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RESERVE BANK OF INDIA

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Reserve Bank of India (Local Area Banks - Responsible Business Conduct)
Directions, 2025

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Introduction

Customer service holds great significance in the financial services sector. The Reserve Bank of India has, over the years, issued various instructions with a focus on enhancing the level of customer service and ensuring fair conduct towards customers by banks. These directions are issued with an aim to consolidate the various regulatory instructions on customer service and conduct aspects issued by the Reserve Bank of India to Local Area Banks at one place.

Accordingly, in exercise of the powers conferred by Sections 21, 35A, 45ZC(3) and 45ZE(4) of Banking Regulation Act, 1949, and all other provisions / laws enabling the Reserve Bank of India (hereinafter called the 'Reserve Bank') in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues the Directions hereinafter specified.

Chapter I – Preliminary

A.Short title and commencement

1. These Directions shall be called the Reserve Bank of India (**Local Area Banks – Responsible Business Conduct**) Directions, 2025.
2. These Directions shall come into effect immediately upon issuance, unless indicated otherwise.

B. Applicability

3. These Directions shall be applicable to all Local Area Banks (hereinafter collectively referred to as 'LABs' and individually as an 'LAB').

C. Definitions

4. In these Directions, unless the context states otherwise, the terms herein shall bear the meanings assigned to them below:

(1) '**Accounts with survivorship clause**' means joint deposit accounts styled as 'either or survivor', or 'anyone or survivor', or 'former or survivor' or 'latter or survivor' or any other such clause.



(2) **'Apostille'** means a certificate that authenticates the origin of a public document (e.g., a birth, marriage or death certificate, a judgment, an extract of a register or a notarial attestation). Apostilles can only be issued for documents issued in one country party to the Hague Apostille Convention and that are to be used in another country which is also a party to the Convention. In India, such attestations are done by Ministry of External Affairs.

(3) **Annual Percentage Rate (APR)** means the annual cost of credit to the borrower which includes interest rate and all other charges associated with the credit facility.

(4) **Bank induced Transaction** means a transaction in the account initiated by the LAB as per its extant policy such as charges, fees, interest payments, penalties, taxes.

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

(i) *All types of charges levied by LABs including taxes deducted.*

(ii) *Interest paid on savings bank account balances.*

(5) **Bank Rate** means the rate published by Reserve Bank in terms of Section 49 of the Reserve Bank of India Act, 1934.

(6) **Benchmark Prime Lending Rate (BPLR)** shall have the same meaning as defined in the [Reserve Bank of India \(Local Area Banks - Interest Rates on Advances\) Directions, 2025](#).

(7) **Consumer Credit** refers to the loans given to individuals, which consists of

(i) loans for consumer durables,

(ii) credit card receivables,

(iii) auto loans (other than loans for commercial use),

(iv) personal loans secured by gold, gold jewellery, immovable property, term deposits (including FCNR(B)), shares and bonds, etc., (other than for business / commercial purposes),

(v) personal loans to professionals (excluding loans for business purposes), and

(vi) loans given for other consumptions purposes (e.g., social ceremonies, etc.).

However, it excludes (a) education loans, (b) loans given for creation / enhancement of immovable assets (e.g., housing, etc.), (c) loans given for



investment in financial assets (shares, debentures, etc.), and (d) consumption loans given to farmers under KCC.

(8) **Current Account** shall have the same meaning as defined in the [Reserve Bank of India \(Local Area Banks - Interest Rate on Deposits\) Directions, 2025](#).

(9) **Customer** shall mean a user or a potential user of banking services and may include:

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

(10) **Customer induced transaction** means the transaction in an account which is in the nature of:

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

Note: *Illustrative list of financial transactions is as under:*

- (a) *ATM/ Cash withdrawal/deposit*
- (b) *RTGS / NEFT/ IMPS /UPI/ AePS/ ABPS Transactions*
- (c) *Internet Banking Transactions*
- (d) *Debit Card Transactions*
- (e) *Transfer of funds from / to the linked CBDC(e-Rupee) account*
- (f) *Cheque Clearing*
- (g) *Remittance of funds by way of demand drafts*
- (h) *Cash withdrawal by third party through cheque*
- (i) *Standing Instructions issued by the customer*



(j) NACH Debit / Credits

(k) Term Deposit Interest / proceeds

(l) Dividend on shares / Interest on Debentures or any other investment proceeds

(m) Direct Benefit Transfer (DBT) credits

(n) Refunds such as related to e-commerce payments, Income Tax Returns, etc.

(o) National Electronic Toll Collection (NETC) debits

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

(12) **Equivalent e-document** shall have the same meaning as defined in the [Reserve Bank of India \(Local Area Banks – Know Your Customer\) Directions, 2025](#).

(13) **Eligible Collateral** shall have the same meaning as defined in the [Reserve Bank of India \(Local Area Banks – Credit Facilities\) Directions, 2025](#).

(14) **Jewellery** shall have the same meaning as defined in the [Reserve Bank of India \(Local Area Banks – Credit Facilities\) Directions, 2025](#).

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

(15) **Inoperative Account** means a savings / current account where there are no 'customer induced transactions' for a period of over two years.

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



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

(19) **Loan to Value (LTV) ratio** shall have the same meaning as defined in the [Reserve Bank of India \(Local Area Banks – Credit Facilities\) Directions, 2025](#).

(20) **'Microfinance loan'** shall have the same meaning as defined in the [Reserve Bank of India \(Local Area Banks – Credit Facilities\) Directions, 2025](#).

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

(22) **Officially Valid Document** shall have the same meaning as defined in the [Reserve Bank of India \(Local Area Banks – Know Your Customer\) Directions, 2025](#).

(23) **Ornaments** shall have the same meaning as defined in the [Reserve Bank of India \(Local Area Banks – Credit Facilities\) Directions, 2025](#).

(24) **Personal Loans**, as referred in Section D of Chapter VIII, shall have the same meaning as defined in [XBRL Returns – Harmonization of Banking Statistics dated January 04, 2018](#), as amended from time to time.

(25) **Savings Deposits** shall have the same meaning as defined in the [Reserve Bank of India \(Local Area Banks – Interest Rate on Deposits\) Directions, 2025](#).

(26) **Term Deposits** shall have the same meaning as defined in the [Reserve Bank of India \(Local Area Banks – Interest Rate on Deposits\) Directions, 2025](#).

(27) **Unclaimed Deposit** shall mean the credit balance in any deposit account maintained with LABs, which have not been operated upon for ten years or more, or any amount remaining unclaimed for ten years or more as mentioned in



paragraph 3(iii) of the [Depositor Education and Awareness \(DEA\) Fund Scheme, 2014](#).

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



Chapter II – Institutional Framework

A. Role of Board

A.1 Board approved policies

5. An LAB shall put in place approved policies and periodic review mechanisms to ensure sound business conduct and enhanced customer service. An illustrative list of such policies to be approved by the Board or a Committee(s) to which powers have been delegated is provided below. The specific aspects to be addressed in these policies are detailed in the relevant paragraphs of these Directions.

(1) General Customer Service Aspects:

- (i) Branch Insurance policy;
- (ii) Comprehensive policy and Standard Operating Procedure (SOP) on safe deposit lockers facility covering agreement for safe deposit lockers, nomination and release of contents, access to legal heir/s of deceased locker-hirer/s, breaking open of lockers, loss or damage of content of lockers, etc.;
- (iii) Policy on Doorstep Banking for Senior Citizens / Differently Abled Persons; and
- (iv) Policy for Settlement of Claims

(2) Liability related: Policy on Basic Savings Bank Deposit Account (BSBDA).

(3) Asset related:

- (i) Fair Practice Code for lending to microfinance borrowers; and
- (ii) Policy on Penal Charges on loans / advances

(4) Charges related: Policy on Service Charges for various types of services offered.

(5) Training related: Policy regarding the conduct of employees and system for their recruitment, training and monitoring.

A.2 Reviews to be carried out by the Board or Committee to which powers have been delegated

6. An illustrative list of reviews to be carried out by the Board or a Committee(s) to



which powers have been delegated is provided below. The specific aspects to be addressed in these reviews are detailed in the relevant paragraphs of this Direction.

- (1) Review of unclaimed gold and silver collateral at half-yearly intervals.



Chapter III - Customer Service in Branches

A. Service at the counters

A.1 Banking hours / working days of bank branches

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

A.2 Changes in banking hours

8. No particular banking hours have been prescribed by law and an LAB may fix, after due notice to its customers, whatever business hours are convenient to it, i.e., to work in double shifts, to observe weekly holiday on a day other than Sunday or to function on Sundays in addition to the normal working days, subject to observing normal working hours for public transactions referred to in paragraph 7 above.

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

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

11. An LAB shall have the flexibility to fix the business hours (i.e., number of hours, as well as timings) and the weekly holidays in its rural branches to suit local requirements. This may, however, be done subject to the instructions given above.

A.3 Extended business hours for non-cash banking transactions

12. An LAB may have evening counters at the premises of existing branches in urban / metropolitan centres for providing facilities to the public beyond the normal hours of business to bring about improvement in customer service. The transactions conducted during such extended hours of business shall be merged with the main accounts of the branch where it is decided to provide the aforesaid facilities.



13. An LAB shall duly notify its constituents about the functions to be undertaken during the extended banking hours through local newspapers, as also by displaying a notice on the notice board at the branch(es) concerned. Further, as and when the hours of business of any of the branches are extended, the concerned clearing house shall also be informed.



Chapter IV - Customer Guidance and Protection

A. Publicity in the LAB branches cautioning public against placing deposits in dubious schemes

14. An LAB may in its own interest and as a customer education effort in the interest of the public, consider designing suitable posters or pamphlets or flyers or notices containing following messages:

Never respond to unsolicited offers of money received through emails/phone/other media*

No one really gives you money for free*

Be careful while investing in seemingly attractive schemes offering high returns*

Don't invest in unregulated companies/entities*

Don't rely on hearsay - Check for yourself*

High return means higher risk including potential loss of entire money – Check your risk-appetite!*

Take care of your money – it is hard to earn but easy to lose*

When in doubt check with a trusted financial adviser*

*For any clarification, visit www.rbi.org.in or www.sebi.gov.in or www.irdai.gov.in

15. Wherever feasible, such messages may be displayed or distributed in the LAB branches (in the official language of the state) to enable easy notice by the customers. Since LAB branches are vantage points where members of public visit, it will help to disseminate the information to the public. The LAB may consider places like Automated Teller Machines or Business Correspondent points where such messages could get wider visibility. This would also be beneficial to the LAB as its customers would be aware and vigilant of any such fraudulent schemes/calls.

16. It needs to be emphasised that to be effective, such measures have to be pursued continuously for a long period of time and therefore the field staff may be sensitised in this regard. The branch officials shall also be encouraged to share any meaningful information (market intelligence) of any such dubious scheme in their area with their Regional Offices, which may, in turn, share such information with concerned Regional Office of the Reserve Bank.



