellation charges for cancel of DD or PO may be collected from the DD / PO amount, at the rate fixed by the Bank from time to time.

8. Interest on Fixed Deposits:

- a. When the customer requires credit of the monthly / quarterly interest on FD accounts to the customer's SB / Current account, the following entries may be passed, as standing instructions..
 - i. Debit : "Interest payable on FD account"
(Towards monthly / quarterly interest on FDR No..... for Rs..... bearing interest @% pa paid for the month 20____ / quarter ended 20____)
 - ii. Credit : Customer's account (Current or Savings)(Beingthe narration will be as in debit voucher) (These vouchers could be prepared on "Transfer Folders" where first copy will be debit voucher and the second copy will be credit voucher)

9. Standing Instructions:

- a. In respect of all other standing instructions (which will be adjustment of funds from Current or Savings Bank Account of the customer to other accounts like RD, loan accounts etc. or towards remittance to other branches or units or institutions like educational institution etc.
 - i. Debit : Customer's account (Current or Savings Bank Account)
(To amount transferred to / remitted to as per your standing instructions no..... dt.....)
 - ii. Credit : As per the instructions of the customer.

★ ★ ★

CHAPTER – 26
MANAGEMENT INFORMATION SYSTEM

1. General:

- a. Management Information System (MIS) is a term which refers to class of systems used to support operational and tactical decision making. The State Cooperative Banks should develop a proper and relevant management system, either e – based or where not feasible paper based one. The generated data should help to implement, monitor and to achieve the set goals (targets) both short term and long term. A brief guideline is furnished in order to frame a sharp MIS and derive benefits thereon by SCBs. These would greatly help in decision making process, problem solving techniques besides functional perspectives.

2. Need for Building MIS:

- a. Regulatory requirements indicated by RBI (such as CRR, SLR maintenance and submission of returns, Off Site Monitoring Surveillance – OSMOS)
- b. ALM guidelines, covering 100% of the business.
- c. Need to submit Balance Sheet and P & L account in time.
- d. Focus on transaction costing and the need for relating service charges levied on customers to be based on cost of servicing.
- e. Need for inter branch reconciliation of accounts within a definite time frame.
- f. Need to undertake risk management strategies and for this build up appropriate sets of data and market intelligence reports.
- g. For Bank’s decision making for their own use as well as for conveyance to authorities in charge of regulations.
- h. To ascertain various guidelines on operational as well as administrative procedure are implemented.

3. TPS & MIS:

Transaction Processing System (TPS)	Management Information System (MIS)
- Support operation	- Provide Decision making support for routine, structured decisions.
- Management and control	- Closely linked to and fed by TPS.
- Routine, Normal operations.	

4. A Model for Problem Solving:

- i. Decision making phase. – Intelligence gathering.
 - Design.
 - Choice.
- ii. Implementation.
- iii. Monitoring.

5. Decision Making:

- A Step in problem solving.
- Intelligence gathering
 - definition of problem.
 - data gathered on scope.
 - Constraints identified.
- Design Phase
 - Alternatives identified and assessed.
- Choice
 - Selection of an alternative.

6. Goals of MIS:

- Provide Managers with information.
- Regular, routine operations.
- Control, organize and plan better.

7. Typical Inputs and outputs:

Inputs: Information from TPS.

Outputs: Hard and Soft copy reports

- Scheduled reports.
- On demand reports.
- Key indicator (business)
- Exception Reports.

8. Functional perspective of MIS:

Financial MIS:

- will integrate information from multiple sources.
- Functions.
 - i. Costing.
 - ii. P & L reporting.
 - iii. Auditing
 - iv. Funds Management.

Marketing MIS:

- Market research.
- Pricing.

Human Resources MIS:

Accounting MIS:

★ ★ ★

CHAPTER – 27

TAPALS (MAIL)– INWARD & OUTWARD

1. Inward Tapals:

- a. Each Branch shall maintain a “Tapal Register” wherein all the inward tapals received by the branch should be entered. A specimen of “Tapal Inward Register” is given in the **Annexure – 1** to this chapter.
- b. All the tapals shall be received by an officer of the bank and opened in his presence.
- c. All the tapals received everyday should be serially numbered with date stamp affixed on it and should be recorded in the Inward Tapal Register.
- d. Date stamp of the branch must be affixed on all the tapals after opening all the covers / tapals and then the serial numbers (using numbering machine) must be affixed on them.
- e. The tapals must be entered in the ascending order of the numbers in the “Tapal Register”.
- f. All the tapals received should be segregated section wise and handed over to the section officers concerned, after obtaining their signature as acknowledgement, in the tapal register.
- g. The Branch Manager should ensure that proper action has been taken on all the tapals received within a reasonable time.
- h. The Branch Manager should review the action taken on all the tapals received during the week every Saturday.
- i. The Branch Manager should ensure that the tapals are filed in the respective files, along with the reply and other relevant papers, after completion of action.

2. Despatch (Outward Tapal):

- a. All the tapals sent by the branch either through courier or through post must be entered in a register titled as “Despatch Register”. A specimen of “Tapal Despatch Register” is given in the **Annexure – 2** to this chapter.
- b. Despatch Register may be maintained in 2 volumes. In Vol. I all tapals sent by ordinary post must be entered and in Vol. II all tapals sent by Registered Post and Speed Post / Courier (separate folios to be assigned for each) must be entered.
- c. Full postal address of the addressee must be entered under the relevant column in the Despatch Register. Similarly, the bank’s reference number and subject matter should be entered under relevant column.
- d. Postal stamps of required value must be affixed and the amount of postage charges incurred in respect of each tapal must be entered against the respective serial number.

- e. An officer will have to check the entries in “Despatch Register” with reference to the letters / papers kept inside each envelope before closing and sealing each envelope.
- f. The Officer shall check the postage charges entered in the “Despatch Register” against each tapal to be despatched with reference to the postage stamp affixed to each cover.
- g. In respect of Registered Posts / Parcels / Telegrams etc. the official receipt issued by the post office should be affixed to this register in addition to entering the registration charges incurred.
- h. Cash advance against debit of GL head of account “Postage & Telegrams” shall be made for initial purchase of postage stamps.
- i. The officer checking the Despatch Register verifies daily the total amount of postage stamps used for sending Ordinary Posts / Registered Posts, the opening value of postage stamps on hand maintained in a Chitta book.
- j. As and when the stock of postage stamp available is almost exhausted a fresh cash advance to the debit of “Postage & Telegram account” shall be made for purchase of required postage stamps.
- k. Stock of stamp and the Chitta book shall be under the custody of an officer.
- l. The GL head of account may be changed as “Postage / Telegram & Courier Charges Account” if courier service is used for sending outward tapals.
- m. Monthly settlements made to the courier agency shall be debited to the above GL head of account and payment released by way of a pay order favouring the courier company.

3. Annexures:

- a. The following Annexures are appended to this chapter:
 - Annexure – 1 : Specimen of ‘Inward Tapal Register’
 - Annexure – 2 : Specimen of ‘Tapal Despatch Register’

★ ★ ★

Annexure – 1 to Chapter – 27

Specimen of Inward Register

Date	Sl. No.	Received From	Date of Communication	Ref. No.	Subject matter	Receiving Officer's Initial	Date of disposal	Date of filing
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

Annexure – 2 to Chapter – 27

Specimen of Despatch Register

Date	SL. No.	Sent To (Name and Address)	Subject	Reference No. with date	Details of enclosures	Amount of Postage (Rs.)	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

CHAPTER – 28
COMPUTERIZATION OF BANKS / BRANCHES
(APPROACH OF TAMILNADU SCB)

1. General:

- a. The computerised branch environment of TNSC Bank has been classified as:

CBA : Core Banking Automation

TBA : Total Branch Automation

PBA : Partial Branch Automation

Branches have been supplied with User's manual for each of the above, and the instructions contained therein are to be followed. Core Banking Automation is the extension of the Total Branch Automation with storage and processing happening at the Centralised location.

2. Environmental Set up:

- a. Wherever a branch is provided with a Computer cabin, the computers should be housed in the cabin and the cabin should have locking arrangements. Entry into the computer room should be restricted. The computer cabin should be near cash cabins and should be locked at the end of the day. Sufficient opening in the glass panel only to operators and the officers in charge for the operations or communication media should be made available for communicating with the customers.
- b. The computer cabin should be air conditioned with temperature of 20 to 24 degrees Centigrade maintained in the system room for trouble free functioning of the computers / server. The space in the system room should be enough for all the equipment along with proper ventilation and movement of people.
- c. The cabin should be free from dust gathering items like unwanted ledgers, registers etc. The computer cabin should not have carpets, cloth screens or venetian blinds as they accumulate dust.
- d. The ALPM cabin floor shall be cleaned up daily using a wet cloth instead of cleaning the floor with broomsticks etc., as the dust climbs up and settles down similarly the running tables where computers are kept, are to be dusted periodically using wet cloth only to avoid dust accumulation.
- e. Temperature measuring devices may also be installed in the PBA (Partial Branch Automation) cabin to ensure that the required temperature is maintained inside the cabin (between 18°C-24°C). It would be advisable for the operating staff or the customers coming inside the cabin, to leave the footwear outside, to avoid dust accumulating inside the cabin, which is detrimental to smooth functioning of electronic equipment's like computers, printers, modem etc. A suitable notice may be pasted or painted at the entrance to the cabin.

- f. Beverages, eatables, drinks, food articles etc. are strictly prohibited inside the computer cabin. Any leakage from Air Conditioning equipments shall be attended to promptly to avoid flooding of the room, where costly equipment are kept and to avoid electrical short circuits and shocks. Instructions for safeguarding the machines and the security measures to be undertaken by staff during fire, flooding etc. are advised periodically by the security department at Head Office. The services of a cleaning contractor should be availed for periodical vacuum cleaning of the computer cabin (once a month). The computers should be dusted every day and properly covered at the end of the day. Smoking, eating, drinking beverages etc. are strictly prohibited inside the computer cabin and a suitable signboard should be displayed for this purpose.
- g. **UPS:** A separate power line should be provided for the computers. The power should be routed through an Uninterrupted Power Supply (UPS) unit to the computers. Power supply to alternate boards should be through alternate UPS. This is necessary because in case one UPS fails, all the equipment in any one area will not stop functioning. The UPS power should not be used for connecting any other equipment like air conditioner, fan, light, lift, etc. UPS power should be used only for Servers, Monitors, Printers, Terminals and Networking equipment like routers, hubs and switches, since any other electrical equipment will not only consume more UPS power but also can disturb the power supply to these equipments or even blow up UPS. A separate power line should be drawn from the mains for keeping out any spikes in voltage and also to keep the UPS charged for 24 hours. Individual power points should be used for printer, computer, monitor, etc., and NOT a multi-point-plug. The UPS and the batteries should be kept outside the air-conditioned area as they emanate lot of heat. In case of SMF (sealed maintenance free) batteries, they can be stored in air conditioned environment. The UPS room should be provided with proper ventilation / exhaust fan. The distance between UPS and batteries should be kept to barest minimum. The batteries of UPS should be periodically refilled with distilled water. This should be ensured by an Annual Maintenance. If there is any leakage, it should be serviced and cleaned. A record of such services should be maintained. Operating instructions for UPS in the form of Do's and Don'ts provided by the vendor at the time of installation of UPS should be pasted on the UPS for ready reference and proper start up and shut down procedures are to be followed.
- h. The computers and the air conditioner in the computer cabin should be covered under Annual Maintenance Contract and the AMCs should be current.
- i. A gas-based fire extinguisher should be installed in the computer cabin and the staff should be trained in handling the same in case of need. The gas evaporates over a period of time and hence should be refilled periodically. A fire extinguisher should be provided in the system room in TBA branches. Also suitable communication facility (intercom/telephone) has to be provided in the system room. The system room should be kept clean and dry for proper functioning of the systems for a longer period.
- j. The telephone line reserved for Modem connectivity in TBA/PBA branches should be used exclusively for this purpose.

- k. All electrical distribution points should be properly grounded and it is to be ensured that the wiring is properly insulated. No uninsulated wire should be lying around in the computer cabin or in the main hall.
- l. The computers and UPS should be capitalized in the books of the respective ROs as soon as they are received though they are kept in boxes for want of installation or opened and kept idle before installation etc.

3. Physical Security:

a. Security aspects with regard to all branches:

- i. Proper start-up and shutdown procedures for the system are to be followed. On start-up the system should display the screen with an operation menu to perform the branch routine. The systems can be turned-off when there are long periods of inactivity.
- ii. Branch is not permitted to do any operating system activities like typing commands.
- iii. The back-up floppies (referred to towards the end of this chapter) should be kept in the strong room at the end of the day. Where the branch does not have a strong room, backup floppies must be kept in a fire-proof cabinet. The latest list of daily balances – (the computer generates account-wise for SB, CD CC) should also be kept in the strong room or in the fire-proof cabinet as the case may be. It is the primary responsibility of the branch to ensure safety of back up floppies.
- iv. Hardware / software details, invoice, installation report, previous audit report and its reply, AMC details i.e. expiry date, vendor name, contact phone and address should be maintained in a separate file/register.
- v. Details of electrical (UPS) wiring and data cabling should be available with the branch to facilitate quick servicing in case of necessity. To guard against electrical hazards independent dedicated earthing should be provided for the UPS. The earthing voltage should be between 0 and 2 volts.
- vi. All the computers and terminals should be covered overnight. All the hardware / software should be insured for full invoice / replacement value. The insurance policy should contain the description as per details in the invoice. Any movement of equipment out of the branch or receipt of any new equipment should be notified to the Insurance Company and additional premium paid wherever necessary.
- vii. The system hardware viz. Computers, printers, scanners etc. are covered under Warranty with the original vendor from whom the hardware was purchased. On expiry of the warranty care should be taken to ensure that the Annual Maintenance Contract (AMC) is entered either with the original vendor or someone authorised by Regional Computer Centre (RCC) at the rates specified.

- viii. Annual maintenance contract should be maintained for getting assured timely help from the AMC service providers. Branches must ensure that AMC service provider also attends to preventive maintenance service as per the agreement once in a quarter or bi-monthly. Further, the following details of AMC should be recorded in a register:
 - Details of equipment (such as computer, Air conditioner, UPS)
 - Amount
 - Expiry date
- ix. All problems relating to hardware (Computer, UPS, ATM, Printers, Scanner etc.) shall be reported to concerned hard vendor with whom Warranty is valid or Annual Maintenance Contract (AMC) have been entered into, get the complaint number and record and fill up the required columns in the CMR register.
- x. In case of complaints regarding software, lodge a complaint with Information Technology Department (ITD) and obtain complaint number, which may be noted in the registers provided for this purpose.
- xi. Once the complaint is attended, the Officer-in-charge shall make a noting to the effect in the CMR register for completion of the job.

b. Backups:

- i. **Onsite backup:** Backup media (dats / floppies / compact disks) are to be stored in fireproof cabinet / strong room. At the end of the day, the backup media have to be stored in a fire proof cabinet.
- ii. **Offsite backup:** All TBA and PBA branches should also take backup at the end of the day to store it off site. Every day the officer of the branch should carry the backup media to their residence and bring it back to the branch on the third day.
- iii. The Voucher Register should be maintained by all branches.
- iv. Additional Security aspects relating to Total Automation (TBA Branches) are as follows:
 - The server is to be housed in separate cabin with no direct access to outsiders. In case such accommodation is not feasible, the alternative is the Manager's cabin. In branches where the server is housed in a separate system room, it should be provided with proper locking arrangements to guard against unauthorised entry and access and it should have restricted entry.
 - The server being the most important of all systems in the branch should be kept locked at all times by a front cover provided for this purpose. The cover shall be opened every morning and locked after the system is made on. Similarly, it shall be opened every evening for switching off the machine and for taking backups. By locking the server, access to the dat drive and control switches is totally denied which prevents accidental or abrupt switching off the machine.

- For PCs connected to the server there is no locking provision. The PCs however have to be put off and should be covered at the end of the day.
- The hubs and terminal servers connected to the server (the centre stage of the entire networking system) have also to be placed in a not so easily accessible environment. Care should be taken to keep them along with the server and if the geographic location does not favour so, they must be placed in a not so easily accessible place or in a covered cabinet locked.
- Proper records should also be maintained of the following: -
 - Backup media (dats/ floppies/compact disks) and their movement.
 - Computer System/cabin keys and their movement
 - Stationery details
 - Machine breakdown/maintenance done by vendor, with details of complaints lodged.
- Original software package of operating system, RDBMS, Application software and other utilities should be preserved in fireproof cabinet. Original licence supplied by vendor in respect of these packages should be recorded in the safe custody register and held in safe custody.
- A register should be maintained to record the user table maintenance or log prints to be taken and authenticated.