B. Levy of Service Charges

B.1 Fixing Service Charges by Banks

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



Chapter V - Financial Inclusion and Accessibility

A. Financial Inclusion

A.1 Access to Banking Services – Basic Savings Bank Deposit Account

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

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

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

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

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

22. The BSBD Account shall be subject to RBI instructions on KYC / AML for opening



of bank accounts issued vide [Reserve Bank of India \(Local Area Banks – Know Your Customer\) Directions, 2025](#).

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

24. An LAB shall frame a Board approved policy / operational instructions in this regard.

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

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

C. Doorstep Banking Services for Senior Citizens and Differently Abled Persons

26. An LAB shall incorporate the following aspects in their Board approved policy for doorstep banking services and report the progress made in this regard to the Customer Service Committee of the Board every quarter:

- (1) An LAB shall offer the doorstep banking services on pan India basis. The LAB shall develop a Board approved framework for determining the nature of branches / centres where these services will be provided mandatorily and those where it will be provided on a best effort basis and make the policy public. The list of branches offering such doorstep banking services shall be displayed / updated on the LAB's website regularly.
- (2) The LAB shall give adequate publicity to the availability of these services in their public awareness campaigns. The charges, in this regard, shall also be prominently indicated in brochures and published in its website.



Chapter VI - Payment and Remittance Services

A. Purchase of Local Cheques, Drafts, etc., during Suspension of Clearing

27. An LAB may temporarily accommodate its constituents, both borrowers and depositors, whenever clearing is suspended and it is apprehended that the suspension may be prolonged, to the extent possible by purchasing the local cheques, drafts, etc., deposited in their accounts for collection. Special consideration shall be shown in respect of cheques drawn by Government departments / companies of good standing and repute, as also demand drafts drawn on local banks. While extending this facility, the LAB shall take into consideration such factors as creditworthiness, integrity, past dealings and occupation of the constituents, so as to guard themselves against any possibility of such instruments being dishonoured subsequently.



Chapter VII - Deposit and Other Liabilities

A. Opening / Operation of Deposit Accounts

28. An LAB shall be guided by Reserve Bank's instructions on KYC / AML for opening and operation of accounts as prescribed in the [Reserve Bank of India \(Local Area Banks – Know Your Customer\) Directions, 2025](#).

29. An LAB shall be guided by Reserve Bank's instructions on interest rates on deposit accounts and related matters as prescribed in the [Reserve Bank of India \(Local Area Banks – Interest Rate on Deposits\) Directions, 2025](#).

A.1 Opening of Bank Accounts in the Names of Minors

30. Minors of any age may be allowed to open and operate savings and term deposit accounts through his / her natural or legal guardian. They may also be allowed to open such accounts with mother as guardian in terms of instructions issued on December 29, 1976, whose contents are reproduced below:

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

The legal and practical aspects of the above problem were, therefore, examined by us in consultation with the Government of India and we are advised that if the idea underlining the demand for allowing mothers to be treated as guardians relates only to the opening of fixed and savings bank accounts, there would seem to be no difficulty in meeting the requirements as, notwithstanding the legal provisions, such



accounts could be opened by banks provided they take adequate safeguards in allowing operations in the accounts by ensuring that the minors' accounts opened with mothers as guardians are not allowed to be overdrawn and that they always remain in credit. In this way, the minors' capacity to enter into contract would not be a subject matter of dispute. If this precaution is taken, the banks' interests would be adequately protected. We shall therefore, be glad if you will kindly apprise all your branches of the position as stated above and instruct them to allow minors' accounts (fixed and savings only) with mothers as guardians to be opened, whenever such requests are received by them, subject to the safeguards mentioned above.

31. Minors above such an age limit not less than 10 years and up to such amount and such terms as may be fixed by an LAB keeping in view its risk management policy, may be allowed to open and operate savings / term deposit accounts independently, if they so desire, and such terms shall be duly conveyed to the account holder.

32. On attaining the age of majority, fresh operating instructions and specimen signature of the account holder shall be obtained and kept on record. Moreover, if the account is operated by the guardian, the balance shall be got confirmed. An LAB shall take advance action, including communicating these requirements to minor account holders attaining the age of majority, to ensure fulfilment of these requirements.

33. An LAB is free to offer additional banking facilities like internet banking, ATM / debit cards, cheque book facility, etc., to the minor account holders basis its risk management policy, product suitability and customer appropriateness.

34. An LAB shall ensure that accounts of minors, whether operated independently or through a guardian, are not allowed to be overdrawn and that these always remain in credit balance.

35. An LAB shall perform customer due diligence for opening of deposit accounts of minors and undertake ongoing due diligence, as per the provisions of [Reserve Bank of India \(Local Area Banks – Know Your Customer\) Directions, 2025](#).

B. Unclaimed Deposits / Inoperative Accounts in LABs

B.1 Review of Accounts

36. An LAB shall undertake at least an annual review in respect of accounts, where there is no customer induced transaction for more than a year. In cases where there



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

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

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

39. For the purpose of classifying an account as 'inoperative', only customer induced transactions and not bank induced transactions shall be considered. There may be instances where the customer has given a mandate like Standing Instructions / auto-renewal instructions and there are no other operations in the savings / current account or the term deposit. These transactions shall also be treated as customer induced transactions.

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



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

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

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

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

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

44. An LAB shall ensure that amounts lying in inoperative accounts / unclaimed deposits and reactivated inoperative accounts / unclaimed deposits, are subjected to concurrent audit.

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

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

46. In case the whereabouts of the holder(s) of the inoperative account / unclaimed deposit are not traceable, the LAB shall contact the introducer, if any, who had



introduced the account holder to the LAB at the time of opening of the account. The bank shall also contact the nominee, if registered, for tracing the customer.

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

B.5 Activation of Inoperative Accounts

48. An LAB shall make available the facility of updation of KYC for activation of inoperative accounts / unclaimed deposits at all branches (including non-home branches). Further, the LAB shall endeavour to provide the facility of updation of KYC in such accounts and deposits through Video-Customer Identification Process (V-CIP). The V-CIP related instructions under [Reserve Bank of India \(Local Area Banks – Know Your Customer\) Directions, 2025](#) shall be adhered to by the LAB. Additionally, the services of an authorised Business Correspondent of the bank may be utilised for activation of inoperative accounts as prescribed in these Directions and through V-CIP if requested by the account holder, subject to the facility of V-CIP being provided by the bank.

49. An LAB shall activate the inoperative accounts / unclaimed deposits, including those which are under freeze by orders of various agencies like Courts, Tribunals, Law Enforcement Agencies, only after adhering to the KYC instructions provided in the [Reserve Bank of India \(Local Area Banks – Know Your Customer\) Directions, 2025](#) such as Customer Due Diligence (CDD), customer identification, risk categorisation, etc.

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

51. An LAB shall automatically intimate the inoperative account / unclaimed deposit holders through SMS and registered email stating that on the basis of the KYC documents submitted by them, the inoperative status of the account has been removed. The intimation shall also mention the remedial measures available to them



to report unauthorised access, if any. This would alert the account / unclaimed deposit holder against any possible fraudulent activity in his / her inoperative account. The LAB shall have in place adequate operational safeguards to ensure that the claimants in case of inoperative accounts / unclaimed deposits are genuine. The LAB shall process requests for activation of inoperative account / unclaimed deposits within three working days from the receipt of the complete application.

B.6 Payment of Interest

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

B.7 Levy of Charges

53. An LAB shall not levy penal charges for non-maintenance of minimum balances in any account that is classified as an inoperative account.

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

B.8 Display of Unclaimed Deposits and Search Facility

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

B.9 Fraud Risk Management in Inoperative Accounts

56. An LAB shall not allow any debit transaction in an inoperative account unless there is a customer induced activation as per the procedure mentioned in paragraphs 48 to 51 above. Further, the LAB may also consider imposing a cooling-off period on



reactivation, with restrictions on the number and amount of transactions, as may be applicable for newly opened accounts with the LAB.

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

B.10 Customer Awareness

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

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

C. Safe Deposit Locker / Safe Custody Article Facility

C.1 Board approved policies and SOPs

60. An LAB shall put in place a comprehensive Board approved policy and SOPs on safe deposit locker facility / safe custody article as per the instructions mentioned herein.

C.2 Allotment of Lockers

C.2.1 Customer Due Diligence for Lockers

61. The existing customers of a LAB who have made an application for locker facility and who are fully compliant with the customer due diligence criteria under the [Reserve Bank of India \(Local Area Banks – Know Your Customer\) Directions, 2025](#) may be given the facilities of safe deposit lockers / safe custody article subject to on-going compliance.

62. Customers who are not having any other banking relationship with the bank may be given the facilities of safe deposit locker / safe custody article after complying with the customer due diligence criteria under the [Reserve Bank of India \(Local Area Banks – Know Your Customer\) Directions, 2025](#) and subject to on-going compliance. The



due diligence shall be carried out for all the customers in whatever rights and capacities they may be hiring the locker.

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

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

C.2.2 Locker Allotment

65. In order to facilitate customers making informed choices, an LAB shall maintain a branch wise list of vacant lockers as well as a waitlist in Core Banking System (CBS) or any other computerised system compliant with Cyber Security Framework issued by RBI, for the purpose of allotment of lockers and ensure transparency in allotment of lockers. The LAB shall acknowledge the receipt of all applications for allotment of locker and provide a waitlist number to the customers, if the lockers are not available for allotment.

C.2.3 Model Locker Agreement

66. An LAB shall have a Board approved agreement for safe deposit lockers. For this purpose, the LAB may adopt the model locker agreement framed by Indian Banks' Association. This agreement shall be in conformity with these revised instructions and the directions of the Hon'ble Supreme Court in the matter of ['Amitabha Dasgupta vs United Bank of India' \(Judgment dated February 19, 2021 in CA No. 3966 of 2010\)](#). The LAB shall ensure that any unfair terms or conditions are not incorporated in its locker agreements. Further, the terms of the contract shall not be more onerous than required in ordinary course of business to safeguard the interests of the LAB.

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



68. There may be instances, where the agreements already executed by a LAB are at variance with the Indian Banks' Association Model Agreement. In such cases, all the provisions contained in this section, in particular paragraphs 100 to 102 on compensation policy / liability of LABs, shall continue to apply to them even if not explicitly stated in the agreements already executed. Further, in such cases, the LAB shall have the option to execute fresh agreements or revise them through supplementary agreements. The cost of stamp paper in such cases shall be borne by the LAB.

69. LABs were advised to facilitate execution of the fresh / supplementary stamped agreements with all their existing customers on or before December 31, 2023 by taking measures such as arranging stamp papers, franking, electronic execution of agreement, e-stamping, etc. and provide a copy of the executed agreement to the customer.

C.2.4 Locker Rent

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

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

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



C.3 Infrastructure and Security Standards

C.3.1 Security of the Strong Room/Vault

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

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

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

C.3.2 Locker Standards

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

77. In case the lockers are being operated through an electronic system, an LAB shall take reasonable steps to ensure that the system is protected against hacking or any breach of security. The customers' personal data, including their biometric data, shall not be shared with third parties without their consent. Further, the LAB shall ensure



that the electronically operated lockers are compliant with the Cyber Security Framework prescribed by the Reserve Bank. The system shall be capable of maintaining unalterable log of locker activities. The LAB shall comply with the relevant statutory / regulatory instructions / requirements applicable for IT / data protection. Further, the LAB shall also devise a SOP for issue of new password in lieu of lost passwords to customers in a safe and secure manner in case of electronically operated lockers.

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

C.4 Locker Operations

C.4.1 Regular Operations by Customers

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

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

81. An LAB shall send an email and SMS alert to the registered email address and mobile number of the customer before the end of the day as a positive confirmation



intimating the date and time of the locker operation and the redressal mechanism available in case of unauthorised locker access.

C.4.2 Internal Controls by LABs

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

83. The LAB shall ensure that the Locker Register and the Locker Key Register are maintained in CBS or any other computerised system compliant with the Cyber Security Framework issued by the Reserve Bank. The Locker Register shall be updated in case of any change in the allotment with complete audit trails.

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

C.5 Closure and Discharge of locker items

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

- (1) if the hirer loses the key and requests for breaking open the locker at her / his cost; or



(2) if the Government enforcement agencies have approached the LAB with orders from the Court or appropriate competent authority to seize lockers and requested for access to the lockers; or

(3) if the LAB is of the view that there is a need to take back the locker as the locker hirer is not co-operating or not complying with the terms and conditions of the agreement.

86. An LAB shall have a clear Board approved policy together with a SOP for breaking open the lockers for all possible situations keeping in view the relevant legal and contractual provisions.

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

87. If the key of the locker, supplied by an LAB is lost by the locker-hirer, the customer (locker hirer) shall notify the LAB immediately. An undertaking may also be obtained from the customer that the key lost, if found in future, will be handed over to the LAB. All charges for opening the locker, changing the lock and replacing the lost key may be recovered from the hirer. The charges applicable for replacement of lost keys / issue of new password shall be communicated to the locker hirer.

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

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

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

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



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

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

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

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

94. Before breaking open the locker, an LAB shall give due notice to the locker-hirer through a letter and through email and SMS alert to the registered email address and mobile phone number. If the letter is returned undelivered or the locker-hirer is not traceable, the LAB shall issue public notice in two newspaper dailies (one in English and another in local language) giving reasonable time to the locker-hirer or to any other person/s who has interest in the contents of locker to respond.

95. The locker shall be broken open in the presence of an officer of an LAB and two independent witnesses. In case of electronically operated lockers (including Smart Vaults), the use of 'Vault Administrator' password for opening of locker shall be assigned to a senior official and complete audit trail of access shall be preserved. Further, the LAB shall also record a video of the break open process together with inventory assessment and its safe keep and preserve the same so as to provide



evidence in case of any dispute or Court case in future. The LAB shall also ensure that the details of breaking open of locker is documented in CBS or any other computerised systems compliant with the Cyber Security Framework issued by RBI, apart from locker register.

96. After breaking open of locker, the contents shall be kept in sealed envelope with detailed inventory inside fireproof safe in a tamper-proof way until customer claims it. A record of access to the fireproof safe shall invariably be maintained. While returning the contents of the locker, the LAB shall obtain acknowledgement of the customer on the inventory list to avoid any dispute in future.

97. An LAB shall ensure that the inventory prepared after breaking open of the locker, is as per **Annex I** (effective till March 31, 2026), or **Annex VIII** effective on or after April 1, 2026 or if implemented earlier by the LAB) or as near thereto as circumstances require. Further, the LAB shall not open sealed / closed packets left with them for safe custody or found in locker while releasing them to the nominee(s) and surviving locker hirers / depositor of safe custody article, unless required by law.

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

98. If the locker remains inoperative for a period of seven years and the locker-hirer cannot be located, even if rent is being paid regularly, an LAB shall be at liberty to transfer the contents of the locker to their nominees / legal heir or dispose of the articles in a transparent manner, as the case may be. Before breaking open the locker, the LAB shall follow the procedure as prescribed in paragraphs 94 to 97 above. The LAB shall ensure that the procedure to be followed by them for disposal of the articles left unclaimed for a reasonably long period of time as mentioned above is incorporated in their locker agreement.

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



C.6 Compensation Policy / Liability for LABs

C.6.1 Liability of an LAB

100. An LAB shall put in place a detailed Board approved policy outlining the responsibility owed by it for any loss or damage to the contents of the lockers due to its negligence as the banks owe a separate duty of care to exercise due diligence in maintaining and operating their locker or safety deposit systems. The duty of care includes ensuring proper functioning of the locker system, guarding against unauthorised access to the lockers and providing appropriate safeguards against theft and robbery. Further, the LAB shall adhere to the [Master Directions on Fraud Risk Management](#) for reporting requirements about the instances of robberies, dacoities, thefts and burglaries.

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

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

C.6.3 Liability of an LAB arising from events like fire, theft, burglary, dacoity, robbery, building collapse or in case of fraud committed by the employees of the LAB

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

C.7 Risk Management, Transparency and Customer Guidance



C.7.1 Branch Insurance Policy

103. An LAB, with the approval of its Board, shall have a branch insurance policy to minimise the loss due to incidents like robbery, fire, natural calamities, loss during shifting / merger of branch, etc., affecting contents of lockers.

C.7.2 Insurance of locker contents by the customer

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

C.7.3 Customer guidance and publicity

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

106. An LAB shall display updated information on all kinds of charges for safe deposit lockers and safe custody articles on its website.

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

D. Nomination Facility in Deposit Accounts, Safe Deposit Lockers and Articles kept in Safe Custody

108. The Government of India has notified the [Banking Laws \(Amendment\) Act, 2025](#) which *inter alia* has amended the Sections 45ZA, 45ZC and 45ZE of the Banking Regulation Act, 1949 (the Act). The [Banking Companies \(Nomination\) Rules, 2025](#) (the Rules) have also been notified which along with amended provisions of the Act has come into force from November 1, 2025. Accordingly, these directions are issued to banks to implement the nomination facility and shall be read with sections 45ZA to



45ZG of the Banking Regulation Act, 1949 and the Nomination Rules framed thereunder.

D.1 Nomination Facility

109. An LAB shall offer nomination facility in deposit accounts in accordance with the provisions of sections 45ZA, 45ZB and 45ZG of the Act and the Rules.

110. An LAB shall be guided by the provisions of sections 45ZC to 45ZG of the Act and the Rules in the matter of nomination in safe deposit lockers and articles kept in safe custody.

Explanation: For the purpose of these Directions, it is clarified that if an individual is keeping an account for his/ her proprietorship business, it will be deemed as that individual's account and the nomination facility shall be offered in such accounts.

D.2 Option to the customers not to make a nomination

111. At the time of account opening, an LAB shall explicitly inform the prospective customer of the availability and purpose of the nomination facility and offer him / her the option to avail the same. The LAB shall also clearly explain to the prospective customer the advantages of the nomination facility, including but not limited to simplification of the claim process in the event of the account holder's demise and facilitation of smooth and prompt transfer of funds to the nominee without legal complications.

112. If the prospective customer chooses not to avail the nomination facility despite being fully informed, an LAB shall proceed to open the deposit account without imposing any restrictions, if otherwise found eligible, after obtaining a written declaration from the individual confirming that he/ she does not require the nomination facility at the time of account opening. If he / she refuses to provide the written declaration, the LAB shall record the fact of refusal to submit written confirmation in the account opening records.

113. Under no circumstances shall a prospective customer be denied or delayed in opening an account solely on the ground of refusal to make a nomination, provided all other requirements for account opening are satisfactorily met.

D.3 Incidental Matters



114. In case of simultaneous nomination, if any nominee dies prior to receiving the deposit from an LAB, the nomination in respect of such nominee alone shall become ineffective. Accordingly, an LAB shall settle the claims of the amount of deposit made in favour of such nominee in accordance with provisions applicable for accounts without nominee clause as contained in paragraphs 131 to 138 of this Direction.

115. An LAB cannot claim a valid discharge under the provisions of the Act if payments are made to individuals based on nomination made under any other law for specified purposes.

116. An LAB shall have in place appropriate systems and procedures to register in its books the registration, cancellation and variation of the nomination, as per the request of the customers.

117. An LAB shall devise proper systems for acknowledging the receipt of the duly completed forms of registration, cancellation and/ or variation of the nomination.

118. An LAB shall verify and ensure that the nomination(s) made by its customers are in accordance with relevant provisions of the Act and the Rules before providing acknowledgement to them.

119. Such acknowledgement shall be given to the customers within three working days of receiving the forms of registration, cancellation and / or variation of nomination, irrespective of whether the same is asked for by the customers.

120. Where a nomination request is found not to be in conformity with the provisions of the Act or the Rules and is consequently rejected, an LAB shall inform the customer in writing, clearly indicating the reasons for such rejection, within three working days of the receipt of the request form.

D.4 Details of nomination and name of nominee in Passbook / Statement of Account and Term Deposit Receipt (TDR)

121. An LAB shall record the status regarding registration of nomination on the face of the passbook / Statement of Account and TDR, with the legend "Nomination Registered".

122. The LAB shall also indicate the name of the Nominee(s) in the Passbook / Statement of Accounts and TDR in such cases.

D.5 Customer guidance and publicity of benefits of nomination



123. An LAB shall give wide publicity and provide guidance to deposit account holders, locker hirers and depositors of articles in safe custody on the benefits of the nomination facility. This may include printing compatible messages on cheque book, passbook and other literature reaching the customers as well as launching periodical awareness drives.

124. An LAB shall ensure that the form for opening deposit accounts, hiring safe deposit lockers and depositing articles in safe custody contains space for getting the details of nomination, which also serves the purpose of educating the customers about availability of such facility.

E. Settlement of Claims in respect of Deceased Customers of Banks

125. The current instructions in respect of settlement of claims are provided in **Annex II** which shall continue to be applicable till an LAB implements the revised directions provided in this section. The revised directions shall be implemented as expeditiously as possible but not later than **March 31, 2026**. The instructions in **Annex II** shall cease to be applicable once the revised directions are implemented by the LAB.

126. The directions in this section shall not be applicable in case of Government savings schemes administered by LABs such as Senior Citizen Savings Scheme (SCSS), Public Provident Fund (PPF), etc. Settlement of claims in such cases shall be as per the provisions of the respective schemes.

127. For the limited purpose of directions in this section, unless the context otherwise requires, the following definitions shall apply:

- (1) 'Customer' refers to a person who may be a depositor or a locker hirer or has placed articles in safe custody with an LAB.
- (2) 'Depositor' refers to an individual(s) who has any type of deposit account with an LAB such as savings account, current account, term deposit account, etc.
- (3) 'Threshold limit' means ₹15 lakh or such higher limit as may be fixed by an LAB.