4. Logical Security:

a. Password - PBA:

- i. The computer provides for say 3 operators' and say 3 officers' codes associated with distinct self-imposed user password. Space has been provided for use up to 3-letter code. The codes should be meaningful by using the initials of the Operator or the Officer concerned. This will make it easy for the branch to identify the operator at a future date. Similar is the case with Officer's code also. Meaningless codes like AAA, BBB, and CCC etc. should be avoided. This can be checked by looking at the transaction log that is printed as and when a transaction is posted (Operator's Code) or a transaction is authorised (Officers' code). Each code described above is associated with a password. Only on keying the correct password corresponding to the code, the computer allows further operations. The password is of a length of five letters. While each operator/officer can have his/her own password, it should be ensured that all the five characters are used. Repetition of the character like AAAAA, XXXXX, ZZZZZ or just a character like A, X, Y, Z etc. should be avoided. The Manager or the Officer-in-charge should ensure that the password discipline and secrecy is effectively maintained.

- ii. The password should be kept secret and the sealed cover system should be followed. As long as the holder of the one of the supervisory passwords is available, the branch can delete any of the existing users and add a new user. In case all the three authorised supervisory officials are on leave, the cover should be opened and the password be used to enter into the system. Once entered, a new user should be created. The officer whose password has been used for this purpose should change his password immediately on resuming duty and the new password should be kept in a new sealed cover. The password kept in the cover should also be changed as and when there is a change in the password.
- iii. The password should be changed at frequent intervals and the fact of such changes should be recorded in the Computer Maintenance Register – in CMR 1 for operators and in CMR 2 for officers. Actual passwords should not be written in the CMR.

b. Password - TBA:

- a. The user-ID should be meaningful by using the initials of the Operator or the Officer concerned. The user-ID should be keyed in lower case and can have a minimum of three and a maximum of 5 letters. This will enable the branch to identify the operator at a future date. The password should be of five to eight characters length including one numeral minimum. Each operator/officer should have only one user ID, which is constant, and password, which is to be changed at least once in fifteen days by the user.
- b. The password should be kept secret and the sealed cover system should be followed in respect of branch chief and system administrator. The Systems Administrator can delete any of the existing users and add a new user. A deleted user cannot be revived by other means. If a user forgets his password, the Systems Administrator should obtain a request duly authorised by the Chief/Senior Manager or Manager authorised by him and only then delete the password after verifying the physical presence of that user. The user should immediately give new password and seek the approval of the Chief / Senior Manager.
- c. Password – CBA:
- d. The user ID should be the employee roll number of the operator or officer concerned. This will enable the branches to identify the operator or officer always and is unique to the CBA system. The password should be of five to eight characters length including one numeral minimum and is to be changed at least once in fifteen days by the user.
- e. The password should be changed at frequent intervals or as required by the system.
- f. An operator should not leave the terminal without temporarily logging out by pressing F4 or appropriate key. This is to prevent entering transactions by someone else in the original operator's user ID. The operators on entering / posting a transaction should write the transaction number on the face of the related voucher under his/her initials to guard against duplication.

5. System Administration:

- a. An officer authorised by the branch chief will perform the system administration duties. Exclusive system administrator is not posted to any branch. System Administrators shall be performing the work assigned to them as per the System Administrator's manual and roles are also governed by Information System Security Policy approved by the Board.

6. Usage of Software:

- a. As all software is protected by copyright laws and international treaty provisions, the software remains at all times the property of its owners or its suppliers. Others have no right, title or interest therein except set forth in the license or purchase agreement.
 - i. **Instructions for usage of External software:** Only licensed and organizationally approved software are authorized to be used in computer systems. Usually this will be ensured when installation is performed by authorized personnel from Information Technology Department at Head Office or vendor's representatives permitted by IT Department, from whom the software is purchased. Unauthorised personnel should not be allowed to operate or install any software or hardware on the systems.
 - ii. **Hazards of usage of unauthorised software for screen saver:** Screen savers can include viruses and other malicious code resulting in local and potentially, network-wide damages. Highly graphical (sound and video) screen savers can impact on the systems' resources both by using a relatively large amount of disk storage space and by requiring a significant memory and processor power.
 - iii. **Hazards of Usage of unlicensed or unauthorized software:** Unlicensed software may have potential viruses and may not function according to intended purpose. Unlicensed software on organizational systems puts the entire Bank at risk of fines and other penalties stemming from copyright violations.
 - iv. **Unauthorised running of packages:** It is strictly forbidden to run any unauthorized package loaded either by Bank's staff or by staff of external agencies. Similarly it is prohibited to load or download any games or related packages in any of the machines in Bank's branches / Extension counters, Staff training college and C.O. Departments of the Bank. In the event of it being discovered at a later date that any unauthorized external software has been running on Bank's systems, the Branch Manager / In-charge of the Centre / Head of the department will be held personally responsible and suitable disciplinary action taken against such staff members. All concerned are, therefore, instructed to review the position in their set-ups and ensure deletion of any unauthorized package, which may have been, ported either knowingly or unknowingly. Branches should critically review the security environment in terms of the above information once in a fortnight and deficiencies, if any, should be taken up with RO along with suggested remedial measures without any loss of time.

7. Procedure for PBA Operations:

a. Procedure to be followed during start-up:

- i. The UPS must be switched on and start up procedure is to be followed.
- ii. At the time of switching on the system no floppy should be in the floppy drive of the PBA. The Machine and the printer should be switched on one after the other to avoid power surge.
- iii. After booting i.e. start-up is completed, an initial menu is displayed in the machine listing the packages or options available in it.
- iv. Depending on the choice, when the message appears on the screen asking for insertion of the audit floppy, the user has to insert the appropriate audit floppy. When the screen appears for operator code and password user has to enter his/her user-ID and password and proceed with the transactions for the day.
- v. Sufficient paper should be available in the printer to generate the printouts for the day.

b. Operations:

- i. Operations in PBA system include posting and passing of transactions, opening of accounts, issue of cheque books, recording of stop-payment instructions, revocation of stop-payment instructions, closure of accounts, modification of master, interest posting, printing of ledgers and reports etc.
- ii. For each of the above modes of transaction, log printing is initialised so that the particulars in respect of each mode are available in separate sheets to facilitate filing separately. The branch should keep track of the running sheet numbers printed in computer stationery/ printed by the software to ensure continuity and to prevent loss of records. Jumbled sheets if any should be replaced by neat and correct sheets. Jumbled sheets should be destroyed by the Officer after due verification that they are reprinted and replaced.
- iii. Whenever an account is opened or closed, or an exceptional transaction is put through or a cheque book is issued or when a stop-payment instruction is issued/revoked, the transaction is authenticated by the supervisor by entering his password.
- iv. The computers generate various outputs from the time it is started in the morning till they are shut down for the day. Branch should ensure that the connected printer is switched on during the entire course of operations throughout the day. On keying in the transactions, the transaction number should be entered on the face of the vouchers by the operator along with his/her initials.
- v. At the end of the day, the Transaction Log and all printouts should be checked by the supervisory staff/SA concerned as detailed below. Checking the transaction log is equivalent to checking the manual ledger and hence should be done thoroughly.

- vi. When an account is closed, after the balance is brought to NIL, in the transaction posting module, the account should be closed in the account master also.
- vii. Details of cheque books issued, stop payment instructions etc. should be entered immediately into the computer by the operator.
- viii. Whenever interest rates are changed in SB, TOD, RDP, the rates has to be modified in the system by choosing the appropriate option. For loans, CC the option the change should be recorded individual account wise.
- ix. Random checking of interest calculations has to be made for SB, Loans, CC and TOD by the branch whenever interest posting is done and recorded in CMR register for verification by the Inspecting officials.

c. Duties and Responsibilities:

i. Common to All Staff:

- The code allotted or selected by the operator / supervisory staff shall be of length 3 to 5 characters and shall relate to his/her name. The code shall not be in the form 'aaa', 'bbb', 'ccc', etc.
- The password allotted or selected by the operator/supervisory staff shall be of length 5 to 8 characters and shall have a combination of alphabets and numerals and shall start with an alphabet. The password shall not have spaces in between characters nor can have any relation to his/her date of birth, birth star, children's names or pet names etc.
- The password shall be changed at frequent intervals or at least once in a fortnight. This information of having changed the password by the operator/supervisory staff alone need to be recorded in CMR and initialled by supervisory staff.
- The change of password for the operator and supervisory staff as given in point 3 above shall be monitored by the supervisory in-charge of ALPM (Automatic Ledger Posting Machine) and by senior manager / branch manager respectively.
- No person Other than the staff required to operate the computers inside the cabin shall be allowed to enter, sit and talk with the operator/supervisory staff for ensuring safety of data and security of operations inside the ALPM cabin.
- The operator or supervisory staff shall train and guide properly the incoming new operator or supervisory staff to maintain continuity in operations in the branch and continue to help whenever help is sought for.
- Branches shall not use any floppy other than those earmarked for operations within the premises of the bank in any manner nor the machines shall be used for any other purpose other than intended for. This will ensure that the ALPM machines are not afflicted with virus and hence the smooth operations within the branch are ensured at all times.

ii. Operator:

- Each operator shall receive keys and related floppies from the supervisory official in charge of ALPM systems of the branch and sign in CMR-1 register for having received the same.
- The operator shall remove the operator key whenever the operator goes out of the cabin for any reason.
- The operator is expected to take care of the key in his/her person during his stay within the office.
- The operator shall keep operator key, floppy box containing floppies required for operation for the day like audit floppy, current day backup floppies etc. under his/her control till they are handed over back to the supervisory staff at the end of the day.
- Each operator concerned shall post the transactions noted in the error register relating to his/her machine and initial against each entry for having posted it in the machine. Only then, the operator shall proceed with posting of transactions for the current day and only after getting permission from the supervisory staff to do so.
- The day end operation shall be started only after supervisory staff or the officer in charge of ALPM operations permits to do so.
- Operator shall complete all the Day end related jobs like taking backup, printing of supplementaries, balancing, ledger, log etc., and finally hand over to the officer in charge at the end of day.
- All reports generated by the operator concerned are to be signed by the operator at the columns provided in the reports.

iii. Supervisory Staff:

- When an operator is absent / on leave or not physically present at the branch, the supervisory official has to ensure that the operator code is not being used and that the code is not figuring anywhere in the reports generated for the day.
- Supervisory staff shall ensure that all correction transactions for the mistake in the posting for the previous working day are performed first before allowing the operator to proceed with the regular transaction posting for the day.
- Transaction log, daily supplementary, balance reports etc. shall be checked column by column by an officer or by a supervisory staff authorised by branch manager with the corresponding vouchers.
- **The officer checking the transaction log shall not normally check the supplementary or any other reports for the day.**

- The supervisory staff entrusted with checking of reports, shall bring to the notice of the Branch Manager about missing vouchers if any. Missing vouchers are to be traced then and there and recorded properly in ERROR register. The branch manager shall arrange to trace the missing vouchers on the same day. If the vouchers are not traceable, steps shall be taken by the branch manager to obtain duplicate voucher from the customer. In case of internal vouchers, Branch Manager shall authorise preparation of duplicate vouchers.
- Any wrong posting in the machine after the day end procedure started and found, are to be noted in the ERROR register and acted upon on the following working day as mentioned in point 3 above.
- It is needless to point out that by adhering to these guidelines strictly, the interest of the bank as well as the Official will be protected against any unauthorised entry.
- The Supervisory Officials concerned, who is verifying any of the reports generated by the system, have to necessarily sign all the reports that have been seen & verified by him/her in addition to the operator who has generated and signed the report at the appropriate column on the reports.

d. Operational Guidelines -‘Start of Day’, ‘During the Day’ & at the ‘End of Day’:

i. Operator:

- Operator shall start the ALPM machine after receiving keys and related floppies from the Supervisory Official in-charge for ALPM systems of the branch.
- The operator shall first post the correction transactions if any, found out during the day end operations for the previous working day and recorded in ERROR register, before starting posting any other transactions for the day.
- Operator shall enter the transaction serial number legibly in the instruments/Pay-In-Slips at the left bottom corner of the instrument or at a place clearly visible even after stitching of vouchers and affix their initials by the side of the number entered.

ii. Supervisory Staff

- The supervisory staff shall ensure that all correction entries are posted first by the operator before posting any other transactions for the day.
- Whenever exceptional transactions are passed requiring supervisory official’s password, the concerned official shall authorise the transaction by entering his / her password.
- Transaction logs generated by the machine shall be removed from the printer and the printed information has to be checked with the vouchers on hand as and when possible without waiting for the close of business hours.

- Missing vouchers have to be traced then and there and/or recorded in CMR and reported to Branch Manager on the same day for taking suitable action.

iii. Reporting of problems to Hardware Vendor/RCC:

- All problems relating to hardware (Computer, UPS, printer etc.) shall be reported to concerned hard vendor with whom Annual Maintenance Contract (AMC) has been entered into, and the complaint number shall be obtained and recorded to fill up the required columns in the CMR register (CMR-3).
- All problems relating to ALPM software/package shall be reported to RCC giving full details and the same recorded in CMR register (CMR-3).
- After an RCC officer attends the complaints in person at the branch premises, the signature of RCC officer shall be obtained in CMR register (CMR-3) against the complaint, who should give brief details on the rectification done.
- If the complaint is attended through Modem, the Officer-in-charge himself shall make a noting to the effect and record completion of the job.

iv. Recovery of Operations:

- i. Due to unforeseen circumstances or UPS or power failure, the following problems may occur:
 - When power is restored after a failure, ALPM machine may not boot or restart itself automatically. In this case, the branch is advised to check the connecting cables, power sockets etc., before calling the hardware vendor for repair.
 - After the machine is rebooted or restarted successfully, the transactions so far entered will be recovered automatically and restored up to the position recorded inside the computer when power was cut off. Hence, branches shall post the remaining transactions if any, after carefully noting the last transaction number displayed on the computer screen as well as checking the reports for the last posted transaction, in the same serial order.
 - Any reports taken already may have to be taken once again after recovery of data.

v. Close of day - Operator & Supervisory Staff:

- The supervisory staff shall ensure that the numbers printed on the log is having continuous running number and there is no break in the serial number.
- On completion of the checking, any error found shall be rectified in the system immediately by the Operator concerned.
- Only after ensuring that all the transactions for the day are accounted for, the operator shall start printing all the reports required for the day.

- Only after the reports are taken and after getting the permission from supervisory staff, the operator shall start day end operations.
- As part of day end, a summary of Audit Trail will be generated by the system, which shall be cross checked with the Supplementary totals, both for number of transactions and for total amount transacted for the day.
- For entering the supplementary figures for SB / CDCC etc. in daybook package, the summary totals contained in this Audit Trail shall only be taken.
- All the master reports (new accounts, modifications, stop payments, cheque books issue etc.) are to be checked and signed in each page of the reports by the operator who has generated and the supervisory staff who has checked.
- In the case of any report generated by the system other than the above, the branch manager has the authority to allocate for checking the same.
- Balance reports shall be kept safely and given for teller operations/counters on the following working day to enable the teller to process the transactions put through him/her. All instructions governing teller operations are to be adhered to as per Bank's book of instructions and the circulars issued from time to time.
- At end of the day, backups on floppies for end of the day/month end as the case may be and offsite backup are to be taken.
- Once the back-up procedures are over and the system is shutdown, the operator shall remove and handover all the keys and floppies in his possession to the ALPM officer in- charge for safe custody. This shall be recorded in the CMR Register.
- Branches should ensure generation of reports through the computer in respect of SB, CD/CC and DB/GL daily before end of the day. They should be checked and authenticated by the officials/SA as detailed hereunder. In the case of daily balances it should be checked whether the total tallies with the GL balances of that particular head.