E.1 Settlement of Claims in respect of Deceased Customers

E.1.1 Deposit Accounts with Nominee / Survivorship clause

128. A deposit account where a depositor had made nomination in terms of the provisions of the Banking Regulation Act, 1949 or where the account was opened with



survivorship clause, the payment of the outstanding balance upon the death of the depositor(s) to the nominee(s) / survivor(s) shall be considered a valid discharge of an LAB's liability, provided:

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

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

130. Payment made to the nominee(s) / survivor(s), subject to the foregoing conditions, shall constitute a full and valid discharge of the LAB's liability. Therefore, in such cases, while making payment to the nominee(s) / survivor(s) of the deceased depositor(s), the LAB shall not insist on production of legal documents such as Succession Certificate, Letter of Administration, Probate of Will, etc., or seek any bond of indemnity / surety from the nominee(s) / survivor(s) / third-party, irrespective of the amount standing to the credit of the deceased account holder(s). The LAB shall require submission of the following documents in such cases:

- (1) Claim form, as given in **Annex III**, duly signed by the nominee(s) / survivor(s);
- (2) Death certificate of the deceased depositor(s); and
- (3) Officially Valid Document of the nominee / survivor towards verifying her / his identity and address.



E.1.2 Deposit Accounts without Nominee / Survivorship clause

E.1.2.1 Simplified Procedure

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

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

E.1.2.1.1 Claim amount up to the threshold limit

132. An LAB shall settle the claim up to the threshold limit based on:

- (1) Claim form, as given in **Annex IV**, duly filled in and signed by the claimant(s) other than those who have signed the letter of disclaimer/ no objection;
- (2) Death certificate of the deceased depositor(s);
- (3) Officially Valid Document of the claimant(s) towards verifying his / her identity and address;
- (4) Bond of indemnity, as given in **Annex V**, signed by the claimant(s);
- (5) Letter of disclaimer / no objection, as given in **Annex VI**, from non-claimant legal heir(s), if applicable; and
- (6) Legal Heir Certificate issued by a competent authority;

OR

- (7) Declaration, as given in **Annex VII**, regarding the legal heir(s) of the deceased depositor(s) by an independent person who is well known to the family of the deceased, is not a party to the claim and is acceptable to the LAB.



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

E.1.2.1.2 Claim amount above the threshold limit

134. In cases where claim amount is above the threshold limit, an LAB shall settle the claim based on:

- (i) Succession Certificate and documents mentioned at paragraph 132 (1) to (3) above;

OR

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

In such cases, an LAB shall call for the documents at paragraph 132 (1) to (5) above. The LAB may also call for a bond of surety, as given in **Annex V**, from third-party individuals (which may include non-claimant legal heir(s)) who are acceptable to the LAB and good for the claim amount.

E.1.2.2 Settlement of Claims not falling under the Simplified Procedure

E.1.2.2.1 Claims involving 'Will' without any dispute

135. An LAB shall settle claims involving 'Will' left behind by a deceased depositor on the basis of Probate of Will / Letter of Administration, as applicable, in addition to documents mentioned at paragraph 132 (1) to (3) above. In cases where a person other than a legal heir is named as a beneficiary in the Will, applicable documents shall also be obtained from her / him.

136. However, an LAB is free to exercise discretion and act as per 'Will' of the deceased without requiring production of the probate of such Will, provided the same is not inconsistent with applicable laws, there is no dispute regarding the Will amongst the legal heir(s) and / or beneficiaries named in the Will and the LAB is otherwise satisfied as to the genuineness of the Will. In such cases, the LAB shall additionally call for the documents mentioned at paragraph 132 (4) and (5) above.



E.1.2.2.2 Cases involving contesting claims/ dispute

137. In case of contesting claims or dispute amongst the legal heir(s) and / or the beneficiaries named in the Will of the deceased depositor, an LAB shall settle claims on the basis of Probate of Will or Letter of Administration or Succession Certificate or Court order / decree, as applicable, and the documents mentioned at paragraph 132 (1) to (3) above. Further, where there is an order from a Court restraining an LAB from making the payment, the claim shall not be entertained during the period the order is in force. The settlement of claim shall be considered based on subsequent Court order to that effect.

138. No bond of surety shall be insisted from a third party in cases falling under either E.1.2.2.1 or E.1.2.2.2 above.

E.1.3 Treatment of credits in the name of a deceased depositor post settlement

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

E.1.4 Premature termination of term deposit accounts in case of depositor's death

140. An LAB shall incorporate a clause in the account opening form itself to the effect that in the event of death of the depositor, premature termination of term deposits would be allowed without any penal charge, even if the deposit is within the lock-in-period.

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



E.1.5 Settlement of claims in respect of missing persons

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

E.2 Settlement of Claims in Safe Deposit Locker and Articles in Safe Custody by Deceased Customer

E.2.1 Claims with Nominee(s) / Survivor(s)

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

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

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

146. In case of a minor nominee, an LAB shall ensure that, the contents of locker, when sought to be removed on behalf of the minor nominee, are handed over to the guardian whose details have been provided in the nomination form. If the details of the guardian have not been provided in the nomination form, the LAB shall hand over the



contents of the locker to a person who is, in law, competent to receive the contents of safe deposit locker on behalf of such minor.

147. The following documents shall be obtained by an LAB for processing the claim in cases falling under paragraphs 143 and 144 above:

- (1) Claim form, as given in **Annex III**, duly signed by the nominee(s) / survivor(s);
- (2) Death certificate of the safe deposit locker hirer(s); and
- (3) Officially Valid Document of the nominee / survivor towards verifying her / his identity and address.

148. An LAB shall, however, ensure the following before giving access to the contents to the nominee(s) / survivor(s):

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

149. After receipt of the documents mentioned at paragraph 147 above and being satisfied to the genuineness of the claim, an LAB shall correspond with the nominee(s) / survivor(s) in writing and fix a date and time for making an inventory of the contents of the safe deposit locker. The same shall be undertaken in the presence of the nominee(s) and / or survivor(s) and / or their authorised representatives, two independent witnesses (should not be employee or ex-employee of the LAB), the safe deposit vault custodian and another employee of the LAB not associated with locker operations, and recorded as per the inventory form given in **Annex VIII**. The LAB shall then hand over the possession of the contents of the locker to the nominee(s) /



survivor(s) / the person competent to receive the contents on behalf of the minor, as the case may be, and obtain an acknowledgment, as given in **Annex VIII**, that all the contents in the locker of the deceased hirer(s) have been removed and the locker is empty, and they have no objection to allotment of the locker to any other locker hirer as per norms of the LAB.

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

151. Procedure, as prescribed in paragraphs 143 to 150 above, shall be followed *mutatis mutandis* for return of articles kept by the deceased customer in the safe custody of the LAB. However, inventory form given in **Annex IX** shall be used in such cases.

E.2.2 Cases without nominee / survivorship clause

E.2.2.1 Settlement of claims falling under the simplified procedure

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

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

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

- (1) Claim form, as given in **Annex IV**, duly filled and signed by the claimant legal heir(s);
- (2) Death certificate of the safe deposit locker hirer(s);
- (3) Officially Valid Document of the claimant(s) towards verifying her / his identity and address;



(4) Letter of disclaimer / no objection, as given in **Annex VI**, from non-claimant legal heir(s), if applicable; and

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

E.2.2.2 Settlement of Claims not falling under the Simplified Procedure

E.2.2.2.1 Claims involving ‘Will’ without any dispute

154. An LAB shall settle claims involving ‘Will’ left behind by a deceased safe deposit locker hirer on the basis of Probate of Will / Letter of Administration, as applicable, in addition to documents mentioned at paragraphs 153 (1) to (3) above. In cases where a person other than a legal heir is named as a beneficiary in the Will, applicable documents shall also be obtained from her / him.

155. However, an LAB may exercise discretion and act as per ‘Will’ of the deceased without requiring production of the probate of such Will, provided the same is not inconsistent with applicable laws, there is no dispute regarding the Will amongst the legal heir(s) and / or beneficiaries named in the Will and the LAB is otherwise satisfied as to the genuineness of the Will. In such cases, the LAB shall additionally call for the documents mentioned at paragraphs 153 (4) and (5) above.

E.2.2.2 Cases involving contesting claims / dispute:

156. Cases involving dispute amongst the legal heir(s) and / or beneficiaries named in the Will, as applicable, shall be settled based on Probate of Will or Succession Certificate or Letter of Administration or Court order / decree, as the case may be, and the documents mentioned at paragraphs 153 (1) to (3) above.

E.2.3 Procedure for taking inventory of contents of safe deposit locker

157. After receipt of the required documents in claims falling under categories at E.2.2.1 and E.2.2.2 above and being satisfied to the genuineness of the claim, an LAB shall correspond with the claimant(s) in writing and fix a date and time for making an inventory of the contents of the safe deposit locker, as given in form prescribed in **Annex VIII**, in the presence of all claimant(s) or their duly authorised representatives,



two independent witnesses (should not be employee or ex-employee of the LAB), the safe deposit vault custodian and another employee of an LAB not associated with locker operations. Valuation of the contents of the safe deposit locker shall be carried out by an independent valuer and recorded in the Bond of Indemnity as given in **Annex X**. The claimant(s) or their duly authorised representative(s) may remove the contents of the locker subsequent to submission of the Bond of Indemnity. Bond of Indemnity shall not be required to be given in cases of claims settled on the basis of legal documents such as Probate of Will or Succession Certificate or Letter of Administration or Court order / decree, etc.

158. Procedure, as prescribed in paragraphs 152 to 157 above, shall be followed *mutatis mutandis* for return of articles kept by the deceased customer in the safe custody of the LAB. However, inventory form given in **Annex IX** shall be used in such cases.

E.3 Standardisation of procedure for submission of claims

159. An LAB shall use the standardised forms for receiving the claims and other documents as per the formats provided in **Annex III** to **Annex X**.

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

161. A claimant shall be allowed to lodge the claim at any of the branches against acknowledgment. In case all required documents for processing of the claim have been submitted by the claimant, an LAB shall also issue a confirmation in this regard. However, in case of any pending or incomplete / incorrect documents, the LAB shall intimate the claimant about the list of such documents while acknowledging the receipt of claim. On subsequent submission of all the required documents, the LAB shall issue a confirmation to the claimant that all required documents have been received for processing of the claim.

162. An LAB may provide the facility for online lodgement of such claims. Upon a claimant uploading the claim form along with the required documents, the LAB shall



send acknowledgement / confirmation through appropriate channels and also make available the provision for online tracking of the status of the claim. In such cases, if the LAB requires the claimant to produce original documents for submission / verification, the same shall be allowed to be done at any of its branches.

E.4 Time limit for resolution of claims

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

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

E.5 Compensation for delay in settlement of claims

165. If any deposit related claim is not settled within the timeframe stipulated at paragraph 163 above, then an LAB shall communicate the reasons for such delay to the claimant(s). Further, in cases of delay attributable to the LAB, compensation shall be paid by the LAB in the form of interest, at a rate not less than the prevailing LAB Rate + 4 percent per annum, on the settlement amount due for the period of delay. The reference date for reckoning the amount due and the prevailing Bank Rate shall be the date of receipt of all required documents from the claimant.

166. For claims related to safe deposit locker / articles in safe custody, an LAB shall be required to pay compensation to the claimant(s) at the rate of ₹5,000 for each day of delay, in cases where it doesn't adhere to the timeline prescribed in paragraph 164 above.

E.6 Settlement of claims in respect of deposit accounts of a sole proprietary concern

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



E.7 Modes for Certification of ‘proof of death’ document issued outside India

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

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

E.8 Customer Awareness and Publicity

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



Chapter VIII - Responsible Lending Conduct

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

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

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

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

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

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

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

Sr. No.	Parameter	Details
1	Sanctioned Loan amount (in Rupees) (SI no. 2 of the KFS template – Part 1 of Annex XI)	20,000
2	Loan Term (in years / months / days) (SI No.4 of the KFS template – Part 1 of Annex XI)	
a)	No. of instalments for payment of principal, in case of non-equated periodic loans	-



b)	Type of EPI Amount of each EPI (in Rupees) and nos. of EPIs (e.g., no. of EMIs in case of monthly instalments) (SI No. 5 of the KFS template – Part 1 of Annex XI)	Monthly 970 24
c)	No. of instalments for payment of capitalised interest, if any	-
d)	Commencement of repayments, post sanction (SI No. 5 of the KFS template – Part 1 of Annex XI)	30 days
3	Interest rate type (fixed or floating or hybrid) (SI No. 6 of the KFS template – Part 1 of Annex XI)	Fixed
4	Rate of Interest (SI No. 6 of the KFS template – Part 1 of Annex XI)	15%
5	Total Interest Amount to be charged during the entire tenor of the loan as per the rate prevailing on sanction date (in Rupees)	3,274
6	Fee/ Charges payable (in Rupees) <i>Note: Where such charges cannot be determined prior to sanction, the LAB may indicate an upper ceiling</i>	400
A	Payable to the LAB (SI No.8A of the KFS template - Part 1 of Annex XI)	240
B	Payable to third-party routed through the LAB (SI No.8B of the KFS template – Part 1 of Annex XI)	160
7	Net disbursed amount (1-6) (in Rupees)	19,600
8	Total amount to be paid by the borrower (sum of 1 and 5) (in Rupees)	23,274*
9	Annual Percentage rate- Effective annualized interest rate (in percentage) (SI No.9 of the KFS template - Part 1 of Annex XI) <i>Note: Computed on net disbursed amount using IRR approach and reducing balance method</i>	17.07%
10	Schedule of disbursement as per terms and conditions	Detailed schedule to be provided
11	Due date of payment of instalment and interest	DDMMYYYY

* The difference in repayment amount calculated from the total of instalments given under the detailed repayment schedule i.e., ₹23,280 (=970*24) vis-à-vis the amount of ₹23,274 (₹20,000 (loan amount) + ₹3,274 (Interest charges) mentioned under (8) is due to rounding off the instalment amount of ₹969.73 to ₹970 under the detailed repayment schedule.



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

Instalment No.	Outstanding Principal (in Rupees)	Principal (in Rupees)	Interest (in Rupees)	Instalment (in Rupees)
1	20,000	720	250	970
2	19,280	729	241	970
3	18,552	738	232	970
4	17,814	747	223	970
5	17,067	756	213	970
6	16,310	766	204	970
7	15,544	775	194	970
8	14,769	785	185	970
9	13,984	795	175	970
10	13,189	805	165	970
11	12,384	815	155	970
12	11,569	825	145	970
13	10,744	835	134	970
14	9,909	846	124	970
15	9,063	856	113	970
16	8,206	867	103	970
17	7,339	878	92	970
18	6,461	889	81	970
19	5,572	900	70	970
20	4,672	911	58	970
21	3,761	923	47	970
22	2,838	934	35	970
23	1,904	946	24	970
24	958	958	12	970

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

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

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



B. Penal Charges in Loan Accounts

171. An LAB shall adhere to following instructions for charging penal charges on loans. These instructions shall be applicable to all credit facilities offered by the LAB.

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

Notes:

- (i) The material terms and conditions shall be defined, if not already done, as per the credit policy of the LAB and they may vary from one category of loan to another, and also, from lender to lender based on their own assessment.
- (ii) Default in repayment by the borrower is also a type of non-compliance of material terms and conditions of loan repayment contract by the borrower and penalty, if charged, for such default shall only be levied in the form of penal charges and not penal interest. Such penal charges shall be reasonable and levied by the lenders only on the amount under default in a non-discriminatory manner as per their Board approved policy. Further, it shall be ensured that there is no capitalization of the penal charges i.e., no further interest computed on such charges.
- (iii) Additional / fresh penal charges cannot be levied on the earlier outstanding amount of penal charges.
- (iv) An LAB shall follow the instructions and clarifications, if any, issued by Central Board of Indirect Taxes & Customs (CBIC) with regard to applicability of GST on penal charges.
- (v) In case of the funded facility created on account of invocation of BG / devolvement of LC, an LAB may charge an appropriate rate of interest on the devolved amount taking into account the associated credit risk premium as per the LAB's credit underwriting policy. However, penalty, if any, on that



- funded facility on account of non-repayment by the borrower within the due date may only be levied in the form of penal charges and not penal interest.
- (vi) In respect of NPA accounts, penal charges shall be reversed to the extent it remains uncollected for the specific purpose of non-recognition of income. However, the same shall be part of the total liability of the borrower to the LAB, unless it is waived as per the LAB's Board approved policy.
 - (vii) An LAB shall disclose fees and charges, including penal charges, recovered from customers in 'Schedule 14: Other Income'.
- (2) An LAB shall not introduce any additional component to the rate of interest and ensure compliance to these instructions in both letter and spirit.
- (3) An LAB shall formulate a Board approved policy on penal charges or similar charges on loans, by whatever name called.
- (4) The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category.

Notes:

- (i) The penal charges can be different within the same product category depending upon the amount of loan and the LAB may adopt a suitable structure of penal charges subject to adherence to the above stipulations. The structure of penal charges within a particular loan / product category shall have to be uniform irrespective of the constitution of the borrower.
 - (ii) Although no upper limit / cap for penal charges has been prescribed, the LAB, while formulating its Board approved policy on penal charges, should keep in mind that the intent of levying penal charges is essentially to inculcate a sense of credit discipline and such charges are not meant to be used as a revenue enhancement tool.
- (5) The penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.
- (6) The quantum and reason for penal charges shall be clearly disclosed by the LAB to the customers upfront in the loan agreement and KFS, in addition to being



displayed on the LAB's website under Interest rates and Service Charges. Further, providing a reference to the schedule of penal charges displayed on the website of the LAB in the sanction letter and loan agreement shall not suffice.

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

C. Pre-payment Charges on Loans

172. An LAB shall adhere to the following directions regarding levy of pre-payment charges on loans and advances (term loans as well as demand loans) sanctioned or renewed on or after **January 01, 2026**.

(1) For all floating rate loans granted for purposes other than business to individuals, with or without co-obligant(s), an LAB shall not levy pre-payment charges.

(2) The direction at paragraphs 172 (1) above shall be applicable irrespective of the source of funds used for pre-payment of loans, either in part or in full, and without any minimum lock-in period.

(3) Applicability of above Directions for dual / special rate (combination of fixed and floating rate) loans will depend on whether the loan is on floating rate at the time of pre-payment.

(4) In cases other than those mentioned at paragraphs 172 (1) above, pre-payment charges, if any, shall be as per the approved policy of the LAB. However, in case of term loans, pre-payment charges, if levied by the LAB, shall be based on the amount being prepaid. In case of cash credit / overdraft facilities, pre-payment charges on closure of the facility before the due date shall be levied on an amount not exceeding the sanctioned limit.

(5) In case of cash credit/ overdraft facilities, no pre-payment charges shall be applicable if the borrower intimates the LAB of his / her / its intention not to renew the facility before the period as stipulated in the loan agreement, provided that the facility gets closed on the due date.



(6) An LAB shall not levy any charges where pre-payment is effected at the instance of the LAB.

(7) The applicability or otherwise of pre-payment charges shall be clearly disclosed in the sanction letter and loan agreement. Further, in case of loans and advances where KFS is to be provided as specified in paragraph 170, the same shall also be mentioned in the KFS. No pre-payment charges which have not been disclosed as specified herein shall be charged by the LAB.

(8) An LAB shall not levy any charges / fees retrospectively at the time of pre-payment of loans, which were waived off earlier by it.

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

D.1 Release of Movable / Immovable Property Documents

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

174. A borrower shall be given the option of collecting the original movable / immovable property documents either from the banking outlet / branch where the loan account was serviced or any other office of the LAB where the documents are available, as per her / his preference.

175. The timeline and place of return of original movable / immovable property documents shall be mentioned in the loan sanction letters issued on or after December 01, 2023.

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

D.2 Compensation for delay in release of Movable / Immovable Property Documents

177. An LAB shall communicate to the borrower reasons for delay in releasing of original movable / immovable property documents or failing to file charge satisfaction



form with relevant registry beyond 30 days after full repayment / settlement of loan. In case where the delay is attributable to the LAB, it shall compensate the borrower at the rate of ₹5,000 for each day of delay.

178. In case of loss / damage to original movable / immovable property documents, either in part or in full, an LAB shall assist the borrower in obtaining duplicate / certified copies of the movable / immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated at paragraph 177 above. However, in such cases, an additional time of 30 days will be available to the LAB to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).

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

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

180. An LAB shall not insist upon legal representation for release of other assets of deceased customers irrespective of the amount involved. The LAB may, however, call for succession certificates from legal heir(s) of deceased borrower in cases where there are disputes and all legal heirs do not join in indemnifying the LAB or in certain other exceptional cases where the LAB has a reasonable doubt about the genuineness of the claimant/s being the only legal heir(s) of the borrower.

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

181. Instructions issued vide these Directions shall be complied with as expeditiously as possible but no later than **April 1, 2026**.

182. The policy on lending against gold and silver collateral as required in terms of [Reserve Bank of India \(Local Area Banks – Credit Facilities\) Directions, 2025](#) (hereinafter referred to as ‘the policy’ in this Section) / SOPs prepared under the policy shall cover the conduct related aspects relating to:

- (1) the assaying procedure of jewellery, ornaments or coins made of gold or silver (“eligible collateral” for this section);
- (2) criteria / qualifications for employing gold and silver assayer or valuer;
- (3) the auction procedure specifying, *inter alia*, the trigger event for the auction of eligible collateral and timeline for serving an auction notice upon the borrower;



- (4) mode of auction;
- (5) notice period allowed to the borrower(s) / legal heir(s) for settlement of loan before auction;
- (6) empanelment of auctioneers;
- (7) procedure to be followed in case of loss of eligible collateral pledged or any deterioration or discrepancy in quantity or purity of eligible collateral during internal audit or otherwise, including at the time of return or auction of the collateral, and fair compensation to be paid to the borrower(s) / legal heir(s) in such cases, with timelines for effecting the same, etc.