SB package:

Nature of print out	Checking Official
Report of Exceptional Transactions	Branch manager of the Branch
Report of TOD daily balance	Branch manager of the Branch
Reports of Accounts opened, modified and closed Cheque books issued, Stop payments received / revoked Transaction log, Balances print-out, Audit summary	ALPM Officer
Supplementaries	Any Officer of the branch
Any other reports not mentioned	To be assigned by Branch Manager

CD package:

Nature of print out	Checking Official
Report of Exceptional Transactions	Branch manager of the Branch
Report of CC daily balances	Branch manager of the Branch
Report of TOD daily balances, Audit summary Supplementaries	by any Officer of the branch
Any other reports not mentioned	To be assigned by Branch Manage

RDP package:

Nature of print out	Checking Official
Report of Exceptional Transactions	Branch manager of the Branch
Reports of Accounts opened, modified and closed, Transaction log, Balances print-out, Audit summary	ALPM Officer
Supplementaries	by any Officer of the branch
Any other reports not mentioned	To be assigned by Branch Manager

Loan Package:

Nature of print out	Checking Official
Report of Exceptional Transactions	Branch manager of the Branch
Report of Loan daily balances. Reports of Accounts opened, modified and closed ; Transaction log ; Balances print-out ; Audit summary	ALPM Officer
Supplementaries	by any Officer of the branch
Any other reports not mentioned	To be assigned by Branch Manager

Daybook & General Ledger: Package:

Nature of print out	Checking Official
Daybook	Deputy Manager of the Branch
General Ledger posting log and Balance Sheet	Branch Manager
All other reports including supplementary, trial daybook, extension counter statements, etc.	Deputy Manager
Monthly reports to Regional Office/ Central Office	Branch Manager
Any other reports not mentioned	To be assigned by Branch Manager

- The audit summary referred to above gives a picture of all that has happened in the computer from the time the computer was switched on till the time it shuts for the day. The number of transactions put through, the number of transactions deleted, the number of cheque books issued, the number of stop payment instructions received, etc., are given in the audit summary by way of control statistics. This should be cross-verified with the transaction log and other printouts generated by the computer.
- Branch should ensure that ledger printouts are held for SB/CDCC and GL (Account wise). All other printouts generated by the computer should also be kept bound and neatly labelled.
- The following reports should be generated monthly / quarterly / half yearly depending on the volume of transactions. The reports should be neatly bound and preserved.
 - SB / CDCC / RDP / Loans ledger printouts
 - GL ledger printouts

vi. Preservation of floppies:

- a. The branches should hold the last 6 months' floppies containing transactions put through and the data in their custody at any point of time. The list of floppies duly labelled for easy identification are furnished hereunder:

Savings Bank:

Type of Account	Number of Floppies.
SB Day end backups for 6 days Master and Transactions	12
Month end backups (for 6 months) Master and Transactions	12
Audit floppy	01
Total	25

CD/CC;

Type of Account	Number of Floppies.
CD / CC Day end backups (for 6 days) Master and Transactions	06
Month end backups (for 6 months) Master and Transactions	06
Audit floppy	01
Total	13

Day Book and General Ledger:

Type of Account	Number of Floppies.
DB/GL Day end backups (for 6 days)	06
Month end backups (for 6 months	06
Month end before closing for Mar / Sep	01
Audit floppy	01
Total	14

RDP:

Type of Account	Number of Floppies.
Reinvestment plan Day end backups (for 6 days)	06
Month end backups (for 6 months)	06
Total	12

Loans / Agri. Loans;

Type of Account	Number of Floppies.
Loans / Agri. Loans Day end backups (for 6 days) Master and Transactions	06
Month end backups (for 6 months) Master and Transactions	06
Audit floppy	01
Total	13

Note: The floppies with data as detailed above should be preserved in a cool, dust-free atmosphere and away from bright light. Overnight preservation of floppies should be done in strong room/fire proof safe.

vii. Offsite back up / Business continuity

Branches are to take additional back up in floppies as required and send as directed in offsite back up policy of the bank.

a. Computer Maintenance Register:

- i. For effective control over computer operations at branches, Computer Maintenance Register (CMR) has been prescribed. Branches should maintain the CMR and produce the same to the inspecting officials of controlling offices. This register has four parts as detailed below:
 - CMR 1 - The operator's log
 - CMR 2 - The Officer's log
 - CMR 3 - Consumables log
 - CMR 4 - Machine maintenance log

Note: The ALPM and the printer should be switched off after the ALPM day end is completed.

8. Procedure for TBA Operations:**a. The general flow of work in a TBA environment consists of:**

- i. Account Master Operations
- ii. Posting
- iii. Passing

- iv. Verification.
- v. System Administration

Since TBA is designed for a single window concept, an authorised person may post and pass a transaction himself/herself. However since all transactions have to undergo dual checking they are subjected to verification by an officer.

b. Modules: TBA is divided into the following modules:

- i. gl - for handling general ledger routines and unimplemented module transactions.
- ii. cash - for handling all cash transactions
- iii. clg - for handling clearing lodgements, realisations and credits
- iv. ipg – for handling ATM, ABB, internet banking credits and debits
- v. sb – for handling savings bank accounts routines
- vi. cdcc – for handling current/cash credit accounts routines
- vii. dep – for handling term deposits routines
- viii. adv - for handling advances routines
- ix. ibp – for handling inland bills purchase
- x. icb - for handling inland collection bills
- xi. bc/gc - for issue and payment of Bankers Cheque and Gift Cheques
- xii. ddr – for issue and payment of Demand Drafts
- xiii. sc - for handling Sundry Creditors and Suspense
- xiv. fets – for handling Fets transactions
- xv. ibsa – for handling inter branch settlement advices
- xvi. abb – for handling Any Branch Banking
- xvii. lc - Letters of Credit / PC
- xviii. expo – for handling export business
- xix. impo – for handling import business, inward remittances
- xx. ppf – for handling public provident fund transactions
- xxi. pc – packing credit

c. The sequence of events in a day should be as follows:

Sl. No.	Nature of Function	Officer Responsible.
i.	Systems Start-up & Application Start-up	System Administrator
ii.	Day Begin Operations	Senior Manager / Deputy Manager
iii.	Day's transactions	valid / Authorised users
iv.	Day End Operations	Senior Manager / Deputy Manager
v.	Applications Shutdown & System Shut down	System Administrator

- i. **Systems Administration in the morning begins with the ‘Systems start-up’.**
- **Systems Start-up:** UPS and Air conditioners are to be switched on before the computer systems are started up. The systems should be brought up each day in the following manner by the System Administrator if provided or by an officer attending to System Administration duties. Switch on all Systems in the order of peripherals – Hub / Switch, Server, and then Personal Computers Dumb Terminals/ Thin Clients, Printers. The systems will automatically come up.
 - **Routine Operations consists of the following:**
 - Applications start-up
 - Day begin for all the modules listed above
 - Creation of master/ modification/deletion
 - Posting of transactions
 - Passing of transactions
 - Verifications of transactions
 - Tallying of all Lots
 - Day end of all modules
 - Generation of Daybook/Generation of General Ledger
 - Printing of all mandatory reports
 - Trouble Shooting by RCC.
 - Remote Access by RCC/CPD.
- ii. **Applications Start-up:** The applications should be started by the official performing System Administration duties. It includes starting of the Transaction Log, Dump Handler and Report handler.
- iii. **Day begin & Day’s transactions:** The Day begin for all modules must be done by the Manager or an Officer authorised by the Manager. The sequence of day begin should be:
- gl
 - cash
 - clg
 - all the other modules
 - Allotment of functions such as Chief Cashier, Cashier, Teller, Minor Supervisory, etc. Once the day begin is successful a message is displayed to that effect.
 - **Creation of master:** All opening of accounts should be done through the master creation application. Similarly modifications/ deletions are to be carried out using this application only. The various options available in each screen are Open, Modify and View to enable opening, modification and viewing. Once the account is opened it has to be authenticated

by a supervisory official. The options available in approval screen are Ignore, Disapprove and Approve which respectively ignore the additions or modifications, Disapproves or approves as intended by the officer.

- **Posting:** All postings into various heads of accounts have to be entered through the posting options in each module. The various options available in transaction posting screens are:
 - Enter: should be used to enter data in the order of the fields that appear.
 - View: enables viewing of the transaction.
 - Undo: enables erasing of any transaction or data entered. However this should be done before passing of the transaction.
 - Quit: to quit the application.
 - All transactions / data that have been entered by the clerk should be updated by the user at the update prompt by giving a Yes. The other options available are:
 - Review – to review the entries made
 - No – to reject the entries.
 - **Passing:** All transactions that have been posted have to be passed by an authorised official through the passing programs in each module. The options available in passing screens are:
 - Pass: To pass the entries
 - Cancel: To cancel the entries
 - Quit: To quit the application
 - **Verification:** When a single person posts and passes a transaction it has to be verified by another official at the end of the day failing which day end will not be through.
 - **Tallying of lots and incomplete transactions:** The day end will not be through until all lots are tallied. Hence branches should pay adequate attention before cancelling /deleting a transaction.
- iv. **Day end:** After “all lots tallied” the Day end should be done. The order of Day end should be:
- Cash
 - Clg
 - All other modules in any order of preference (sb, cdcc, abb)
 - Penultimate should be sc
 - Ultimate should be gl.
- a. **Generation of Daybook/GL:** After day end the Daybook, General Ledger and all other important hardcopies of reports must be generated for records purpose.
- b. **Printing of mandatory reports:** All the mandatory reports relating to each module must be generated on the same day itself. The periodicity of other significant reports is mentioned

against each module. All the reports should be duly authenticated by the Officer/ Deputy Manager/ Manager concerned.

- c. **Trouble Shooting:** Any problem encountered by branches should be reported to the respective RCC. A TBA trouble Shooting Log Book should be maintained by the branches to record the problem, to whom reported, reporting time and the serial number as allotted by Information Technology Department Head Office. The System Administrator should enter the call details including the call number into the system. The log book should be perused by the Branch Manager on a daily basis and by Inspectors/EDP Auditors during the inspection of the branch.
- d. **Remote Access:** All branches are provided with connectivity to their respective Information Technology Department.
- v. **System Administration in the evening: This exercise consists of the following jobs.**
 - **Backup and Applications shutdown**
 - **System shutdown**
 - **Backup and Application shutdown:** After all reports for the day have been taken, the System Administrator should take a backup of the database and do the application shutdown. Application shutdown will not be through without backup. The branch should have 7 dats to represent the 7 days of the week. The dat should be used only for the days it is intended for. The dat should be stored off site and in the closest paired branch. The dats relating to every half year closing should be preserved permanently.
 - **System shutdown:** The system is then shut down for the day. The cover should be put back in place and locked. It is the primary responsibility of the officer who is entrusted with the system administration job to ensure that the system shutdown has been done in accordance with the requirements and the instructions in force.
- d. **Some important terminologies in TBA:**
 - **Transaction Identification number-Txn ID:** ALL transactions in TBA are given a txn-ID which is the basis for all purpose of passing, viewing, deleting, cancelling and verification. In case of cash receipts this is generated at the first point of receipt. In case of cash and clearing debits it is assigned at the first posting. In case of clearing credits it is assigned at the time of release. In case of transfer it is assigned at the time of journalising the entries.
 - **Lots:** All debits should have corresponding credits. Only related transactions should be put under one lot. All cash receipts and payments generate corresponding debits and credits by respective module.
 - **Transfer Scroll:** This is similar to the transfer journal used in the Manual system. All transfer entries should be journalised prior to posting. The txn-ID generated during journalising should be used to post the transactions. Lot is a logical set of vouchers where

the sum total of the debits tally with the sum total of the credits. Till such time a tallied lot is entered and updated through this application, no posting of a transfer debit / credit can be done. On entering a tallied lot and updating, the individual entries are assigned transaction numbers for posting / passing in their respective modules. Contra entries should not be entered in the transfer scroll. Application takes care of posting a separate contra entry.

- **New lot:** This option enables the user to create a new lot of transfer entries. On invoking this option, a lot identification number is given by the system which should be noted down along with the transaction number. When the lot has been entered / modified, the user has to choose the 'done ' option to communicate to the application that all the necessary entries / modifications are over. At this stage, if the lot is not tallied, a screen is displayed which facilitates corrections. A lot can be modified or cancelled.

9. Any Branch Banking (ABB) / Any Where Banking (AWB):

- a. ABB/AWB is a facility extended by TNSC Bank to all customers of TBA branches to transact business and operate their accounts from any of the CBS, TBA branches which are networked. In this a customer of a branch who will be given a card for this purpose, can go to any of the designated branches to:
 - i. withdraw
 - ii. remit
 - iii. hand over cheques for collection
 - iv. enquire balance for the account
 - v. request for statement of account for a given period
 - vi. see last five txns
 - vii. Cheque book issue request
 - viii. Remit to any a/c in any branch Available for any customer and
 - ix. Inter branch debits only during ONLINE mode.

The requested service is then passed on to the destination branch and the transaction is completed if the requested service is processed successfully at the destination branch.

- b. **Eligibility:** Any account holder of a branch, who enjoys cheque book facility and having satisfactory operations in the account according to the branch manager, is eligible to apply for the ABB card by filling up an application prescribed for this purpose. The following types of customers are eligible for this purpose:
 - i. individual public or staff who are holding SB or CD accounts and not enjoying any limits.
 - ii. Either or Survivor or Any one or survivor A/cs provided the other gives no objection certificate.
 - iii. All other account holders are not eligible for operation.

- c. **Application:** Those who are desirous of availing this facility should apply in the prescribed form (specimen of form is as per Annexure). In a E or S account or Anyone or Survivor account, each account holder should give his/her consent for issue of card to the other account holder. A separate application for this purpose has been designed and the account holder is required to fill up this application form and hand over the same along with two stamp size photographs (of size 18 mm x 16mm). On receipt of this application, the branch manager has to verify that the relevant columns in the application are filled up properly as per guidelines prescribed by Management Services Department (MSD) of Central Office in the form of Circulars issued from time to time and available with the branch. Once the manager is satisfied with the details furnished in the application and operations in the account, he has to forward the application along with photographs to Card Division at Central Office (presently ITD). The card will be issued to the branch within a reasonable time, say a week.
- d. **Issuance of card:** The Manager of the branch where the account is maintained may sanction the facility to the account holder(s) on receipt of application as above. The sanctioned application should be forwarded to ATM Card Centre, Central Office, Chennai. On receipt of sanctioned application, Card Centre at ITD will arrange to prepare the card and send back the same to the branch for delivering to the applicant(s). The card will bear the photograph, Account number and signature of the cardholder to be affixed in the presence of the Manager of the issuing branch. In a joint account operated by 'Either or Survivor' or 'Anyone or Survivor', each person will be issued with a card on application. The card will be valid for a period of 12 months. On receipt of cards from Card Division, Central Office, the cards have to be distributed to the customers against acknowledgement. The branch has to maintain a register of cards issued. The cards have to be signed by the customers in the presence of branch officials.
- The branch on receipt of cards from Card Division, Central Office has to enter the card details through the 'awb' menu. The card detail has to be entered one after another. Unless the signature for the customer is available, the card details cannot be entered.
- The Data Entry Module (awb3_1) has the following options:
- i. Data Entry
 - ii. Pending Transactions *
 - iii. Undo
 - iv. Recreate Txns
 - v. Approval*
 - vi. Create Slip Again
 - vii. Quit
- e. **Facilities:** The ABB Cardholder should produce the ABB card to the bank officials every time he/she approaches them to transact ABB transactions.

- **IN ON-LINE MODE (i.e., WHERE THE PARENT BRANCH IS OPEN FOR BUSINESS):**
 - i. ABB Cardholder can withdraw from his/her account, in any of the ABB branches, only by using a cheque leaf from the cheque book issued by the branch, where he/she maintains his account. Loose leaf cheque or withdrawal slip is not permitted. The minimum amount of withdrawal is fixed as Rs.500/- and the maximum amount of withdrawal is fixed as Rs.25000/-.
 - ii. The cardholder can also deposit cash (maximum Rs.25000/) for credit to his account through any of the ABB branches through usual pay-in-slips indicating the distinctive branch and account number. These pay-in-slips are to be branded with a rubber stamp with the notation 'ABB RECEIPT'.
 - iii. The cardholder can make enquiries in regard to balance in his account and also can obtain statement of account at any of the ABB branches.
 - iv. For corporate accounts Inter branch funds transfers are permitted up to a maximum of Rs. 2.00 Crores, per transaction.
- **IN OFF-LINE MODE (i.e. WHERE THE PARENT BRANCH IS CLOSED FOR BUSINESS)**
 - i. The Cardholder can withdraw cash of Rs.500/ to Rs.25,000/-.
 - ii. The facility of balance enquiry is available.

10. Automated Teller Machine (ATM):

a. Introduction:

Automated Teller Machine (ATM) is used for dispensing cash and also to receive cash/cheques/ requests for statement of account and issue of cheque books round the clock- throughout the year. ATMs have been installed by TNSC Bank in many centres to enlarge the customer base. The Bank has multi – branded ATMs of Diebold, NCR, Wincor and 'Cashlink' cash dispensers. The Bank has also arrangements with three consortiums – 'Cashtree', NFS & VISA.

b. Hardware Setup:

- i. Branches in which ATMs are installed should ensure that they are functioning properly and also to keep the rooms (customer lobby as well as back lobby) clean and tidy.
- ii. Wherever ATM is installed onsite, the router should be kept in the ATM room only and the leased line is terminated there.
- iii. Where ever ATM is installed offsite, separate leased line should be obtained for the offsite ATM and router should be kept in the ATM room.
- iv. The UPS connected to the ATM room and supplying power to the router kept in the ATM room should always be kept 'ON' and should never be switch off.

c. Debit Card Management:

- i. Debit Card gives you global access to one's account whenever and wherever they want. The Debit Card allows purchasing goods at Merchant Establishments and also gives the freedom to withdraw cash from ATMs in India and abroad. The customer need not carry cash anymore to make his purchase and the purchases will be debited to his account instantly.
- ii. The cards which were issued for ATM usage were also used for AWB operations. These cards could be used in the ATMs of the Bank / member banks' of 'Cashtree' and 'NFS' consortiums. To facilitate the customers with global acceptance of their cards at ATMs, Merchant establishments and for e-commerce transactions.
- iii. At present the Debit cards are issued free of charge. As per RBI directives any card holder can use other banks' ATMs free of charge from 1.4.2009.
- iv. When a Debit Card is used in an ATM, POS or for e-commerce transaction; the customer is expected to maintain required balance in his account. In a Debit card usage, the transaction will be authorised only after debit to the customer's account. The transaction will not be approved if the balance in the account is not adequate. The debit cards are convenient way of carrying money instead of carrying physical cash.

d. Eligibility:

- i. The following account holders are eligible for issuance of debit card:
 - **Savings Bank** – Individuals – Single, A or S, Minor accounts operated by Guardian with prescribed minimum balance.
 - **Current Account** - – Individuals – Single, A or S CD – Proprietary Firms (Card will be issued in the name of the Proprietor) CC- Individuals – single, A or S with prescribed minimum balance.
 - **Others eligible & ineligible:** Legal persons like Incorporated Companies, Trusts, Partnership firms are not eligible. In the case of A or S accounts, separate customer ID has to be created for each constituent and cards can be issued in their name. In the case of Cash credit accounts, the customers who enjoy cash credit limits against deposits and other readily realizable securities (except shares) for personal purpose are eligible for Debit Cards. Earlier, in addition to illiterates, the Bank was not extending the Debit card facility to visually handicapped persons due to the issues involved in their operation of their account through ATMs. But recently, pursuant to directives from Government of India, the Bank has decided to extend the facility to visually impaired customers subject to certain additional safeguards.

e. Other conditions:

- i. The Card holder should maintain the minimum balance prescribed by the bank and failure to do so will attract penal or service charges as per bank's rules from time to time or withdrawal of ATM facility to the Cardholder.