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

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

184. An LAB shall display on its website the methodology adopted by it for determination of net weight of the gold and silver content of the eligible collateral and the price used to value the gold and silver content of the eligible collateral for determination of LTV ratio.

185. An LAB shall ensure presence of the borrower(s) while assaying the collateral at the time of sanctioning the loan. The deductions relating to stone weight, fastenings, etc., as part of the assaying procedure shall be explained to the borrower(s) and details incorporated in the certificate to be issued as per paragraph 189 below.

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

F.2 Standardisation of Documents and Communication

187. Documentation shall be standardised across all branches of the LAB.



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

189. An LAB, while accepting the eligible collateral, shall prepare a certificate or e-certificate in duplicate on its letterhead regarding the assay of the collateral and state therein the purity (in terms of carats); gross weight of the eligible collateral pledged; net weight of gold or silver content therein and deductions, if any, relating to weight of stones, lac, alloy, strings, fastenings, etc.; damage, breakage or defects, if any, noticed in the collateral; image of the collateral; and the value of collateral arrived at the time of sanction (as per the instructions on valuation and assaying of gold and silver collateral specified in the [Reserve Bank of India \(Local Area Banks – Credit Facilities\) Directions, 2025](#)). One copy of the certificate or e-certificate shall be kept as part of the loan documents and the other copy be given to the borrower under their acknowledgement.

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

F.3 Handling and Storage of Collateral

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

192. An LAB shall store the collateral only in its branches which are manned by its employees and having safe deposit vaults fit for storing gold and silver. Normally, such



loans shall not be extended by branches that do not have appropriate secured facility for storage of the pledged eligible collateral.

193. The pledged eligible collateral may be transported from one branch to another branch, only as permitted under paragraph 202 below or in case of shifting or closure of branch(es) or exceptional reasons as per the process laid down by the LAB in terms of its policy.

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

195. As part of internal audit, the LAB shall carry out periodic surprise verification of the gold and silver collateral pledged with it and shall maintain a record thereof. A clause in the loan agreement shall be included for obtaining consent of the borrower(s) to carry out surprise verification including assay of the pledged eligible collateral even in their absence during the tenor of the loan. This aspect shall be specifically communicated to the borrower at the time of sanctioning the loan.

F.4 Release of Collateral after Repayment

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

197. At the time of release of pledged eligible collateral to the borrower(s) / legal heir(s), the collateral shall be verified for correctness as per details in the certificate (as per paragraph 189 above) to the borrowers' satisfaction.

F.5 Transparency in Auction Procedure

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

199. An LAB shall implement a transparent auction procedure, which shall include,



inter alia, announcement of the auction to the public by issue of advertisements in at least two newspapers, one in the regional language and another in a national daily.

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

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

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

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

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

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

F.6 Compensation

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

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

207. In case of delay in release of the pledged collateral after full repayment or



settlement of loan by the borrower, where reasons for delay are attributable to an LAB, the LAB shall compensate the borrower(s) / legal heir(s) at the rate of ₹5,000 for each day of delay beyond the timeline prescribed at paragraph 196 above. If the delay is not attributable to the LAB, it shall communicate reasons for such delay to the borrower(s) / legal heir(s). Further, where the borrower(s) / legal heir(s) has not approached the LAB for release of pledged eligible collateral after full repayment or settlement of loan, the LAB shall issue periodic reminders to borrower(s) / legal heir(s) through letters, email or SMS if the email and mobile number are registered with the LAB.

208. The compensation provided in these Directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

F.7 Unclaimed Gold and/ or Silver collateral

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

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

F.8 Other Instructions

211. An LAB shall refrain from issuance of misleading advertisements containing unrealistic claims to promote loans against gold or silver collateral.

212. An LAB shall ensure that all arrangements for sourcing and / or recovery of loans against eligible collateral, are in compliance with applicable instructions on outsourcing and recovery practices.

213. For prudential related aspects, the LAB shall be guided by the instructions contained in the Chapter on 'Lending against Gold and Silver Collateral' in [Reserve Bank of India \(Local Area Banks – Credit Facilities\) Directions, 2025](#).

G. Conduct towards Microfinance Borrowers

G.1 General



214. A Fair Practices Code (FPC) based on these directions shall be put in place by an LAB with the approval of its Board. The FPC shall be displayed by the LAB in all its offices and on its website. The FPC should be issued in a language understood by the borrower.

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

216. An LAB shall provide a loan card to the borrower which shall incorporate the following:

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

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

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

G.2 Conduct aspects in Pricing of Microfinance Loans

219. There shall be no pre-payment charges levied on microfinance loans. Charges, if any, for delayed payment shall be applied on the overdue amount and not on the entire loan amount.

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

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



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

223. The Reserve Bank shall also make available information regarding interest charged by LABs on microfinance loans.

G.3 Training of Staff

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

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

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

G.4 Recovery of Microfinance Loans

227. An LAB shall put in place a mechanism for identification of the borrowers facing repayment related difficulties, engagement with such borrowers and providing them necessary guidance about the recourse available.

228. Recovery shall be made at a designated / central designated place decided mutually by the borrower and the LAB. However, field staff shall be allowed to make recovery at the place of residence or work of the borrower if the borrower fails to appear at the designated / central designated place on two or more successive occasions.

229. An LAB or its agent shall not engage in any harsh methods towards recovery. Without limiting the general application of the foregoing, following practices shall be deemed as harsh:

- (1) Use of threatening or abusive language



- (2) Persistently calling the borrower and / or calling the borrower before 9:00 a.m. and after 6:00 p.m.
- (3) Harassing relatives, friends, or co-workers of the borrower
- (4) Publishing the name of borrowers
- (5) Use or threat of use of violence or other similar means to harm the borrower or borrower's family / assets / reputation
- (6) Misleading the borrower about the extent of the debt or the consequences of non-repayment.

230. An LAB shall have a dedicated mechanism for redressal of recovery related grievances. The details of this mechanism shall be provided to the borrower at the time of loan disbursal.

G.5 Engagement of Recovery Agents for recovery of Microfinance Loans

231. Recovery agents shall mean agencies engaged by an LAB for recovery of dues from its borrowers and the employees of these agencies.

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

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

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

235. The up-to-date details of the recovery agencies engaged by an LAB shall also be hosted on its website.



Chapter IX – Miscellaneous

A. Rounding off of transactions

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

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

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

238. An LAB shall extend necessary help / co-ordination to tax officials whenever required. Further, the LAB shall treat with utmost seriousness cases where its staff connives / assists in any manner with offences punishable under the Income Tax Act. In such cases in addition to the normal criminal action, such staff member shall also be proceeded against departmentally.



Chapter X - Repeal and Other Provisions

A. Repeal and saving

239. With the issue of these Directions, the existing Directions, instructions, and guidelines relating to Responsible Business Conduct as applicable to Local Area Banks stand repealed, as communicated vide [circular DOR.RRC.REC.302/33-01-010/2025-26 dated November 28, 2025](#). The Directions, instructions and guidelines repealed prior to the issuance of these Directions shall continue to remain repealed.

240. Notwithstanding such repeal, any action taken or purported to have been taken, or initiated under the repealed Directions, instructions, or guidelines shall continue to be governed by the provisions thereof. All approvals or acknowledgments granted under these repealed lists shall be deemed as governed by these Directions. Further, the repeal of these directions, instructions, or guidelines shall not in any way prejudicially affect:

- (1) any right, obligation or liability acquired, accrued, or incurred thereunder;
- (2) any, penalty, forfeiture, or punishment incurred in respect of any contravention committed thereunder;
- (3) any investigation, legal proceeding, or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture, or punishment as aforesaid; and any such investigation, legal proceedings or remedy may be instituted, continued, or enforced and any such penalty, forfeiture or punishment may be imposed as if those directions, instructions, or guidelines had not been repealed.

B. Application of other laws not barred

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

C. Interpretations

242. For the purpose of giving effect to the provisions of these Directions or in order to remove any difficulties in the application or interpretation of the provisions of these Directions, the RBI may, if it considers necessary, issue necessary clarifications in



respect of any matter covered herein and the interpretation of any provision of these Directions given by the RBI shall be final and binding.

(Veena Srivastava)

Chief General Manager



Annex I - Forms for inventory

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

Form of Inventory of articles left in safe custody with banking company (Section 45ZC (3) of the Banking Regulation Act, 1949)

The following inventory of articles left in safe custody with _____ branch, by Shri/Smt. _____ (deceased) under an agreement/receipt dated _____ was taken on this, _____ day of _____ 20_____.

Sr. No.	Description of Articles in Safe Custody	Other Identifying Particulars, if any

The above inventory was taken in the presence of:

1. Shri/Smt. _____ (Nominee) Shri/Smt. _____
(Appointed on behalf of minor
Nominee)
Address _____ OR Address _____
Signature _____ Signature _____

I, Shri/Smt. _____ (Nominee / appointed on behalf of minor
Nominee) hereby acknowledge receipt of the articles comprised and set out in the above inventory
together with a copy of the said inventory.

Shri/Smt. _____ (Nominee) Shri/Smt. _____
Signature _____ (Appointed on behalf of minor Nominee) Signature _____
Date & Place _____ Date & Place _____



**Form of Inventory of Contents of Safety Locker Hired from Banking Company
(Section 45ZE (4) of the Banking Regulation Act, 1949)**

The following inventory of contents of Safety Locker No. _____ located in the SafeDeposit Vault of _____, _____ Branch at _____.

* hired by Shri/Smt. _____ deceased in his/her sole name.

*hired by Shri/Smt. (i) _____ (deceased)

(ii) _____ Jointly

(iii) _____

was taken on this _____ day of _____ 20____.

Sr. No.	Description of Articles in Safety Locker	Other Identifying Particulars, if any

For the purpose of inventory, access to the locker was given to the Nominee/and the surviving hirers

- who produced the key to the locker.
- by breaking open the locker under his/her/their instructions.

The above inventory was taken in the presence of:

1. Shri/Smt. _____ (Nominee) _____
Address _____ (Signature)

Or

1. Shri/Smt. _____ (Nominee) _____
Address _____ (Signature)

and

Shri/Smt. _____
Address _____ (Signature)
Shri/Smt. _____
Address _____ Survivors of
(Signature) joint hirers



2. Witness(es) with name, address and signature:

* I, Shri/Smt. _____ (Nominee)

* We, Shri/Smt. _____ (Nominee), Shri/Smt.

_____ and Shri/Smt. _____ the survivors of the joint hirers, hereby acknowledge the receipt of the contents of the safety locker comprised in and set out in the above inventory together with a copy of the said inventory.