- ii. The following services are offered free to the customer for application form, processing, issue of card, drawal or any other ATM transactions such as balance enquiry, wrong entry, wrong try etc. Cardholders should be advised that the charges for other services may be varied by the Bank without reference / notice to them.
- iii. When an account is overdrawn by the ATM Cardholder, interest on such overdrafts as prescribed by the bank should be charged and collected as per the instructions in force for TODs.
- iv. During the currency of the ATM card, the SB/CD account of the Cardholder cannot be closed or transferred to other branch. If the cardholder wants to close his/her SB/CD account, he/she should surrender the card and give the bank not less than seven working days from the date of surrender of the card, for effective closure of the account.
- v. The bank is entitled to terminate ATM facility with immediate effect and the card shall be impounded upon occurrence of any of the following events:
 - Failure to adhere to or comply with the terms and conditions of ATM facility.
OR
 - An event of default under any agreement of commitment (contingent or otherwise) entered into with the Bank relating to transactions other than the ATM
OR
 - On the cardholder being adjudicated as insolvent or on the cardholder filing insolvency petition.
OR
 - Demise of cardholder or any one of the joint account holders.
OR
 - Any other event by which bank concludes that allowing possession of card with the cardholder is detrimental to the image / interest of the Bank.
- vi. In the case of joint accounts, the obligations of such executants to the agreement will be joint and several and notice to any one Joint account holders will be deemed effective notification to all joint holders.
- vii. Any notice sent by post to the last known address of the ATM cardholder by the bank will be deemed to have been received by the Cardholder on the third day of posting.
- viii. The Bank reserves the right to disclose any information as may be necessary or appropriate in connection with its participation in Electronic Funds Transfer Net Work, in strict confidence, to any other Institutions, for issuance / cancellation of the card, operations in ATMs and card holder's account with the bank.
- ix. The card holder alone should use the ATM Services and will be responsible for all the transactions effected by the use of the card, whether authorised by the card holder or not and shall indemnify the bank for the loss or damage caused to or suffered by the bank by any unauthorised use of the card or the relative PIN.

- x. The card is and will be at all times the property of the bank and delivered to the Cardholder in trust and shall be returned by him/her to the bank unconditionally and immediately upon the bank's request. The bank will not be liable for failure to provide any service or to perform any obligation where such failure is attributable (whether directly or indirectly) to any malfunction of ATMs or the card, insufficiency of cash held in ATM, failure of power etc.
- f. **Replacement Cards:** Replacement cards are issued in lieu of VISA Debit Cards reported Damaged or Lost. The cards are issued with a different card number and are issued with a revised validity period. A new PIN also will be generated for the card and the PIN will be sent to the customer while the card will be dispatched to the branch. On receipt of PIN mailer, the customer has to collect the Card from the branch. Any status changing process first takes the user to the address columns of the customer, the correctness of which branch has to ensure before marking the status. This will avoid any delay in delivery of the PIN mailer to the customer. Even for Instacards the replacement cards will be only by way of Personalised cards.
- g. **Lost card:** Whenever a Debit Card or ATM card is reported lost the branch has to act up on the instructions immediately, by marking the appropriate status as detailed in the user manual to avoid the lost card being misused in any merchant establishments or for any online transactions. Even if the customer reports the loss of the card over phone, the branch has to immediately act on the complaint by marking the status of the card initially as suspended. In the case of Suspended status, if the customer is able to trace the card, the branch itself can reactivate the card by changing the status appropriately, and In the case of card being confirmed Lost, branch has to mark the status as lost as detailed in the user manual. If the customer calls in person and reports the loss of his / her Card, then the branch can directly mark the status as Lost as detailed in the user manual. For such cards, where the status is marked as lost, a replacement card will be issued to the customer. The branch should have a register to record such cases of card reported Lost or Damaged, and record the date and time of receipt of such communication from the customer. In the case of written complaints due acknowledgement should be given to the customer with date and time of receipt of such intimation.
- h. **Damaged Card:** Whenever a card is reported 'Damaged', the branch has to get the damaged card and destroy it in the presence of the customer, and mark the status as Damaged through the card master program as detailed in user manual. On receipt of data from branch, the replacement card and PIN will be generated and the PIN will be sent to the customer and card will be sent to the branch in usual course and the card should be delivered as discussed above in 13f.
- i. **Replacement of old ATM cards with debit Cards:** The ATM cards (non-VISA Debit cards) can be used only in TNSC Bank ATMs and NFS/Cashtree ATMs. They cannot be used for other than ATM transactions. To extend the facility of usage at POS machines during purchases or usage in online transactions, we have advised for issuance of VISA cards to such customers. Branches have to mark the status appropriately for new VISA card request and new VISA debit

cards will be issued. The earlier card will continue to work till the first usage of the VISA Debit card. Branches shall endeavour to convert all active non-VISA ATM Debit cards to VISA debit cards by marking the status appropriately, after obtaining the consent of the customers.

- j. Cancellation of Card:** This option to cancel a card should be used by the branch only when the customer wants to surrender his card once for all, or when the customer is closing his account with the branch. The account will be permitted to be closed only when the card is cancelled. Once card is cancelled thereafter the customer is not eligible for any card facility in that particular account.
- k. Suspension of Card and Re-activation:** The option to suspend the card can be used when initial oral complaint is received on loss of card. This option can also be used to temporarily stop the customer withdrawing money from the account. This is the only option where the branch itself can re-activate the card by changing the status appropriately as detailed in user manual.

★ ★ ★

CHAPTER – 29

BANKING OPERATIONS: DOs AND DON'Ts

1. General:

- a. The Volume – I of the 'Operational Manual for Cooperative Banks' has dealt with various operational aspects at the level of Branches of State and District Central Cooperative Banks as well as details of various banking functions. This particular Chapter intends to provide a ready reckoner of 'DOs and DON'Ts' in the process of functioning of a Branch as well as conducting various banking operations.

2. Dos & Don'ts:

DOs	DON'TS
<p>A. Opening of A/cs</p> <p>a. Only authorised officer in the Branch should open a/c</p> <p>b. Obtain signature on specimen sign card and A/c opening forms in the presence of such officers.</p> <p>c. Obtain PAN of the customer, if available. If not, obtain declaration in Form 60</p> <p>d. Affix recent Photograph of the customer/s, duly authenticated by authorised officer on the passbook, account opening form.</p> <p>e. In case of opening a Current Account, of firm, signature of all authorised persons should be obtained with resolution.</p> <p>f. If more than one type of A/c are to be opened separate photographs for each category not necessary</p> <p>g. Attach a fresh specimen signature card in case of conversion of single into joint and joint into single a/c</p> <p>h. SB a/c can be opened in name of Assn. clubs or others provided their bye law are found acceptable</p> <p>i. Open SB A/c of a minor with age proof for a minor i.e. School Certificate date of birth.</p>	<p>A. Opening of A/cs</p> <p>a. Do not open SB A/c in the name of partnership, corporate office</p> <p>b. Do not open SB a/c of minor less than 12 years of age.</p> <p>c. Do not open more than one SB a/c in name of same person.</p> <p>d. Do not open any a/c without proper introduction.</p> <p>e. Do not allow O/D to minor.</p> <p>f. Do not allow collection of Cheques in case of a minor.</p> <p>g. Do not allow minor less than 21 years of age to operate the a/c whose guardian has been appointed by the Court.</p> <p>h. Do not give any Cheque book for minor.</p> <p>i. Do not open C/A in name of illiterate person.</p>

<ul style="list-style-type: none"> j. In case of Ltd. Co. obtain Certificate of incorporation, Bye laws, Resolutions of Board/ Gen. Body, Cert. of commencement of business, copies of AOA, MOA, duly 'Executor/ Administrator if Cheques are drawn in their name certified, Authority letter, List of Directors, their Photographs before opening the account. k. In case of Trust A/cs, obtain resolution adopted by trustee, a copy of cert. issued by Charity Commissioner, Trust Deed, operation instructions, before opening account. l. Open a/c in case of liquidators with prior approval of HO/ Legal Dept. m. Obtain a fresh a/c opening form in case of minor attaining majority. n. In case of illiterate person record the same after the name of the customer o. Obtain Authorisation-cum-indemnity letter in the prescribed format if illiterate person to operate his a/c. p. Affix photograph of a blind person on a/c opening form, ledger and Pass Book. q. In case of Power of attorney, for opening the account study the same carefully and attest the copy as 'compared with the original'. s. Obtain a Partnership letter duly signed by all partners in their individual capacity and not on behalf of the firm. 	<ul style="list-style-type: none"> j. Do not open A/c with operation facility of E or S by illiterate person only. k. Do not issue Cheque book in case of illiterate person along with other illiterate person - joint-holding, etc. l. Do not issue Cheque book for illiterate person. m. Do not give credit to the personal a/c of an 'Executor/ Administrator if Cheques are drawn in their name certified, Authority letter, List of Directors, their Photographs before opening the account. n. Do not allow a Trustee to delegate his powers. o. Do not allow Trustee to borrow unless expressly provided in the Trust Deed. p. Do not open A/c in name of the insolvent. q. Do not open SB A/c for Govt. Dept./ Bodies s. Do not allow Cheque book in case of minor holder who himself operates the a/c t. Do not allow receipt of payment on behalf\of the principal, in case the Attorney has become insolvent.
---	--

	<ul style="list-style-type: none"> u. Do not open a/c in the name of any partner but in the name of the firm. v. Do not allow operations in the a/c if any of the partners advises stoppage of operations on the a/c.
<p>B. Introduction to opening of Accounts</p> <ul style="list-style-type: none"> a. Obtain introduction from a respectable person known to the bank (who may not necessarily be a customer of the bank). b. Accept Ration Card, Aadhaar Card, photo identity card issued by Election Commission for opening account. 	<p>B. Introduction to opening of Accounts</p> <ul style="list-style-type: none"> a. Do not accept the introduction of a respectable person known to the bank in case of opening of Current a/c b. Do not accept introduction by a minor a/c holder. c. Do not accept introduction by a new a/c holder for another new a/c holder before expiry of at least six months of opening his a/c.
<p>C. Nomination</p> <ul style="list-style-type: none"> a. Allow Nomination facilities only in favour of individuals. 	<p>C. Nomination</p> <ul style="list-style-type: none"> a. Do not permit nomination facility to any individual a/c holder who is acting in any representative capacity (Director, Secretary, Karta, etc. Partner) b. Do not allow Nominee to become the depositor under the same account. c. Do not allow nomination facility in favour of other than individuals
<p>D. Maintenance of Accounts and Operational procedures</p> <ul style="list-style-type: none"> a. Issue loose Cheque leaf/ Cheque book only against written request and after entering into the serial no. in Cheque issue Register b. Record time and date of receipt of Garnishee order (Attachment order) on the ledger duly attested by Manager c. Transfer all balance in Joint a/c as well as individual a/cs if Garnishee Order specify all joint a/c holders. Not otherwise. 	

<p>E. Current Account</p> <ul style="list-style-type: none"> a. Maintain Cheque return and stop payment register. b. Contact the A/c holder for confirmation in case of huge withdrawal of amount. 	<p>E. Current Account</p> <ul style="list-style-type: none"> a. Do not allow Minors, Purdaneshin Women, illiterate persons, Blind persons to open C/A. b. Do not allow Opening of current a/c with Cheque/ DD. c. Do not give credit for stale or post dated Cheques. d. Do not allow staff to have C/A except with the permission of H.O. e. Do not pay the Cheque with incomplete date. f. Do not pay any cash against a crossed Cheque.
<p>F. Inoperative Account</p> <ul style="list-style-type: none"> a. Provide for interest on SB A/c in case of inoperative accounts also. b. All ledgers containing 'Inoperative Accounts' must be kept in Safe Custody. 	<p>F. Inoperative Account</p> <ul style="list-style-type: none"> a. Do not transfer inoperative a/c on account of Garnishee order / Court order.
<p>G. Term Deposit Accounts</p> <ul style="list-style-type: none"> a. Check custody and periodically verify securities, bills, parcels, vouchers, blank Cheque books and unused stock of FD Receipts/ cash certificates/ draft forms, Pass Books, godown keys etc. 	<p>G. Term Deposits Accounts</p> <ul style="list-style-type: none"> a. Do not issue Deposit Receipt without taking acknowledgment.
	<p>H. Cash Certificates</p> <ul style="list-style-type: none"> a. Do not allow transfer of cash certificate. b. Do not create any artificial deposit c. Do not allow 'rate of interest on deposits in violation of RBI's directives / fixed by the Bank from time to time.

I. Fixed Deposits

- a. Ensure issue of FD/ C.C and Special Deposit Receipts having distinct serial no. and in the order of serial no.
- b. Maintain Separate ledger for FDs with periodicity of payment of interest, standing instructions, etc.
- c. Maintain and check subsidiary books in respect of FDs, maturity-wise, interest rate wise, FD index-wise.
- d. Obtain fresh form for renewal of FDs.
- e. As on 31 March, the bank should pass entries for the difference between the actual interest accrued for the whole year and the balance amount available as on that date under “Interest on FD payable A/c” as on 30th March in the General Ledger. This amount will have to be provided for the monthly provision for the month of March of the current accounting year.
- f. Renew deposits only after surrender of duly discharged deposit receipt (need not have revenue stamp for the purpose of discharging the receipt. Also obtain a fresh a/c opening form). Under Core Banking Solution (CBS), the system will renew the matured FD automatically for a period similar to the customers’ earlier option.
- g. In case of foreclosure of FD under monthly interest payment schedule, recover the excess amount of interest paid, if any, from the principal after working out interest payable on revised rate of interest (reduced interest rate for foreclosure as fixed by the Bank).
- h. In case of foreclosure of FD under loan cover, first arrive at the eligible rate of interest for FD applying foreclosure norms.

<p>Then charge interest for loans at the rate fixed by the Bank. Recover/ adjust the entire dues under the loan a/c Principal & Interest upto date) out of the proceeds of the FD and pay the balance amount of the proceed to the depositor</p> <ul style="list-style-type: none"> i. Maintain due date diary for FDs/ CCs and short term deposits j. Issue notices well in advance to the depositors soliciting their instructions for renewal. k. Ensure that deposits are covered under DICGC scheme. 	
<p>J. Recurring Deposits</p> <ul style="list-style-type: none"> a. Impose penalty for a defaulted amount of recurring deposit after due notice to the depositors. b. Extract trial balance on monthly basis of RD and tally with General Ledger. 	
<p>K. Non-Resident Indian Accounts</p> <ul style="list-style-type: none"> a. Strictly follow the guidelines of RBI as contained in the Authorised Banker's Memorandum (ABM) after getting permission to open NRO and/ or NRE accounts. b. Allow NRO A/c to be held jointly either with eligible non-residents or even with residents. c. Allow change of status of account from resident a/c to non-resident a/c (NRO) over change of status of the resident to non-resident. d. Deduct income tax at source on the income earned by way of interest on NRO account time to time. 	<p>K. Non-Resident Indian Accounts</p> <ul style="list-style-type: none"> a. Do not open Ordinary Non-Resident Rupees Accounts (NRO) and Non Resident External (NRE) Rupee Accounts in the names other than Non-Resident Indians (NRIs) of Indian origin/ Nationality abroad b. Do not allow opening of NR (E) Rupee Deposit Account to be opened by Power of Attorney holder or any person other than Non-Resident A/c holder himself. c. Do not allow credit to NRE A/cs with the proceeds of instruments such as foreign currently notes/ bank notes and travellers Cheques tendered by the Power of at the rate prescribed by IT dept. from Attorney. d. Do not allow any local payments from NR A/c in any currency other than Indian rupees.

<p>e. Maintain CRR and SLR in respect of NRO accounts as they are also treated as domestic resident deposits.</p>	<p>e. Do not allow the remittance beyond permissible limit abroad without the RBI approval.</p> <p>f. Do not allow opening of NRE A/c jointly with Indian resident. But a resident may operate a NRE A/c in terms of power of attorney provided such powers are restricted to local withdrawals only.</p> <p>g. Do not allow automatically repatriation of funds on request of the nominee (who could also be residents in India) of the deceased account holder except on complying with all requirements like application in duplicate, valid registered nomination, nominee continued to be non-resident, all legal heirs of the deceased are NRIs and declaration to that effect is obtained from the Nominee.</p> <p>h. Do not allow credit to the NRE a/c in respect of interest on the Govt. securities, NSC, dividend or UTI, maturity proceeds of Govt. securities unit of UTI, etc. unless the same were purchased by debit to the NRE a/c.</p>
<p>L. Bills for collection</p> <p>a. Keep watch on the bills sent for collection and enquire about payments/ non-payments after 10 or 15 days. Send reminder immediately.</p> <p>b. Advise the customer immediately about non-payment of bill. Also record the same in the BC outstation register about date of non-payment.</p>	<p>L. Bills for collection</p> <p>a. Do not accept Cheques from the SB A/c holder for collection, if the Beneficiary / Payee's name is other than the a/c holder.</p> <p>b. Do not allow credit facility against Cheques deposited for collection unless account is regular and is well maintained.</p> <p>c. Do not accept Cheques for collection unless the same are crossed account payee in favour of the account holder</p>

	and bankhad acted in good faith and without negligence i.e. bank had no knowledge that the payee had no legal title to the instrument/ bill.
<p>M. Purchase and Discounting of Bills</p> <p>a. Before purchasing a documentary bill limit or the advance is well within the discretionary power of the Branch Manager</p> <p>b. Accept bills only if the transport lorry operators are on the approved list of the bank</p> <p>c. Before purchasing Cheques, ensure that they are crossed, drawn on scheduled bank/ SBI/ RBI, prima facie in order (i.e. date amount in words & figures, absence of unauthenticated alteration), Payee is the customer, Cheque is ordinarily be in payment of goods supplied and customer has a satisfactory transaction in his bank account.</p>	<p>M. Purchase and Discounting of Bills</p> <p>a. Do not accept the bills for purchase/ ensure that there is sufficient un-availed discounting unless they are endorsed in favour of the bank and bank had acted in good faith and without negligence.</p> <p>b. Do not accept the bills for purchase/ discounting if there is stamp of any other bank.</p> <p>c. Do not accept the bills for purchase/ discounting where the description and quantity of goods in the invoice and the corresponding Railway/Lorry Receipt differ.</p> <p>d. Do not purchase Cheques with the crossing “Not Negotiable” if offered by a person other than Payee.</p>
<p>N. Local Cheques, DD and Outstation Cheques - Purchase/ Instant credit</p> <p>a. This facility should be provided only to the Current Account customer and in select cases Saving Bank a/c holder having genuine and regular transactions in the operative account besides in a position to make good the amount in short notice on return of the instrument unpaid.</p>	<p>N. Local Cheques, DD and Outstation Cheques - Purchase/ Instant credit</p> <p>a. Do not offer this facility of purchase/ instant credit even to customer of the bank if the Cheque purchased/ discounted was returned unpaid for want of funds or due to stoppage of payment by the drawer.</p>

<p>O. Demand Drafts and Pay Orders</p> <p>a. Do maintain stock stationery Register for Demand Drafts and Pay orders and also DD issue Register and Pay Order issue register.</p> <p>b. Verify every day at the close of the business the DDs/ POs issued and the balance with DD/ PO issue Register.</p>	<p>O. Demand Drafts and Pay Orders</p> <p>a. Do not offer the facility if the bank has information about previous dishonour of the Cheque defect in the title of the customer, suspicion of forgery, with crossing “Not negotiable.</p>
<p>P. Clearing</p> <p>a. Ensure putting the crossing stamp (bearing the name of the bank, branch name, Branch code allotted by the Clearing House, Phone No.) on the left top corner of the instrument.</p> <p>b. In case of non-MICR centres, the clearing</p> <p>c. On the back-side of the instrument, the collecting bank must affix endorsement rubber stamp.</p> <p>d. Returned Cheques should be returned with “Cheque Returned Memo” wherein the reasons for dishonour should be indicated and the same is signed by authorised officer.</p> <p>e. High value Cheques must be presented with all relevant details about the Cheques in a floppy together with printout to the MICR Clearing Cell for the “High Value Clearing”</p>	<p>P. Clearing</p> <p>a. Do not write the draft unless the relative voucher is passed by the authorised officer.</p> <p>b. Do not admit any other coop. bank (having substantial public deposits) without the approval of the management (of SCB) and Bankers Clearing House.</p>
<p>Q. Cash & Currency Chest</p> <p>a. The authorized officer / Branch Manager must check the correctness of all notes of denomination by physically counting all the notes.</p>	<p>Q. Cash & Currency Chest</p> <p>a. Do not open Strong Room/ Safe unless Head Cashier/ Cashier and authorised official are present.</p>

<ul style="list-style-type: none"> b. Authorised official must verify at the close of the working day that 'Joint Custody Balance' corresponds exactly with the entries in the cash Balance Book. c. All notes should be stacked denomination-wise. d. The Manager, if he is not in Joint custody of cash, must at least once a month, check all the notes of denomination. e. Any shortage or excess in cash balance must be accounted for on the same day by recovery of the short amount from the Head Cashier, Cashier or the concerned employee of the cash dept. and excess amount by crediting to the Sundry Creditors account. f. In case of branch having its own vehicle for transportation of cash from one place to another, the remittance box conveyed in the vehicle should be secured/ chained and hooked to a staple or other fixed object in the vehicle. During night journey, unnecessary halts at junctions to be avoided. g. Maintain separate record in the remittance register in respect of remittance from local & other branches. h. In case of branch having currency chest, the strong Room must at all times be with double lock system under Joint custody of the Officer-Cashier and Supervising official in charge of cash. Both the officials must be present when any strong Room is opened. i. Withdrawals made for the purpose of counting or examination must also be entered in the vault Register. 	<ul style="list-style-type: none"> b. Do not mix the notes and coins in the Currency Chest and Bank's Cash Balance. c. Do not remit cash physically to branches outside the town unless the same is not possible to effect through SBI or Nationalised Bank. d. Do not carry cash without an escort. e. Do not withdraw or deposit in the currency Chest unless the same is entered in "Currency Chest Vault Register". f. Do not keep the duplicate keys of Strong Room/Safe Room and Safes/ Cupboards containing cash, gold ornaments and other securities without recording in key Register the reason for withdrawal and duration thereof.
--	---

<ul style="list-style-type: none"> j. Branches must maintain minimum cash balance not exceeding the cash retention limit fixed. k. The Currency Chest Book must be in duplicate and one should be retained in the Strong Room and other by the officer-cash. l. Rules regarding remittance on RBI A/c (as given in part-XI of the Treasury Rules) must be followed by the Managers and other Supervising officials. m. All Boxes of notes and coin must be packed in the presence of the Bank Cashier and he must sign the “Contents memo’ placed inside the boxes after satisfying himself, prima facie, of the contents. n. Branches must submit to Central Office a certificate, in the prescribed format, of their cash, currency chest balances at the close of business on the last working day of the month. 	
<p>R. Safe Deposit Lockers</p> <ul style="list-style-type: none"> a. Allow nomination facility to the hirers of Lockers. b. Access to the Lockers should be permitted to the hirers only after they sign the ‘Locker Access Register’ and gives the correct “Pass Word”. c. In case the hirer left open the Locker and is not available at his known address, the contents of the Locker must be listed in the presence of the Manager and other official, cashier, 2/3 customers and the same may be kept in the vacant locker or in sealed cover/ bag. 	<p>R. Safe Deposit Lockers</p> <ul style="list-style-type: none"> a. Do not rent out the Lockers to minors. b. Do not allow any person to operate locker On behalf of the Partnership Firms, Trust, HUF, Clubs, Societies, Association, etc. unless the person is authorised in clear term vide their Bye laws/rules/ Memorandum and Article of Association/ Certificate of Incorporation/Board Resolution. c. Do not allow any staff members to hire a Locker from the Branch unless a declaration is submitted by him that he is not maintaining another locker in any other branch.

<ul style="list-style-type: none"> d. Keep the valuable articles found inside the locker room in a proper and sealed cover/bag with date of finding the articles. Return the articles to the owner after verification by him and his date of operating the locker. e. Advise the appropriate officer at HO through a confidential letter in the Branch letter head giving full details of date & time of finding the valuables with their full description and number of items. f. This letter must be in “Triplicate, first copy to be retained in a sealed cover, second copy in a separate file meant for the purpose and third copy to the concerned officer of HO - GM/ DGM (Admn). g. Allow the access to Lockers to the known heirs of the deceased or persons authorised Access by the court for making an inventory hirers of the contents in the presence of their solicitor or lawyer. h. Before breaking opening the locker the following procedure must be followed. i. Demand notice for rent. j. If rent unpaid, 3 reminders at the interval of 10 days under certificate of posting. 	<ul style="list-style-type: none"> d. Do not allow any staff members to hire a locker jointly with the constituent of the bank of any other third customer (i.e. other than the family members). e. Do not allow addition or deletion of names of hirers unless all the existing hirers agree in writing to such proposal. f. Do not allow second hirer to enter the Locker room to operate his locker unless first hirer comes out. g. Do not close the vault without checking that lockers operated (as per Locker Register) are properly locked by the and no one is still inside the Locker Room. h. Do not disclose the details and description of the valuation found to anyone except the Manager and the Officer-in-Charge of the Locker. i. Do not shift locker units to another premise without intimating the hirers by ‘Registered Post with Acknowledgement Due’ at least 30 days in advance. In case of Joint Hirers, intimate to all of them individually. j. Do not open all undelivered/ returned covers (containing the above notice) and preserve them till such time the hirer visits the new premises to operate his locker.
---	--

<ul style="list-style-type: none"> k. If not paid, send letter by “Registered Post with Acknowledgement - Due”. l. If no response, depute a responsible staff to ascertain whether the hirer is available on his registered address. If not, ascertain his latest address. m. If all efforts fail, the bank should send another letter, by registered post after expiry of 3 months, to pay the rent within 3 days. n. After break opening the locker, record the facts in a separate register called “Register of Lockers broken open” authenticated by both the custodians. o. Keep the contents, if any of the break open lockers under the joint custody of the Manger and other officials/cashier in a vacant locker or Iron Safe. p. Change the locks of all individual lockers in the branch if the Master key is lost. 	<ul style="list-style-type: none"> k. Do not part with the content of the Locker to the Legal heir(s) of the sole hirer unless and until claim settlement is sanctioned by the HO. l. Do not allow access to the hirer of a Locker on which a valid prohibitory order from a competent authority or a Court appointed Receiver in respect of the Locker is received. m. Do not allow hirer to sign the “Locker Access Register” when the competent Authority bringing an order for making an inventory of the contents of the Locker and accompanied by the hirer. n. Do not break the Locker unless the the Manager, representative of HO and at least two respectable customers are present.
<p>S. Safe Custody and Safe Deposit</p> <ul style="list-style-type: none"> a. Do diarise the date of maturity of all securities, debentures, etc. and notify the constituents well in advances. b. Maintain separate page/ folio in ledger for each constituent depositing securities or shares for safe custody. c. Number the accounts in the serial order and maintain index thereof as in the case of current accounts. Also maintain all 	<p>S. Safe Custody and Safe Deposit</p> <ul style="list-style-type: none"> a. Do not open “Safe Custody accounts’ unless the share and securities are in the name of the depositor. b. Do not open “Safe Custody Accounts” in respect of Government Promissory Notes if the notes are defective or the depositor is either not a registered holder or he did not drive his title to them (notes) by valid chain of endorsement. c. Do not convert Govt. Securities into Stock Certificate without the consent of the holders.

<p>description, the securities i.e. face value, number and also record all deposits/ withdrawals in the ledger.</p> <p>d. Enter A/c No at the right top corner of each said ledger in safe custody.</p> <p>e. Verification of all the securities, shares etc. must be done by an officer other than the officer who is in charge of the safe custody.</p> <p>f. As far as possible, ask the customer to personally take the delivery of securities on withdrawal.</p> <p>g. Scrips sent by post to the customer must be registered and insured. Insurance must be to the extent of the market value plus 1/4th of the face value of the securities at the cost/ expenses of the customer.</p> <p>h. Record with authentication the purpose in the “Securities - Ex-custody Register” as and when securities sent for renewal/ examination, etc. to RBI or a local HO of SBI or shares Certificates sent for registration. On receiving back the scrips, verify the entries in Ex-Custody Register and round off with date.</p> <p>i. Charge all expenses to the depositor in respect of dealing with the scrips lodged with the bank for safe custody.</p>	<p>d. Do not collect further interest in case of death of the constituent for which authentic information about death is available.</p> <p>e. Do not issue “Safe Custody Receipt” for the Securities, shares and other Articles deposited in the ‘Safe Custody’ with the bank unless there is a specific request in writing after imposing terms and conditions prescribed by the Bank. After issue of receipt, mark the same in ‘Safe Custody Ledger’ in <u>red ink</u>.</p> <p>f. Do not hold any securities as a cover for its advances or blank endorsed.</p> <p>g. Do not charge Commission on bank’s own Deposit Receipts for safe custody.</p> <p>h. Do not accept sealed cover purport to be a “Will” for deposit unless a written application duly signed with date to the effect to hand over on death of the depositor to the person named therein as well as on the cover.</p> <p>i. Do not lock with bank’s lock any box lodged by a customer for safe custody nor affix any bank’s seal on any article/ box/ cover/ envelope lodged with the bank.</p>
--	--

<p>j. Branches with fire and burglary resisting strong rooms may accept articles from customer for 'safe custody'.</p> <p>k. All articles lodged for safe custody should be sealed with depositor's, own seal bearing his initials, name or monogram.</p>	<p>j. Do not accept large boxes for safe custody.</p> <p>k. Do not release/ deliver any articles in safe custody without production of the relative safe deposit receipt.</p> <p>l. Do not accept nomination for items deposited for safe custody by joint account holders.</p> <p>m. Do not deliver any article to any person without a probate of will if the depositor left a will or letter of administration covering the assets of the deceased.</p>
<p>T. Death of Client - Settlement of Claims</p> <p>a. With Joint account is operated by any one or survivors, on death of any one of the account holders, preferably obtain a fresh account opening form from the surviving account holders.</p> <p>b. Allow the surviving partner (s) of a partnership, to operate the account only for the purpose of winding up the partnership.</p> <p>c. Allow operations on the partnership by the other partners if any of the partners become insane.</p>	<p>T. Death of Client - Settlement of Claims</p> <p>a. Do not release the amount lying in the accounts (s) of the deceased to the legal heirs unless the following documents are submitted.</p> <ul style="list-style-type: none"> - Claim form in bank's format - Succession Certificate - Probate of the will - Letter of Administration - Death Certificate - Affidavit - Legal heir-ship certificate - Affidavit Declaration Form - Indemnity Bond - Consent letters - Documents like Pass Book/ Deposit Receipts. - Evidence in proof of solvency of sureties <p>b. Do not allow the survivors to operate on the joint account where there is no stipulation by survivors.</p> <p>c. Do not allow operation in the account on the death of Karta - HUF till legal heirs make regular claim.</p>

<ul style="list-style-type: none"> d. Seek guidance from HO when some persons claiming to be the legal heirs of the deceased customer submit rival claim (or lawyer's notice is received) in respect of joint account with survivor clause. e. Interest rate at the prevailing rate of interest on S. B. Account should be paid on the current account of the deceased customers, from the date of death to the date of the settlement of the amount to the claimant. f. In case of Joint Hindu Family accounts if the Karta becomes insane, the bank must get a written consent from all other co-parceners authorising the next senior person to be the new Karta. g. Obtain following documents from the claimant (nominee), if the claim relates to the 'Safe Deposit Locker' held by the deceased. h. Claim application in bank's format becomes insane. i. Proof of the Death of the Locker hirer. j. Indemnity Bond. k. Legal Heir Certificate 	<ul style="list-style-type: none"> d. Do not allow operations on the joint account, if any one of the account holders become insane. e. Do not honour Cheque drawn by the same or insane person after receipt of information about insanity of any of the holder of the Joint account. f. On receipt of notice of insolvency of a customer do not allow operation in the a/c and record the fact on the ledger account in Red ink. g. Do not honour Cheque even dated prior to the date of insolvency and return them unpaid with the remark 'Refer to Drawer'.
<p>U. Bank's Accounting Procedure</p> <ul style="list-style-type: none"> a. Follow a system of surprise inspection/ check and balancing of books. b. Manager must examine and check daily few of books of the branch and satisfy himself the proper maintenance of ledgers, registers, balancing of accounts and preparation and timely despatch of various statements/ returns by the staff members c. Ensure signature of the remitter on the credit slips/ remittance Pay-In-Slips/ pay-in-slips and also affixing bank's cash received stamp on the counterfoil as well. 	<p>U. Bank's Accounting Procedures</p> <ul style="list-style-type: none"> a. Do not allow alterations in Bank's books by overwriting. b. Do not allow alternation in an amount unless the whole amount is ruled out in red ink and corrected amount is inserted above the red line and the correction is duly authenticated by an authorised officer. c. Do not allow passing of voucher by any authorised officer exceeding his financial ceiling/ limit fixed by the bank Management.