Shri/Smt. _____ (Nominee)

Signature _____

Date & Place _____

Shri/Smt. _____ (Survivor)

Signature _____

Shri/Smt. _____ (Survivor)

Signature _____

Date & Place _____

(* Delete whichever is not applicable)



Annex II - Settlement of Claims

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

1. An LAB shall have a Board approved policy for settlement of claims. The policy shall be in conformity with the regulatory instructions and the Model Operational Procedure (MOP) for settlement of claims of the deceased constituents formulated by the Indian Banks' Association.
2. An LAB shall have a Board approved policy for nomination and release of contents of safety lockers / safe custody article to the nominee and protection against notice of claims of other persons in accordance with the provisions of Sections 45 ZC to 45 ZF of the Banking Regulation Act, 1949 and the Banking Companies (Nomination) Rules, 1985 and the relevant provisions of Indian Contract Act and Indian Succession Act.
3. In order to ensure that the articles left in safe custody and contents of lockers are returned to the genuine nominee, as also to verify the proof of death, an LAB shall devise its own claim formats, in terms of applicable laws and regulatory instructions.
4. An LAB shall settle the claims in respect of deceased locker hirers and shall release contents of the locker to survivor(s) / nominee(s), as the case may be, within a period not exceeding 15 days from the date of receipt of the claim subject to the production of proof of death of the depositor and suitable identification of the claimant(s) with reference to nomination, to the LAB's satisfaction.
5. An LAB shall report to the Customer Service Committee of the Board, at appropriate intervals, on an ongoing basis, the details of the number of claims received pertaining to deceased locker-hirers / depositors of safe custody article accounts and those pending beyond the stipulated period, with reasons therefor. Customer Service Committee of the Board of the LAB shall review the settlement of claims and make suggestions to ensure that the claims are settled as early as possible unless there is any litigation pending before the Courts or any difficulty is being faced in identifying the true claimant with reference to nomination.

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

6. If the sole locker hirer nominates an individual to receive the contents in the locker,



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

7. An LAB shall, however, ensure the following before giving access to the contents to nominee / survivor:

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

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

8. An LAB shall ensure that, the contents of locker, when sought to be removed on behalf of a minor nominee, are handed over to a person who is, in law, competent to receive the articles on behalf of such minor. Further, the LAB shall prepare an inventory of the articles in the presence of two independent witnesses, one officer of the LAB who is not associated with the locker facility or safe deposit of articles and the



claimant(s), who may be a nominee or an individual receiving the articles, on behalf of a minor.

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

10. While giving access to the survivor(s) / nominee(s) of the deceased locker hirer / depositor of the safe custody articles, an LAB may avoid insisting on the production of succession certificate, letter of administration or probate, etc., or obtain any bond of indemnity or surety from the survivor(s) / nominee(s), unless there is any discrepancy in nomination. In this regard, the LAB shall take note of the instructions under paragraph 7 above.

11. In case where the deceased locker hirer had not made any nomination or where the joint hirers had not given any mandate that the access may be given to one or more of the survivors by a clear survivorship clause, an LAB shall adopt a Board approved policy to facilitate access to legal heir(s) / legal representative of the deceased locker hirer. In this regard, the LAB shall take note of the instructions under paragraph 7 above.

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



Annex III - Claim form for Accounts with Nominee(s) / Survivorship clause

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

The Branch Manager

Date:

_____ Bank

_____ Branch

Madam/ Dear Sir,

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

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

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

(a) Date and Place of Death _____

(b) Details of Death Certificate No. _____ **dated** _____ **Authority** _____
(copy enclosed). (Original to be produced for verification)

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

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

(e) Address:

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

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



a. Deposit Accounts

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

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

Details of Articles (if known): _____

c. **Safe Custody Article Receipt No.** _____

Details of Articles (if known): _____

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

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

Sr. No.	Detail of nominee(s)/ survivor(s)		Mobile Number	Email Address	LAB Name, Account Type & Number, and IFSC details
	Name	Address			
1					
2					
3					
4					

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

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

4.3 For the minor nominee(s)/ survivor(s), name of such nominee(s)/ survivor(s) and his/ her



natural/ legal guardian are given below:

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

5. I/ We undertake that

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

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

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

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

- ☐ *Death certificate (of deceased customer)/ First Information Report (FIR) and the non-traceable report issued by police authorities (in case of missing person)
- ☐ Officially Valid Document in support of the identity and address of the Nominee(s)/ Survivor(s) making the claim.

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

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

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

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



2		
3		
4		

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

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

Signature of witness:

*(Delete whichever is not applicable)

FOR OFFICE USE

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



Annex IV- Claim form for Accounts without Nominee / Survivorship clause

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

The Branch Manager

Date:

_____ Bank

_____ Branch

Madam/ Dear Sir,

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

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

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

(a) **Date and Place of Death:** _____

(b) **Details of Death Certificate No.** _____ dated _____
Authority _____ (copy enclosed). (Original to be produced for verification)

(c) **Age:** _____ Yrs.

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

(e) **Address:**

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

(f) **Religion:** _____

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

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

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



3					
4					

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

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

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

a. Deposit Accounts

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

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

Details of Articles (if known): _____

c. Safe Custody Article Receipt No. _____

Details of Articles (if known): _____

4.1 I/ We undertake that

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

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

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



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

4.2 I/ We declare that

(Select the applicable option)

- ☐ there is **no** Will left behind by the Deceased to the best of my/ our knowledge and belief.
- ☐ The Will submitted by me/ us is the last Will left behind by the Deceased and the same is not the subject matter of any dispute.

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

(Select the applicable option)

- ☐ Will of Late Shri/ Smt/ Kum. _____ dated _____ (copy enclosed). The Will has neither been Probated nor has any Letter of Administration been obtained with respect to the same.
- ☐ Will of Late Shri/ Smt/ Kum. _____ dated _____ and a probate granted by the court of _____ located at _____ vide order dated _____ (copy enclosed).
- ☐ Letter of Administration No. _____ dated _____ issued by _____ at _____ (copy enclosed).
- ☐ Succession Certificate dated _____ granted by the Court of _____ located at _____ vide order dated _____ (copy enclosed).
- ☐ Court decree dated _____ issued by the Court of _____ located at _____ (copy enclosed).
- ☐ Legal Heir Certificate granted by _____ at _____ vide order dated _____ (copy enclosed).
- ☐ Declaration/ Affidavit from an independent person regarding the legal heir(s) of the deceased depositor (copy enclosed).

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



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

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

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

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

Sr. No.	Name of Claimant
1	
2	
3	
4	

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

- ☐ *Death certificate (of deceased customer)/ First Information Report (FIR) and the non-traceable report issued by police authorities (in case of missing person)
- ☐ Officially Valid Document in support of the identity and address of the Claimant(s) making the claim.
- ☐ Will/ Probate of Will
- ☐ Letter of Administration
- ☐ Succession Certificate
- ☐ Court Decree/ order
- ☐ Legal Heir Certificate
- ☐ Declaration/ Affidavit from an independent person regarding the legal heir(s) of the deceased customer



- ☐ Bond of indemnity signed by Claimant(s)
- ☐ Bond of indemnity/ surety signed by Third Party(ies)
- ☐ Letter of disclaimer/ no objection from non-claimant legal heir(s)

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

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

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

Sr. No.	Name of the Claimant/ Guardian of Minor Claimant	Signature/ Thumb impression
1		
2		
3		
4		

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

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

Signature of witness:

*(Delete whichever is not applicable)

Note :1. _____ LAB is not responsible for any delay in disposal of the claim due to lack of full particulars furnished in this application and may insist on calling for a Legal Document in case there are disputes among legal heirs and all of them do not join in indemnifying the LAB, or give Letter of Disclaimer/ No Objection, or where the LAB has reasonable doubt about the genuineness of the claimant(s) being the only heirs of the deceased customer. The LAB shall duly advise the claimant(s) in such cases.

2. In case the LAB receives multiple claims from legal heirs of the deceased or in cases where there are inter se disputes amongst the legal heirs or a third party produces Will of the deceased, the LAB shall not settle the claim unless the concerned party produces an Order/ Decree from Competent Court or Probate of the Will (as may be applicable), till such time the claim shall be kept on hold/ pending.

FOR OFFICE USE

(may be prepared by the LAB as per its own requirement)



Annex V- Bond of indemnity / Surety for Deposit accounts

BOND OF INDEMNITY/ SURETY*

(To be duly stamped as per the Stamp Act applicable to the State)

(For Settlement of Claim in Deposit Accounts of Deceased Customer
without production of Legal Documents)

The Branch Manager

Date:

_____ Bank

_____ Branch

IN CONSIDERATION of your paying or agreeing to pay us,

(Mention here the name of the claimant(s))

1. _____
2. _____
3. _____
4. _____

the sum of Rupees _____ standing at the **credit
of following deposit accounts with your LAB in the name of Shri/ Smt./ Kum.
_____ since deceased, **without production of a Court**

Order or Probate of Will or Letter of Administration or a Succession Certificate to his/
her estate:

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

We, _____, do hereby for

(Mention here the Name of the **claimant(s)/ surety(ies))

ourselves and our heirs, legal representatives, executors and administrators, jointly and severally UNDERTAKE AND AGREE to indemnify you, the LAB, its officers/ Directors, and its successors and assignees against all claims, demands, proceedings, losses, damages, charges and expenses which may be raised against or incurred by you by reasons or in



consequence of your having agreed to pay/ or paying the said sum to the claimant(s) as aforesaid.

SIGNED AND DELIVERED by the above named

1. _____
2. _____
3. _____
4. _____

(Heir(s)/ claimant(s) of the deceased customer)

Signed and delivered by the above named on this _____ day of _____ two thousand _____.

*SIGNED AND DELIVERED by the above named

1. _____
2. _____

(Sureties)

Signed and delivered by the above named on this _____ day of _____ two thousand _____.

* Surety is applicable only in case of claims above the threshold limit.

** (Delete whichever is not applicable)



Opinion Report on Surety

A. Details to be furnished by the surety

1.	Name in Full	
2.	Address	
3.	Academic Qualification	
4.	Age	
5.	Occupation (If employed, please state the name of the employer and since when employed).	
6.	Present Monthly Income/ Salary	
7.	Total yearly income from all sources	
8.	No. of dependents	
9.	Personal Assets	
a.	Immoveable Property, viz., land/ Building, etc. (please give details of acquisition, present value, etc.)	
b.	Investments (Term Deposits, Shares, etc., if any)	
c.	Life Insurance Policy	
d.	Other Assets	
e.	Details of Bank Accounts, if any (Name and address of Bank with Account No. (Savings bank/ Current) to be furnished).	
10.	Personal Liability, if any	
11.	Please indicate whether surety is related to claimant(s) Yes/No	
12.	Period for which claimant(s) are known	Yrs.

I confirm that all the statements made by me in this application are true and correct to the best of my knowledge and belief.