<ul style="list-style-type: none"> d. Ensure that all features of the cheque / withdrawal are genuine and correct. e. Ensure that material alterations, if any, in the cheque / withdrawal are signed will full signature of the drawer. f. Tally every day the total figures in 'Cash Receipts Scrolls' and 'Cash Payment's scroll with the 'Receipts Cashier's and Payment Cashiers Register. g. All cash scrolls should be retained by the passing officer or the Branch Manager. h. Note the lost token in the list of missing tokens and keep the same besides the payment cashier to guard against wrong payments. i. Maintain separate 'Subsidiary Supplementary Cash Book' for current accounts ledgers, saving bank accounts ledgers, cash credit ledgers, recurring deposit ledgers. j. Sort and arrange all the vouchers in order of ledger folio numbers after posting in the relative ledgers and then enter in the same order in the relative supplementary cash / day book. k. Write up the cash book or Day book from vouchers in certain cases like <ul style="list-style-type: none"> l. Sundry Debtors & Creditors transactions m. DDs/ POs issued n. Term Deposit investment vouchers. o. Posting in the General Ledger should be from the cash / day book. p. Extract weekly Trail Balance as on each Friday from General Ledger and tally before forwarding to HO. 	<ul style="list-style-type: none"> d. Do not keep serially arranged token outside the strong room to avoid misuse. e. Do not post in the ledger or a receipt, draft etc. any transfer credit voucher unless relative credit vouchers have been duly passed and entered in a 'Transfer Scroll'. f. Do not postpone checking of vouchers and subsidiary books daily. g. Do not hold more amount in Petty Cash than the limit permitted by HO.
--	---

<p>q. All Sundry Creditors and Sundry Debtors account vouchers should be passed only by the Branch Manager / Authorised officer.</p> <p>r. Calculate interest payable on deposits accounts and the interest received on loans/ advances on monthly basis for ascertaining the results of the working of the branch.</p>	
<p>V. Book Entries</p> <p>a. If bank charges/ Cheque book charges for Cheque leaves over and above free limit are collected, then Debit : Customer's a/c Credit : Printing, Stationery, Books and Form A/c</p> <p>b. On closing of any current / S.B A/c Debit : Customer's C/A / SB A/c Credit : Cash (cheque / withdrawal if payment by cash) or Credit : Pay orders issued (if payment by pay order)</p> <p>c. On sending outstation bills (Cheques/DDs etc.) for collection and subsequently on realisation, pass following entries:</p> <p>i. Debit : Bills lodged a/c (towards OBC) Credit : Bills for collection On realisation of OBC:</p> <p>ii. Debit : Bills for collection Credit Bills lodged A/c</p> <p>iii. Debit : Bill for collection (full value of the outstation instrument sent for collection) Credit :</p> <p>(a) Commission Account (Towards services charges fixed by HO)</p> <p>(b) Postage & Telegraph charges A/c (Towards postage charges)</p> <p>(c) Customer's a/c (for Balance amount only)</p>	

<p>W. Internal Control System (Banking Operations)</p> <p>d. Exercise due care to prevent the acceptance of counterfeit notes with the help of gadgets such as ultra violet lamps.</p> <p>e. Ensure that losses arising out of acceptance of counterfeit notes to the bank are made good.</p> <p>f. Closing cash balance must be tallied every day with the Day Book.</p> <p>g. Surplus cash, if any, beyond the normal requirement at the counter for next day's payments must be deposited as Reserve Cash.</p>	<p>W. Internal Control System (Banking Operation)</p> <p>a. Do not permit outsider to enter the inner office areas i.e. inside counter areas.</p> <p>b. Do not allow Staff members other than official/s entrusted with responsibility to have the main keys of the Safe / Strong room.</p> <p>c. Do not hand over the custody of the keys to the incoming Manager, unless he signs the 'key register'.</p> <p>d. Do not call mechanic for repair of strong room/ safe from a company other than service dept. of the supplier company of these safe, etc.</p> <p>e. Do not allow the excess in cash balance to be carried away but the amount should be credited in the Sundry Creditors A/c and kept in Bank's cash balance. Shortage in cash balance should be recovered from the cashier. If amount cannot be recovered on the same day, then the amount of shortage should be debited to the 'Sundry Debtors A/c' taking signature of the cashier on the reverse of the voucher under report to HO.</p> <p>f. Do not forget to mark "lien" or 'loan cover' in the respective ledger accounts as well as on Deposit Receipts, RD Pass Book and also on "Standing Instruction, wherever loans have been sanctioned against them.</p>
--	--

<p>h. The Branch Manager must check/ verify on weekly basis (different days) the whole cash balance of the branch, if he is not a joint custodian of the cash, and record in the Daily Cash Abstract the evidence and findings of such check and signed.</p> <p>i. Wherever a Term Deposit is foreclosed, calculate interest payable as per rule applying penal provisions.</p> <p>j. Wherever loan is sanctioned, record the loan number with proper abbreviation of loan scheme like HCL, SL, etc. (housing loan, Salary Loan) with round stamp of the Branch on all relevant document hypothecation/pledge agreement, Loan application, Demand Promissory note (DPN), Securities, etc. and makes proper entries in the Document Register.</p>	
<p>X. TAPALS (MAIL) - Inward and Outward</p> <p>a. Affix the date stamp on all the tapals after opening the covers/ tapals and also the serial number in ascending order. The duplicate of the number should be affixed on the 'Tapal Register'.</p> <p>b. Review the action taken on all tapals during the week every Saturday by close of business hours.</p>	<p>X. TAPALS (MAIL) - Inward and Outward</p> <p>a. Do not despatch the tapal unless the required value of postal stamp is affixed and Recorded in the despatch register and correctness of the address is verified.</p>

★ ★ ★

CHAPTER – 30
GENERAL ANNEXURES

The following General Annexures are furnished in this chapter for reference:

a. Act & Rules.

1. Banking Regulation Act, 1949 (AACS) (Important Sections and Clarifications)
2. Negotiable Instruments Act, 1881 – Relevant Sections
3. Non-Resident (External) Accounts Rules, 1970 – Section – 79

b. Registers

4. Register of Accounts Opened & Closed
5. Register of Pass Book Issued
6. Register of Cheque Book Issued
7. Register of Loose Cheque Issued
8. Register of Cheque Returned – Outward
9. Register of Cheque Returned – Inward
10. Register of Cheque Book Stock
11. Register of Stop payment
12. Stop Payment Card
13. Register of Pass Books left overnight at the Branch for updating
14. Register of Tokens supplied to Ledger Assistants
15. Register of Power of Attorney
16. Register of Branch Stationery Stock
17. Register of Tax Deductions at Source
18. Register of Form – 15(H) received and Interest paid on Term Deposits covered under Form – 15(H)

BANKING REGULATION ACT, 1949
(Important Sections and Clarifications)

(As Applicable to Co-operative Societies)

Sec. 5(ccv) : In terms of this Section, a Primary Coop. Bank mean a Coop. Society other than the Primary Agricultural Credit Society :

- a) the primary object of principal business of which is the transaction of business;
- b) the paid-up share capital and reserve of which are not less than one lakh rupees;
- c) the by-laws of which do not permit admission of any other Coop. Society as a member.

Provided that this sub-clause shall not apply to the admission of a Coop. Bank as a member by reason of such Coop. Bank subscribing to the share capital of such Coop. Society out of funds provided by the State Government for the purpose.

Sec. 6 & 8: The forms of business in which the Coop. Bank may engage have been specified in Sec.6. In term of Sec.8 a Coop. Bank cannot undertake trading activities.

A bank can, however, undertake such business in which the Central Government may specify under clause (O) of Sub-sec.(1) of Sec.6 of the Act, as a form of business in which it is lawful for a Coop. Bank to engage itself.

Sec.9: A Coop. Bank is prohibited from holding any immovable property whatsoever acquired except such as is required for its own use, for any period exceeding seven years from the acquisition thereof or from the commencement of the Act, i.e. 1st March 1966, whichever is later. If a Bank cannot dispose off the property within the stipulated period, it has to seek extension of time.

In case of a Primary Credit Society, which becomes a Primary Coop. Bank, after the commencement of the Amendment Act (1983), the period of 7 years for holding the non-banking assets acquired by it, shall commence from the day it becomes a Primary Coop. Bank. Further, the Reserve Bank can extend the aforesaid period of 7 years by such further period as it may consider necessary to do so, in cases where it is satisfied that such extension would be in the interest of the depositor of the Coop. Bank.

Sec.11 : No Coop. Bank shall commence or carry on the business of banking in India unless the aggregate value of its paid up capital and reserve is not less than Rupees one lakh. For the purpose of this Section, “value” means the real or exchangeable value and not the nominal value shown in the books of the Bank. A determination by the Reserve Bank of aggregate value of the paid up capital and reserves of a Coop. Bank shall be final for the purpose of the Act.

Sect.14-A : No Coop. Bank shall create a floating charge on the undertaking or on any of its property or on any part thereof, unless the creation of such floating charge is certified in writing by the Reserve Bank as not being detrimental to the interests of the depositors of such Coop. Bank.

Sec.18 : A Coop. Bank other than a Scheduled State Coop. Bank / Primary Coop. Bank is required to maintain cash reserve with itself or in Current Account (net balance) opened with the Reserve Bank or State Bank of India or State Coop. Bank of the State concerned or with any other Bank notified by the Central Government not less than 3% of DTL of the last Friday of the second preceding fortnight and shall submit a return to the Reserve Bank before the 15th of every month showing the amount so held on alternate Fridays during a month. The banks notified under this section are the State Bank of India and the State Associated Banks and the 20 Nationalised Banks. In the case of a Primary Coop. Bank the cash reserve can be maintained in the Central Coop. Bank of the District concerned or in a Central Coop. Bank outside the District provided the Urban Bank has its branch in the said District.

The balance held by the Coop. Bank in Current Account with the State Bank of India or a subsidiary bank or the nationalised banks shall be set off by the balances held by the said banks with such Coop. Bank and only the net balance in the Current Account shall be regarded as Cash Reserve. While computing the liabilities of a Coop. Bank, its liabilities to the State Bank of India, a subsidiary bank, a nationalised bank, a Regional Rural Bank, a banking company or any other financial institution notified by the Central Government in this behalf, shall be reduced by the liabilities of all such banks and institutions to the Coop. Bank.

The following items shall not be included in liabilities:

- a) In respect of advances granted by a bank against any balance maintained with it, such balance to the extent of the amount outstanding in respect of such advance.
- b) The amount of any advance or other credit arrangement drawn and availed of against approved securities. ("Fortnight" shall mean the period from Saturday to the second following Friday, both days inclusive).

Sec.19 : This Section imposes restrictions on holding shares in other Coop. Societies. As per the instructions of the Reserve Bank of India, the total investment of a Coop. Bank in the shares of Coop. Institutions (except those of Central/State Coop. Banks to which it is affiliated) should not exceed 5% of the subscribed capital of the institution. When more than one Coop. Bank contributes to the shares of a Coop. Institution, the limit of 5% of the subscribed capital should apply not in respect of the investment of each of the Bank but in respect of all the Banks taken together.

Sec.20 : This Section prohibits sanction of loans or advances on the security of its own shares and also unsecured loans and advances to Directors or the firms or private companies in which they are interested. In the case of Primary Coop. Banks unsecured loans to directors are subject to the Directives issued by the Reserve Bank from time to time.

Sec.20A : Coop. Banks would have to obtain prior approval of the Reserve Bank of India to remit in whole or in part any debt due to it by any of its past or present directors.

Section 21: Power of Reserve Bank to control advances by banking companies:

- 1) Where the Reserve Bank is satisfied that it is necessary or expedient in the public interest (or in the interests of depositors) (or banking policy) so to do, it may determine the policy in relation to advances to be followed by banking companies generally or by any banking company in particular, and when the policy has been so determined, all banking companies or the banking company concerned, as the case may be, shall be bound to follow the policy as so determined.
- 2) Without prejudice to the generality of the power vested in the Reserve Bank under sub-section (1) the Reserve Bank may give directions to banking companies, either generally or to any Banking company or group of banking companies in particular [as to -
 - a) the purposes for which advance may or may not be made,
 - b) the margins to be maintained in respect of secured advances,
 - c) the maximum amount of advances or other financial accommodation which, having regard to the paid-up capital, reserves and deposits of a banking company and other relevant considerations, may be made by that banking company to any one company, firm, association of persons or individual,
 - d) the maximum amount up to which, having regard to the considerations referred to in clause (c), guarantees may be given by a banking company on behalf of any one company, firm, association of persons or individual, and
 - e) the rate of interest and other terms and conditions on which advances or other financial accommodation may be made or guarantees may be given.]
- 3) Every banking company shall be bound to comply with any directions given to it under this Section.

Sec.21A : Notwithstanding anything contained in the usurious loans Act, 1918 or any other law relating to indebtedness in force in any State transactions between a Coop. Bank and its debtor shall not be reopened by any court on the ground that the rate of interest charged by the Coop. Bank in respect of any such transaction is more.

Sec.22 : The Coop. Banks which were existing on 1.3.1966 were required to apply to the Reserve Bank for a licence within a period of 3 months from the commencement of the Act. Such Banks were permitted to carry on banking business if licences were granted to them on until they were informed that licence cannot be granted to them. New banks should invariably obtain a licence before commencing banking business.

A Coop. Bank which comes into existence as a result of the division of any other Coop. Society carrying on business, shall before the expiry of three months from it so coming into existence, apply in writing to the Reserve Bank, for a license for carrying on banking business under this Section.

Sec. 23 : State Coop. Banks and the Primary Coop. Banks are required to obtain prior permission of the Reserve Bank for opening new branches. Central Coop. Banks need not obtain such permission for opening branches within their areas of operation.

In terms of new Sub-sec.4A, the Coop. Banks other than Primary Coop. Banks, shall submit the application for opening of a new place of business or changing the location of an existing place of business, to the Reserve Bank through the National Bank for Agriculture and Rural Development, with an advance copy of the application directly to the Reserve Bank. Urban Coop. Banks can however submit their application directly to the Reserve Bank of India.

Sec.24 : Every Coop. Bank shall maintain in cash or unencumbered approved securities an amount which shall not, at the close of business on any day, is less than 25% or such other percentage not exceeding 40% of the total of its Demand and Time Liabilities in India or as the Reserve Bank may specify from time to time.

“Net Balance in Current Accounts” maintained by a Coop. Bank in the Reserve Bank of India, State Bank of India, State Associated Bank and Nationalised Banks, any balances or deposits maintained by the Central Coop. Banks with the State Coop. Bank of the State concerned and any balances or deposits maintained by a Primary Coop. Bank in the Central Coop. Bank concerned or with the State Coop. Bank of the State concerned, shall be eligible for being computed as liquid assets under this Section.

The monthly return shall indicate the position as on alternate Fridays and will show the statutory liquid assets based on the demand and time liabilities as on the last Friday of the second preceding fortnight.

The Reserve Bank is empowered to call for a daily return from any Coop. Bank in the form and manner the Reserve Bank may specify.

The valuation of “unencumbered approved securities” shall be in accordance with the method of valuation which the Reserve Bank of India may specify.

The Reserve Bank vide its Circular No. Cir.(PCB)53/16.26/00/93-94 dated 8th February 1994, has advised the banks to submit return in Form I along with Appendix I and II, showing the daily position of Cash Reserves and Liquid Assets maintained and the extend of deficit/surplus by the bank respectively, within 20 days from the end of the month to which the return relates. Non-submission of the return u/s 24 will be viewed seriously and will be subjected to various penal actions in terms of Sec.46(4) of the Act.

Sec.24A : This new section empowers the Reserve Bank, without prejudice to the provisions of Sec.53, to exempt by issue of notification in the official gazette any Coop. Bank or class of Coop. Banks with reference to all or any of the offices of such bank or banks or with reference to the whole or any part of the assets and liabilities of such Coop. Bank or Banks from the application of whole or any part of the provisions of Sec.18 and Sec.24 for such period and on such conditions as may be specified in such notification.

Sec.26: Return of Unclaimed Deposits : Every Banking Company shall within thirty days after the close of each calendar year submit a return in the prescribed form and manner to the Reserve Bank as at the end of such calendar year of all accounts in India which have not been operated upon for ten years.

Provided that in the case of money deposited for a fixed period the said term of ten years shall be reckoned from the date of the expiry of such fixed period.

Provided further that every Regional Rural Bank shall also furnish a copy of the said return to the National Bank.

Sec.29 and 31: In terms of the notification issued under amended Sec.29, the banks are now required to prepare their Profit & Loss Account Balance Sheet as at 31st March of each year. The banks will have to submit to the Reserve Bank, three copies of duly audited Profit & Loss Account and Balance Sheet, signed by the Principal Officer of the Bank and at least three Directors, before 30th September of each year. The Balance Sheet is also required to be published as required under Rule 10 in one of the local newspapers within a period of 9 months from the end of the period to which they relate, i.e. before 31st December. For valid reasons, extension of time may be allowed by Reserve Bank of India, for a further period not exceeding three months. An application giving reasons for the delay, accompanied by supporting Board Resolution and information as per Annexure II, should be submitted before 30th September of the year. In terms of Rule 10.3 copies of the newspaper in which Accounts and Balance sheet together with Statutory Auditor's Certificate as has been published should be sent to the Reserve Bank, latest by 31st December of the year. Printed booklets in the form of Annual Report is not acceptable as a return. The published Balance Sheet should contain Statutory Auditors Report. Annexure I to Circular No.UBD.Bom.RTN.515/06.11-94/95 dated 25th July 1994, contains detailed instructions.

Sec.35 : This Section empowers the Reserve Bank, to authorise its officers, to inspect Coop. Banks and supply to the Coop. Banks so inspected, a copy of its report. In case of Primary Coop. Banks, the Reserve Bank may authorise the State Coop. Bank of the State concerned, to carry on the inspection on behalf of the Reserve Bank.

Section 35 A: Power of the Reserve Bank to give directions:

- 1) Where the Reserve Bank is satisfied that-
 - a) in the [public interest]; or
[(aa) in the interest of banking policy; or]
 - b) to prevent the affairs of any banking company being conducted in a manner detrimental to the interests of the depositors or in a manner prejudicial to the interests of the banking company; or
 - c) to secure the proper management of any banking company generally; it is necessary to issue directions to banking companies generally or to any banking company in particular, it may, from time to time, issue such directions as it deems fit, and the banking companies or the banking company, as the case may be, shall be bound to comply with such directions.
- 2) The Reserve Bank may, on representation made to it or on its own motion, modify or cancel any direction issued under sub-section (1), and in so modifying or cancelling any direction may impose such conditions as it thinks fit, subject to which the modification or cancellation shall have effect.

Note: NABARD has also been statutorily empowered to carry out the inspection of Coop. Banks (excluding Primary Coop. Banks).

Sec. 36: The Reserve Bank is empowered to depute, in case it is considered essential to do so, for the reorganisation or expansion of Coop. Bank, one or more of its Officers to watch the proceedings at any meeting of the Board of Directors of any Coop. Bank or any other body constituted by it and require such bank to give an opportunity to the Officers so deputed, to be heard at such meeting(s). The Reserve Bank may appoint one or more of its Officers to observe the manner in which the affairs of the Coop. Bank or its Offices or branches are being conducted, requiring such Officers to make a report thereon.

Sec. 45: Under this Section, the Reserve Bank can recommend to the Central Government, to order a moratorium in respect of a Coop. Bank. The power to issue such a moratorium however rests with the Central Government.

Sec.45Y: This Section empowers the Central Government to make rules, in consultation with the Reserve Bank, specifying the periods for which a Coop. Bank shall preserve (a) its books of account and other documents and (b) to keep with itself different instruments paid by it.

Sec.45Z: This Section enables the Coop. Banks to return at the request of the customer (including Governments and Statutory Corporations), a paid instrument before the prescribed period of preservation, only after making and keeping in its possession a true copy thereof, made by mechanical process or other process which in itself ensures the accuracy of the copy. The Bank is also entitled to recover from the customer the cost of making such copies of the instruments.

Sec.45ZA: This Section enables depositors of a Bank to nominate one person to whom, in the event of the death of the sole depositor or the death of all the depositors, the amount of deposit may be returned by the Bank. In pursuance of the provisions of this section, the Coop. Banks (Nomination) Rules, 1985, have been framed and the nomination forms for deposits, Safe Custody, Safe Deposit Lockers have been prescribed.

Sec.45ZB: This Section gives protection to a Coop. Bank in respect of claims made by persons, other than persons in whose name a deposit is held with it. However, if a notice/order is issued by a Court or Competent Jurisdiction, then the Bank should take due notice of it.

Sec.45ZC: This Section enables a Coop. Bank to return the articles kept by a person with it, in safe custody, to his nominee in the event of his death.

Sec.45ZD: This Section gives protection to a Coop. Bank in respect of any claim to any article made by any person other than the person who placed the article in safe custody with it.

Sec.45ZE: This Section enables an individual locker holder to nominate one person to whom, in the event of his death, the Coop. Bank may give access to the locker and liberty to remove contents of the locker.

Sec.45ZF: This Section gives protection to a Coop. Bank in respect of claims from persons other than the hirers of the locker.

Sec.46: In this Section, various penalties that may be imposed on Coop. Banks, for non-compliance with the various provisions of the B.R. Act, have been specified.

Sec.47A: Under this Section the Reserve Bank is empowered to impose penalties on a Bank for contravention and defaults of the nature referred to in sub-sec.(3) and (4) of Sec.46 of the Act, *ibid*, without recourse to the Court of Law. An enquiry is to be conducted and a reasonable opportunity of being heard should be given to the Bank. The procedure for conducting the enquiry is laid down in Rule 11 of the Banking Regulation (Coop. Societies) Rules, 1966. The procedure stipulates the appointment of an Enquiry Officer by the Reserve Bank for holding the enquiry. The Enquiry Officer is required to send a statement giving sufficient particulars of the contravention or default of the nature referred to in Sub-Sec.(3) or Sub-Sec.(4) of Sec.46 of the Act and to give 30 days' time for sending the reply. The Enquiry Officer shall fix the date for conducting the enquiry, which should be on a day to day basis. The bank is entitled to be represented at the enquiry by its authorised representative, who may be a Director or Officer but not by a legal practitioner. The procedure also provides for cross examination of the witness both by the representative of the Reserve Bank or of the Coop. Bank. After completion of enquiry the said officer shall record his findings and submit the entire report to the Reserve Bank.

Amendments to Sec.46 & 47A of B.R. Act, 1949, with effect from 31st January 1994

Sec.46(4): “If any other provision of this Act is contravened or if any default is made in complying with any requirement of this Act or of any order, or direction made or condition imposed there under, by any person, such person shall be punishable with fine which may extend to fifty thousand rupees or twice the amount involved in such contravention or default where such amount is quantifiable, whichever is more, and where a contravention or default is a continuing one, with a further fine which may extend to two thousand and five hundred rupees for every day, during which a contravention or default continues.”

Sec.47A(1) (b): “Where the contravention or default is of the nature referred to in sub-sec.(4) of Sec.46, a penalty not exceeding five lakh rupees or twice the amount involved in such contravention or default where such amount is quantifiable, whichever is more, and where such contravention or default is a continuing one, a further penalty which may extend to twenty-five thousand rupees for every day, after the first, during which the contravention or default continues.”

Sec.47(A)(2): “For the purpose of adjudging the penalty under Sub-Sec.(1), the Reserve Bank shall serve notice on the banking company, requiring it to show cause why the amount specified in the notice should not be imposed and a reasonable opportunity of being heard shall also be given to such banking company.”

Note: Coop. Banks other than Primary Coop. Banks are also required to send to NABARD, copies of the returns and documents which they are required to furnish to the Reserve Bank U/S 24, 26, 27 and 31.

THE COOPERATIVE BANKS (Nomination) RULES, 1985

In terms of the above rules, person/s who hold Deposit Accounts/Safe Custody Accounts/Safe Deposit Lockers in their individual capacity and not in representative capacity may avail of the facility of nominating a person to receive payment of deposit/the return of articles kept in Safe Custody / the contents of the Safe Deposit in the event of his/their death.

In respect of a Joint Account, all Joint Account Holders together can make the nomination.

In case of the deposit in the name of a minor, the person lawfully entitled to act on behalf of minor can make the nomination.

The nomination can be made in favour of one individual. If the nominee is a minor, another individual not being a minor may be appointed to receive the amount on behalf of the minor, in the event of the death of the depositor while the nominee is still a minor.

The nomination can be made, cancelled or varied in prescribed Form No. as follows:

Deposit Safe Custody Safe Deposit Locker

Account Account

Sole Hire Joint Hirer

Nomination DA 1 SC 1 SL 1 SL 1A

Cancellation DA 2 SC 2 SL 2 SL 2A

Variation DA 3 SC 3 SL 3 SL 3A

Clarifications: The Reserve Bank has, in their Circular UBD.BR.6/86-87 dated 11th August 1986, issued the following clarifications on certain queries relating to the nomination facilities:

- 1. Cancellation / Variation of nomination on death of one of the depositors in case of Joint Accounts:** Banks may allow the variation/cancellation of nomination by all the surviving depositor(s) acting together. This is also applicable to deposits having operating instructions "either or survivor". In the case of a Joint Deposit Account, the nominee's right arises only after the death of all the depositors.
- 2. Nomination of more than one person in a Joint Deposit Account:** There cannot be more than one nominee in respect of a Joint Deposit Account.
- 3. Nomination facility in respect of articles kept in Safe Custody jointly:** Nomination facility is available only in case of individual depositor and not in respect of persons jointly depositing articles for Safe Custody.
- 4. Opening of sealed/closed packets at the time of return to the nominees/surviving heirs:** Banks are not required to open sealed/closed packets left with them for Safe Custody or found in locker while releasing them.
- 5. Position of nominee or survivors availing locker facility on the death of one of the joint hirers of a locker:** As regards lockers hired jointly, on the death of the hirer(s), the contents of the locker are only

allowed to be removed jointly by the nominee and survivor(s) after an inventory is made in the prescribed manner. In such a case, after such removal preceded by an inventory, the nominee and surviving hirer(s) may still keep the entire contents with the same Bank, if they so desire, by entering into a fresh contract of hiring a locker.

6. Nomination of a minor in respect of hired locker: Sec.45ZE read with Sec.56 of the Banking Regulation Act, 1949 does not preclude a minor from being a nominee for obtaining delivery of the contents of the locker. However Banks have to ensure, that when the contents of a locker are sought to be removed on behalf of the minor nominee, the articles are handed over to a person who, in law, is competent to receive the articles on behalf of the minor.

7. Nomination facilities for different types of deposits: Nomination facility is available to all types of Deposits Accounts irrespective of the nomenclature used by different Banks.

8. Nomination facilities for accounts in the name of Sole Proprietorship Concerns: Nomination facility is intended only for individuals and not firms.

9. Claim in respect of balance in the bank account of a deceased pensioner: Nomination facility is available for Savings Bank Account opened for deposit of pension. However, Coop. 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 Coop. Societies (Nomination) Rules, 1985, in case a pensioner desires to avail of nomination facility.

10. Repayment of a deposit to a nominee before maturity of the deposit: Banking Company making payment to a nominee in whose favour a valid nomination subsists on the death of the depositor(s) gets full discharge in respect of its liability relating to the deposit in terms of the provision of Sub-Sec.4 of Sec.45ZA of the Banking Regulation Act, 1949. The question whether the payment to the nominee is made on or before the due date for maturity of the Term Deposits would not affect the said protection available to the banking company. The question of making payment before the due date for maturity would be governed by the rights of the depositor(s) and existing directives on the subject, as the nominee gets the similar rights in respect of obtaining the premature payment as the depositor(s) had.

11. Granting of loan to nominees of deposits of deceased: It is clarified that granting of loan to a nominee before the maturity of the deposit against security of that deposit, does not amount to payment of deposit account to the nominee(s). Therefore, the bank would not get a valid discharge if a loan is granted to nominee, against the security of the deposit.

12. Nomination by surviving depositor(s) in Joint Deposit Account: When one of the joint depositors dies before making a nomination the surviving depositor(s) can make a valid fresh nomination.

13. Nomination in favour of Association, Societies, Trust or any other organization: The Nomination Rules stipulates that nomination shall be made only in favour of individuals. As such a nominee cannot be an Association, Trust, Society or any other Organisation or any Office Bearer thereof, in his official capacity. In view thereof, any nomination other than in favour of an individual will not be valid.

NEGOTIABLE INSTRUMENTS ACT, 1881- RELEVANT SECTIONS

Section 10: Payment in Due Course: “Payment in due course” means payment in accordance with the apparent tenor of the instrument in good faith and without negligence to any person in possession thereof under circumstances, which do not afford a reasonable ground for believing that he is entitled to receive payment of the amount therein mentioned.

Section 15: Endorsement: When the maker or holder of a negotiable instrument signs the same, otherwise than as such maker, for the purpose of negotiation, on the back or face thereof or on a slip of paper annexed thereto, or so signs for the same purpose a stamped paper intended to be completed as a negotiable instrument, he is said to endorse the same, and is called the “endorser”.

Section 16: Endorsement “in blank” and “in full”, “endorsee”: If the endorser signs his name only, the endorsement is said to be “in blank”, and if he adds a direction to pay the amount mentioned in the instrument to, or to the order of, a specified person the endorsement is said to be “in full”, and the person so specified is called the “endorsee” of the instrument.

Section 18: Where amount is stated differently in figures and words: If the amount undertaken or ordered to be paid is stated differently in figures and in words the amount stated in words shall be the amount undertaken or ordered to be paid.

Section 27: Agency: Every person capable of binding himself or of being bound, as mentioned in Section 26, may so bind himself or be bound by a duly authorised agent acting in his name.

A general authority to transact business and to receive and discharge debts does not confer upon an agent the power of accepting or endorsing bills of exchange so as to bind his principal.

An authority to draw bills of exchange does not of itself import an authority to endorse.

Section 50: Effect of endorsement: The endorsement of a negotiable instrument followed by delivery transfers to the endorsee the property therein with the right of further negotiation; but the endorsement may, by express words, restrict or exclude such right, or may merely constitute the endorsee an agent to endorse the instrument, or to receive its contents for the endorser, or for some other specified person.

Section 54: Instrument endorsed in blank: Subject to the provisions herein contained as to crossed cheques, a negotiable instrument endorsed in blank is payable to the bearer thereof even although originally payable to order.

Section 73: Presentment of cheque to charge any other person: A cheque must, in order to charge any person except the drawer, be presented within a reasonable time after delivery thereof by such person.

Section 84: When cheque not duly presented and drawer damaged thereby:

a) Where a cheque is not presented for payment within a reasonable time of its issue, and the drawer or person on whose account it is drawn had the right, at the time when presentment ought to have been

made, as between himself and the banker, to have the cheque paid and suffers actual damage, through the delay, he is discharged to the extent of such damage, that is to say, to the extent to which such drawer or person is a creditor of the banker to a larger amount than he would have been if such cheque had been paid.

- b) In determining what is reasonable time, regard shall be had to the nature of the instrument, the usage of trade and of bankers, and the facts of the particular case.
- c) The holder of the cheque as to which such drawer or person is so discharged shall be a creditor, in lieu of such drawer or person, of such banker to the extent of such discharge and entitled to recover the amount from him.

Section 85: Cheque payable to order: Where a cheque payable to order purports to be endorsed by or on behalf of the payee, the drawee is discharged by payment in due course.

Section 85(2): Where a cheque is originally expressed to be payable to bearer, the drawee is discharged by payment in due course to the bearer thereof, notwithstanding any endorsement whether in full or in blank appearing thereon, and notwithstanding that any such endorsement purports to restrict or exclude further negotiation.

Section 123: Cheque crossed generally: Where a cheque bears across its face an addition of the words “and company” or any abbreviation thereof, between two parallel transverse lines, or of two parallel transverse lines simply, either with or without the words “Not Negotiable”, that addition shall be deemed a crossing, and the cheque shall be deemed to be crossed generally.

Section 124: Cheque crossed specially: Where a cheque bears across its face an addition of the name of a banker, either with or without the words “Not Negotiable”, that addition shall be deemed a crossing and the cheque shall be deemed to be crossed specially, and to that banker.

Section 125: Crossing after issue:

- a. Where a cheque is uncrossed, the holder may cross it generally or specially.
- b. Where a cheque is crossed generally, the holder may cross it specially.
- c. Where a cheque is crossed generally, or specially, the holder may add the words “Not Negotiable”.
- d. Where a cheque is crossed specially, the banker to whom it is crossed may again cross it specially to another banker, his agent, for collection.

Section 126: Payment of cheque crossed generally: Where a cheque is crossed generally, the banker on whom it is drawn shall not pay it otherwise than to a banker.

Payment of cheque crossed specially: Where a cheque is crossed specially, the banker on whom it is drawn shall not pay it otherwise than to the banker to whom it is crossed, or his agent for collection.

Section 129: Payment of crossed cheque out of due course: Any banker paying a cheque crossed generally otherwise than to a banker, or a cheque crossed specially otherwise than to the banker to whom

the same is crossed, or his agent for collection, being a banker, shall be liable to the true owner of the cheque for any loss he may sustain owing to the cheque having been so paid.

Section 130: Cheque bearing “Not Negotiable”: A person taking a cheque crossed generally or specially, bearing in either case the words “Not Negotiable” shall not have, and shall not be capable of giving, a better title to the cheque than that which the person from whom he took it had.

Section 131: Non-liability of banker receiving payment of cheque: A banker who has in good faith and without negligence received payment for a customer of a cheque crossed generally or specially to himself shall not, in case the title to the cheque proves defective, incur any liability to the true owner of the cheque by reason only of having received such payment.

Annexure – 3 to Chapter – 29

Non-Resident (External) Accounts Rules, 1970 – Section 79

Notification No.1/9/EC/69 dated 10th February 1970 as amended up to 21st February 1985

G.S.R.255. In exercise of the power conferred by Section 27 of the Foreign Exchange Regulation Act, 1947 (7 of 1947), the Central Government hereby makes the following rules to regulate the opening and maintenance of accounts by persons resident outside India, namely :-

1. Short title and commencement :

- (1) These rules may be called the Non-Resident (External) Accounts Rules, 1970.
- (2) They shall come into force on the date of their publication in the Official Gazette.

2. Definitions :

In these rules unless the context otherwise requires:-

- (a) “Act” means the Foreign Exchange Regulation Act, 1947 (7 of 1947);
- (b) “Account-Holder” means a person holding a Non-Resident (External) Account;
(bb) “Co-operative Bank” shall have the meaning assigned to it in Part V of the Banking Regulation Act, 1949 (10 of 1949);
- (c) words and expressions used and not defined in these rules but defined in the Act, have the meanings respectively assigned to them in the Act.

3. Non-Resident (External) Account:

Subject to the provisions of these rules, any person resident outside India may open and maintain in India an account with an authorised dealer or co-operative bank or any other bank or public financial institution which is specially authorised or exempted or permitted in this behalf by the Reserve Bank under the Act, to be called a “Non-Resident (External) Account”.

4. Amounts which may be credited to a Non-Resident (External) Account :

- (1) No amount other than the following amounts shall be credited to a Non-Resident (External) Account namely:-
 - (a) any amount remitted by the Account Holder from outside India through normal banking channels;
 - (b) subject to the provisions of sub-rules (2) and (3), any amount accruing by way of income (including proceeds of sale or realisation of maturity value) from -
 - (i) units issued by the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963);
 - (ii) securities of any State Government or of the Central Government acquired by the Account Holder from any Public Debt Office or through a Stock Exchange recognised under the Securities Contracts (Regulation) Act, 1956 (42 of 1956);
 - (iii) National Plan Saving Certificates obtained by the Account Holder from any Post Office in India;
 - (c) subject to the provisions of Sub-Rule (4), any amount accruing by way of dividend or interest on shares, securities or deposits held in India; and
 - (d) such other amount as the Reserve Bank may generally or specially approve of being credited to such account.
- (2) The income from the proceeds of sale or from realisation of maturity value of units, securities or certificates referred to in clause (b) of sub-rule (1) shall not be credited into a Non-resident (External) Account unless such units, securities or certificates have been purchased from out of the amounts remitted by the Account Holder from outside India.
- (3) No amount referred to in clause (b) of sub-rule (1) shall be credited to a Non-Resident (External) Account if -
 - (a) the investment in units, securities or certificates was subject to the conditions imposed by the Reserve Bank that such amount shall not be remittable outside India;

or

 - (b) The investor had intimated in writing to Central Government or to the Reserve Bank that such amount will not be remitted outside India.
- (4) The amounts accruing by way of dividend or interest on shares, securities and deposits held in India shall not be credited to the Non-Resident (External) Accounts unless -
 - (a) the Account-Holder is the registered holder of such shares, securities or deposits;
 - (b) the Account-Holder is permanently resident outside India;
 - (c) the shares and securities are issued in India;

and

- (d) in the case of shares -
- (i) the Account-Holder holds not more than 25 per cent of the total shares issued and outstanding for the time being of the company or corporation, as the case maybe;
 - (ii) they have been issued or transferred to the Account Holder with the permission of the Reserve Bank (where such permission is necessary);
and
 - (iii) the Account Holder has kept deposited with an authorised dealer or co-operative bank or any other bank or public financial institution which is specially authorised or exempted or permitted in this behalf by the Reserve Bank under the Act the certificates relating to the shares as also an undertaking in writing to the effect that he will not, except with the previous approval of the Reserve Bank, dispose of any of the shares.

Amount not to be credited without permission of the Reserve Bank:

No such amount as is referred to in clause (a), clause (b), clause (c) or clause (d) of sub-rule (1) of rule 4 shall be credited to a Non-Resident (External) Account unless the Reserve Bank, having regard to the desirability of permitting remittances of funds held in India by non-residents, either by general or special order, given permission in this behalf.

Application for opening a Non-Resident (External) Account:

- (1) If a person resident outside India wishes to open a Non-Resident (External) Account or to convert any other account into a Non-Resident (External) Account, he shall make an application in this behalf to an authorised dealer or Co-operative Bank or any other bank or public financial institution which is specially authorised or exempted or permitted in this behalf by the Reserve Bank under the Act.
- (2) Except where the Reserve Bank, by general or special order, so directs, every application for opening a Non-Resident (External) Account or for converting any account into a Non-Resident (External) Account shall be referred to the Reserve Bank by the authorised dealer or Co-operative Bank or any other bank or public financial institution which is specially authorised or exempted or permitted in this behalf by the Reserve Bank under the Act together with -
 - (a) in the case of a fresh account, particulars of the sums with which the account is to be opened or
 - (b) in the case of conversion of an account, a transcript of the operation on the account required in be converted for the period commencing from the date of which the funds are originally credited to the account to the date of the application.
- (3) The authorised dealer or Co-operative Bank or any other bank or public financial institution which is specially authorised or exempted or permitted in this behalf by the Reserve Bank under the Act shall also furnish to the Reserve Bank such other particulars as it may require in this behalf.

(4) National Defence Remittance Scheme

Special Account not to be converted:

Notwithstanding anything contained in rule 6, a National Defence Remittance Scheme Special Accounts opened in pursuance of the Reserve Bank's A.D. Circular No.39 of 1965 shall not be converted into a Non-Resident (External) Account.

(5) Declaration to be furnished :

Every authorised dealer or Co-operative Bank or any other bank or public financial institution which is specially authorised or exempted or permitted in this behalf by the Reserve Bank under the Act, shall if so required by the Reserve Bank, furnish to the Reserve Bank or to such authority, and in such forms as that Bank may specify, a declaration as at the close of each year that all credits during the year in all the accounts maintained with him have been in conformity with these rules.

FORM A-4

(To be completed for debits and credits to non-resident accounts of all types other than the accounts of non-resident banks, requiring approval of Reserve Bank or for report to Reserve Bank)

For debit : From the account of _____

(Name and address of non-resident Account
Holder stating country of residence and type of account)

at _____

(Name of authorised dealer or authorised co-operative/ commercial bank with whom account is kept) for
payment to _____

(Name and address of the resident beneficiary)

Amount Rs. _____

(in figures)

(in words)

The purpose of payment is _____

For credit : From _____

(Name and address of the resident remitter for credit to the account of)

(Name and address of non-resident

Account Holder stating country of residence and type of account)

at _____

(Name of authorised dealer or authorised Co-operative/Commercial Bank with whom account is kept)

Amount Rs. _____

(in figures)

(in words)

The purpose of payment is _____

For transfer *From the account of _____

(Name and address of non-resident Account Holder stating country of residence and type of account)

at _____

(Name of authorised dealer or authorised Co-operative / Commercial Bank with whom account is kept)

for transfer to the account of _____

(Name and address of non-resident

Account Holder stating country of residence and type of account)

at

(Name of authorised dealer or authorised Co-operative / Commercial Bank with whom account is kept)

* Relevant part should be completed.

Amount Rs. _____
(in figures) (in words)

The purpose of transfer is _____

We certify that the above payment/transfer has been made in terms of the authority delegated to authorised dealers or authorised co-operative/commercial banks vide paragraph _____ of the Exchange Control Manual /Memorandum AEM and /or A.D. Circular No. _____ .

(Signature of Authorised Official)

Name: _____

Stamp

Designation: _____

Name and Address _____

Date : _____ of Authorised Dealer or _____

Authorised Co-operative / _____

Commercial Bank _____

(Space for comments of the authorised dealer or authorised Co-operative / Commercial Bank)

While forwarding the application to Reserve Bank for approval reference to paragraph of Exchange Control Manual or Memorandum ABM or A.D. Circular in terms of which the reference is made should invariably be cited. Similar transaction was approved by Reserve Bank vide approval No. _____ dated _____ .

(Signature of Authorised Official)

Name: _____

Stamp

Designation: _____

Name and Address _____

Date : _____ of Authorised

Dealer or _____

Authorised Co-operative/ _____

Commercial Bank _____

(Space for use by Reserve Bank of India)

Application For Remittance Of Legacies, Bequests Or Inheritances To Beneficiaries Resident Outside India

Instructions:

1. The application should be completed in duplicate and submitted through an authorised dealer in foreign exchange to the office of Reserve Bank under whose jurisdiction the applicant resides.

Documentation:

2. Certified copy of the probate together with a copy of the Will annexed thereto, or Letters of Administration or Succession Certificate, as the case may be, in respect of the Indian assets of the deceased person.
3. Certificate in original together with a photocopy from the concerned authorities to show that no liabilities are outstanding in respect of the estate of the deceased person on account of Income-tax, Wealth-tax, Capital Gains tax, etc.
4. A statement of Indian assets of the deceased person, indicating the form in which they are held as also the place where they are held. The number and date of Reserve Bank's approval for holding or acquiring shares of Indian companies and immovable property should be indicated, wherever applicable.
5. A signed statement showing how the remittable amount has been arrived at, accompanied by a certificate stating that all liabilities of the estate in India have been met or adequately provided for.

1.	Particulars of the deceased person: (i) Name (ii) Nationality (iii) Country of permanent residence at the time of death (iv) Date and place of demise (v) Whether the deceased was residing in India at any time during his life time; if so, state period	1. (i) (ii) (iii) (iv) (v)
2.	Particulars of the beneficiary / ies : (i) Name/s (ii) Nationality/ies (iii) Country/ies of permanent residence	2. (i) (ii) (iii)
3.	(a) If the beneficiary/ies is/are Indian national/s or person/s of Indian origin having foreign nationality/ies please indicate- (i) Whether he/they was/were residing in India at any time (state period)	3. (i)

	(ii) Whether either of his/their parents was/were residing in India at any time (state period)	(ii)
	(iii) Full particulars of exchange facilities availed of by him/them at the time of his/their departure from India for settlement in the foreign country/ies and thereafter, quoting reference number/s of approval obtained in the matter (If no exchange facilities were availed of at the time of departure, a statement to that effect should be made and the approximate date/s of departure/s from India, for settlement in the foreign country/ies indicated)	(iii)
	(b) If the beneficiary/ies is/are foreign national/s of non-Indian origin please indicate -	(b)
	(i) Whether he/they was/were residing in India at any time (state period)	(i)
	(ii) If so, the date/s of permanently retiring from India may be indicated, quoting reference number/s and date/s of Reserve Bank's letters of approval for release of exchange at the time of his/their departure/s.	(ii)
4.	Whether the deceased person had made investments in India under various NRI investment schemes, while residing outside India. If so, please give full details of such investments quoting reference number/s and date/s of Reserve Bank's letter/s of approval as under :	4.
	(i) Investments made on non-repatriation basis	(i)
	(ii) Investments made with repatriation benefits	(ii)
5.	Details of the Indian assets of the deceased person.	5.
6.	Whether legal representation to the estate of the deceased person has been obtained in India/abroad.	6.
7.	Amount of remittance applied for and how it has been arrived at.	7.
8.	Name and address of authorised dealer through whom the remittance is desired to be made.	8.

I/We hereby declare that the particulars given above and the documents submitted herewith are true and correct to the best of my/our knowledge and belief. I/We also declare that I/we have not made any application to any other office of the Reserve Bank of India for the same purpose.

Place : _____

Date : _____

(Signature/s of Applicant)

Annexure – 4 to Chapter – 29

The Cooperative Bank Ltd.

_____ **Branch/Head Office**

REGISTER OF ACCOUNTS OPENED & CLOSED

Sl. No.	Date of		Account Number	Name of Account Holder	Total No. of accounts subsisting	Initials of Manager/ Chief Manager	Remarks
	Opening	Closure/ Transfer					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Annexure – 5 to Chapter – 29

The Cooperative Bank Ltd.

_____ **Branch / H.O.**

REGISTER OF PASS BOOKS ISSUED

Sl. No.	Date	Account Number	Name of the Account Holder	Initials of the Officer	Signature of the Account Holder
(1)	(2)	(3)	(4)	(5)	(6)

Annexure – 6 to Chapter – 29

**The _____ Co Operative Bank Ltd.
_____ Branch / H.O.**

REGISTER OF CHEQUE BOOKS ISSUED

Date of issue	Distinctive No. of cheques issued	No. of leaves	No. of leaves issued so far during this calendar year (for SB A/c only) to this customer	Amount recovered from the Account Holder	Name of Holder	A/c. No. Account	Officer's Initials	Account Holder's Signature
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	From To							

Annexure – 7 to Chapter – 29

**The _____ Cooperative Bank Ltd.
_____ Branch / H.O.**

REGISTER OF LOOSE CHEQUE ISSUED

Date of issue	Distinctive No. of cheque leaf issued	Name of Account Holder	Account Number	Officer's signature	Account Holder's signature
(1)	(2)	(3)	(4)	(5)	(6)

Annexure – 8 to Chapter - 29

**The _____ Cooperative Bank Ltd.
_____ Branch / H.O.**

REGISTER OF CHEQUE RETURNED – OUTWARD

Date	Presenter's Name & Address/Name of Presenting Bank/Branch	Drawer's Name	Drawer's A/c. No.	Cheque No.	Date of cheque	Amount of cheque	Reason for return	Officer's signature
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

Annexure – 9 to Chapter - 29

The Cooperative Bank Ltd.

_____ **Branch/H.O.**

REGISTER OF CHEQUE RETURNED – INWARD

Date	Presentor's Name & Address/Name of Presenting Bank/Branch	Payee's Name	Payee's A/c. No.	Cheque No.	Date of cheque	Amount of cheque	Reason for return	Officer's signature
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

Annexure – 10 to Chapter - 29

The Cooperative Bank Ltd.

_____ **Branch/H.O.**

REGISTER OF CHEQUE BOOKS STOCK

Number of Leaves:

Special Markings:

Date	Stock received from Head Office		Cheque Books supplied to Asst. Manager for issue to the customers of the Branch		Balance stock (No. of Cheque Books) available as at the end of the day	Initials of the Manager/Chief Manager of the Branch	Initials of the Asst. Manager. who receives the Cheque Books mentioned in Sl. No.3	
	Sl. No. of cheques received	No. of Cheque Books received	Sl. No. of cheques issued	No. of Cheque Books supplied				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
	From (a)	To (b)	From (a)	To (b)	(c)	(4)	(5)	(6)

The **Coop. Bank Limited**
Head Office/..... Branch

STOP PAYMENT REGISTER

Sl. No.	Date of receipt of stop payment instruction	Time of Receipt	Drawer's Name	SB/Current A/c No.	Details of cheque(s) Stopped for payment			Date of payment (if the cheque had already been paid before receipt of stop payment orders)	Date on which intimation was sent to the drawer about the noting of SP/payment of cheque	If the cheque is presented and returned date of presentation and return	Date on which the cheque will lapse for payment in normal course	Initials of the	
					Cheque No.	Date of Cheque	Payee's Name						Cheque Amount
1	2	3	4	5	6	7	8	9	10	11	12	13	14

Annexure – 12 to Chapter – 29

The Cooperative Bank Ltd.

_____ **Branch / H.O.**

STOP PAYMENT CARD

A/c. No.	Name of the Account Holder	Details of cheques stopped for payment			Initials
		Cheque No.	Date	Amount Rs. P.	
(1)	(2)	(3)	(4)	(5)	(6)

Annexure – 13 to Chapter – 29

The Cooperative Bank Ltd.

_____ **Branch / H.O.**

**REGISTER OF PASS BOOKS LEFT OVERNIGHT
AT THE BRANCH FOR UPDATING**

Sl. No.	Date of receipt of Pass Book	Account Number	Name of the Account Holder	Initials of the Officer	Date of delivery /	Signature of the Account despatch	Initials of the Officer Holder
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Annexure – 14 to Chapter – 29

The Cooperative Bank Ltd.

_____ **Branch/H.O.**

REGISTER OF TOKENS SUPPLIED TO LEDGER ASSISTANTS

Date	Token No.	Section	Name of Ledger Assistant	Initials of the Officer who supplies tokens to the Ledger Assistant	Signature of Ledger Assistant who receives the tokens
(1)	(2)	(3)	(4)	(5)	(6)
	From To				

The Cooperative Bank Ltd.

_____ Branch/H.O.

REGISTER OF POWER OF ATTORNEY

Date	Serial No.	Granted by (Name of Account Holder)	In favour of	Date of Power of Attorney	Particulars of operative clauses(s) of Power of Attorney	Date of acknowledgement to Grantor previously registered and its S.No./Date	Names of Institutions, if any, where the Power has been	Initials of Officer
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

..... SC Bank Ltd.

REGISTER OF BRANCH STATIONERY STOCK

Name of Branch _____

Item Code No. _____

Name of the Item _____

Qty. Indented in Annual indent form	Qty. received so far	Date of last receipt of supply from H.O.	Qty. consumed till end of previous month	Date of issue to counters / sections in the branch	Cost of Items supplied by HO as per HO debit		Balance stock on hand	Value	Officer's initial
					Amt	Date of Debit			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

**REGISTER OF TAX DEDUCTED AT SOURCE
 DETAILS OF INTEREST ON TERM DEPOSITS PAID (OVER RS.....)/-
 TO A CUSTOMER PER FINANCIAL YEAR AND TAX DEDUCTED AT SOURCE**

S.No.	Name and address of the person to Whom Payment made or in whose account it is Credited	DR.No.	Amount of Interest Paid	Date of Credit/ Payment	Amount of Tax Deducted	Rate at Which Tax was Deducted	Date & Challan No. of Deposit of tax into Central Govt. Account	Name of Bank/ Branch where Tax Deposited	TDS Certificate No. Date (10)		Initials of Officer
									a	b	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)			(11)