Place:

Date:

Signature
(Surety)

B. Remarks of the LAB Official



Annex VI- Letter of Disclaimer / No objection

(To be duly stamped as per the Stamp Act applicable to the State)

The Branch Manager

_____ Bank

_____ Branch

Dear Sir,

Details of deposit account(s)/ safe custody articles/ safe deposit locker in the name of Shri/ Smt./ Kum. _____ since deceased are as follows:

a. Deposit Accounts

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

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

c. Safe Custody Article Receipt No. _____

Details of Articles (if known): _____

2. With reference to the above account(s)/ safe deposit locker/ safe custody articles, I/ We, the legal heirs of Shri/ Smt./ Kum. _____ (Name of deceased customer), have to advise that we have no interest in the above deposits/ assets and as such we have no objection to your paying the *balance amount in the above account(s)/ releasing the contents in safe deposit locker/ returning the safe custody articles lying with you in the name of the aforesaid Shri/ Smt./ Kum. _____ (Name of the deceased customer) to Shri/ Smt./ Kum.:

1. _____
2. _____
3. _____
4. _____

Such payment of the *balance in the above account(s)/ release of the contents in safe deposit locker/ return of the safe custody articles would be completely binding on us and we will not



question the LAB's action in doing so. I/ We undertake to bind ourselves, our heirs and legal representatives not to revoke the declaration made herein.

Sr. No.	Name of the Non-claimant Legal Heir(s) (who relinquish their rights)	Age (yrs.)	Signature
1			
2			
3			
4			

Signed on this _____ day of _____ two thousand _____.

*(Delete whichever is not applicable)



Annex VII- Declaration / Affidavit

(To be duly stamped as per the Stamp Act applicable to the State)

I, _____ S/D/O _____

residing at _____

do hereby make oath*/solemnly affirm and say as follows:

That Shri/ Smt. /Kum. _____ (Name of the deceased customer) hereinafter, referred to as "the deceased" died intestate on _____ at _____.

2. That I know the deceased and his/ her family since the last _____ years.
3. That at the time of his/ her death, the deceased left surviving him/ her the following persons who according to the law by which they are governed, are the only legal heirs of the deceased entitled to succeed to the estate of the deceased on an intestate succession:

Sr. No	Name	Age (yrs.)	Relationship with the deceased
1			
2			
3			
4			

4. That I am not related in any manner whatsoever to the deceased or any of the above-mentioned persons nor have I any claim or interest of whatsoever nature in the estate of the deceased.
5. That I am informed, and I verily believe that the deceased has left certain *deposits/ safe deposit locker/ articles in safe custody with the _____ LAB _____ branch, to which the above-mentioned persons are entitled to claim.
6. That I am making this solemn declaration sincerely and conscientiously believing the same to be true and with full knowledge that it is on the strength of this declaration that the _____ LAB _____ branch, has agreed at my request to make payment of the amount of the deposits and *deliver the articles in safe deposit locker/ safe custody to the above mentioned persons without requiring production of a grant of legal document to the estate of the deceased from a competent Court by them.

*Sworn/ solemnly affirmed at this _____ day of _____ two thousand _____.



(Signature of Declarant)

in the presence of _____

before me

Notary Public/ Judge/ Magistrate**

*(Delete whichever is not applicable)

** The declaration is required to be sworn as an affidavit before a Notary Public/ Judge/ Magistrate only if the claim amount is above the threshold limit.



Annex VIII - Inventory form and Acknowledgement for Safe Deposit Lockers

Form of Inventory of Contents of Safe Deposit Locker

The following inventory of contents of Safe Deposit Locker No. _____

located at _____ Branch of _____ Bank,

*hired in her/ his sole name by Shri/ Smt./ Kum. _____ (deceased),

*hired jointly by Shri/ Smt./ Kum. (i) _____ (deceased)

(ii) _____

(iii) _____

was taken on this _____ day of _____ two thousand _____.

Sr. No.	Description of Articles in Safe Deposit Locker	Other identifying particulars, if any
1		
2		
3		
4		
5		
6		
7		
8		

2. For the purpose of inventory, access to the locker was given to the nominee/ survivor/ legal heirs/ beneficiary named in the Will or their duly authorised representative/s:

- *By breaking open the locker under her/ his/ their instructions.
- *Who produced the key to the locker

3. The above inventory was taken in the presence of:

(i) Nominee/ Legal heir/ Beneficiary named in the Will of deceased hirer(s) or their duly authorised representative

Shri/ Smt./ Kum. _____

Address _____ (Signature)



Shri/ Smt./ Kum. _____

Address _____

(Signature)

And

(ii) Survivors in case of Joint hirers (if applicable)

Shri/ Smt./ Kum. _____

Address _____(Signature)

Shri/ Smt./ Kum. _____

Address _____

(Signature)

(iii) Witness(es)

Shri/ Smt./ Kum. _____

Address _____(Signature)

Shri/ Smt./ Kum. _____

Address _____

(Signature)

(iv) On behalf of LAB

Custodian:

Shri/ Smt./ Kum. _____

Address _____

(Signature)

LAB employee other than Custodian:

Shri/ Smt./ Kum. _____

Address _____

(Signature)

*(Delete whichever is not applicable)



ACKNOWLEDGEMENT

*I/ We, Shri/ Smt./ Kum. _____

(Name of the nominee(s)/ legal heir(s)/ beneficiary named in the Will or their duly
authorised representative and

Shri/ Smt./ Kum. _____

(surviving hirers, if applicable)

hereby acknowledge the receipt of the contents of the safe deposit locker comprised in as
set out in the above inventory. Further, all the contents in the locker have been removed
and the locker is empty, and I/ we have no objection to allotment of the locker to any other
locker hirer as per norms of the LAB.

Shri/Smt./ Kum. _____

Signature

Shri/ Smt./ Kum. _____

Signature

Shri/ Smt./ Kum. _____
Signature

Date and Place _____

(*Delete whichever is not applicable)



Annex IX- Inventory Form for Articles in Safe Custody

The following inventory of articles left in safe custody with _____
Branch of _____ LAB, by Shri/ Smt./ Kum. _____
(deceased), under an agreement/ receipt number _____ dated _____ was taken on this
_____ day of _____ two thousand _____

Sr. No.	Description of Articles in Safe Custody	Other identifying particulars, if any
1		
2		
3		
4		
5		
6		
7		
8		

2. The above inventory was taken in the presence of:

**(i) Nominee or Legal Heir or Person mandated by Nominee (including Minor Nominee)/
Legal Heir**

Shri/ Smt./ Kum. _____
Address _____ (Signature)

Shri/ Smt./ Kum. _____
Address _____ (Signature)

(ii) Witness(es)

Shri/ Smt./ Kum. _____
Address _____ (Signature)

Shri/ Smt./ Kum. _____
Address _____ (Signature)

(iii) On behalf of Bank



Custodian:

Shri/ Smt./ Kum. _____

Address _____ (Signature) _____

LAB employee other than Custodian:

Shri/ Smt./ Kum. _____

Address _____ (Signature) _____

ACKNOWLEDGEMENT

*I, Shri/ Smt./ Kum. _____ nominee/ legal heir/
mandate holder

*We, Shri/ Smt./ Kum. _____

_____ legal heirs, and

Shri/ Smt./ Kum. _____

_____ surviving heirs

hereby, acknowledge the receipt of the articles kept in the safe custody comprised in as set
out in the above inventory.

Shri/ Smt./ Kum _____
(Legal Heir/ Mandate Holder)

Shri/ Smt./ Kum. _____ Signature _____

Shri/ Smt./ Kum. _____ Signature _____

Shri/ Smt./ Kum. _____ Signature _____

Date and Place _____

(*Delete whichever is not applicable)



**Annex X- Bond of indemnity with respect to delivery of contents of Safe
Deposit Locker / Articles kept in Safe Custody**

(to be submitted in case of claims settled without production of Legal Documents)
(To be stamped as per the Stamp Act applicable to the State)

The Branch Manager

_____ Bank

_____ Branch

In consideration of your delivering or agreeing to deliver to me/ us,

(Claimant(s))

the articles mentioned hereunder:

Safe Deposit Locker No./ Safe Custody Article Receipt No.	Details of the articles	Description	Weight	Valuation (to be filled in by the LAB)

and held in the name of Shri/ Smt./ Kum. _____ since deceased,
without production of any probate of Will/ succession certificate/ letters of administration/
court order

I/ We _____ and _____

(Claimant(s))

do hereby for ourselves and our heirs, legal representatives, executors and administrators, jointly and severally undertake and agree to indemnify you, the LAB, its officers/ Directors, and its successors and assignees against all claims, demands, proceedings, losses, damages, charges and expenses which may be raised against you or incurred by you by reason or in consequence of having delivered or agreed to have deliver to me/ us the above mentioned articles of the deceased from the safe deposit locker/ sealed boxes in safe custody.



Signed and delivered by the above named on this _____ day of _____ two thousand _____.

SIGNED AND DELIVERED by the above named

(1) _____

(2) _____

(Claimant(s))



Annex XI- Key Facts Statement

Part 1 (Interest rate and fees/charges)

1	Loan proposal/ account No.		Type of Loan	
2	Sanctioned Loan amount (in Rupees)			
3	Disbursal schedule (i) Disbursement in stages or 100% upfront. (ii) If it is stage wise, mention the clause of loan agreement having relevant details			
4	Loan term (year/months/days)			
5	Instalment details			
	Type of instalments	Number of EPIs	EPI (₹)	Commencement of repayment, post sanction
6	Interest rate (%) and type (fixed or floating or hybrid)			
7	Additional Information in case of Floating rate of interest			
	Reference Benchmark	Benchmark rate (%) (B)	Spread (%) (S)	Final rate (%) $R = (B) + (S)$
				Reset periodicity* (Months)
				Impact of change in the reference benchmark (for 25 bps change in 'R', change in:)
				B S
				EPI (₹) No. of EPIs
8	Fee/ Charges (REs may disclose the amount net of any taxes such as GST)			
		Payable to the LAB (A)		Payable to a third party through the LAB (B)
		One-time/ Recurring	Amount (in ₹) or Percentage (%) as applicable (Mention frequency, where recurring)	One-time/Recurring Amount (in ₹) or Percentage (%) as applicable (Mention frequency, where recurring)
(i)	Processing fees			
(ii)	Insurance charges			
(iii)	Valuation fees			
(iv)	Any other (please specify)			
9	Annual Percentage Rate (APR) (%) (Please refer to the illustration in paragraph 170(3)(i) of these directions)			



10	Details of Contingent Charges (in ₹ or %, as applicable)	
(i)	Penal charges, if any, in case of delayed payment	
(ii)	Other penal charges, if any	
(iii)	Foreclosure charges, if applicable	
(iv)	Charges for switching of loans from floating to fixed rate and vice versa	
(v)	Any other charges (please specify)	

Part 2 (Other qualitative information)

1	Clause of Loan agreement relating to engagement of recovery agents	
2	Clause of Loan agreement which details grievance redressal mechanism	
3	Phone number and email address of the nodal grievance redressal officer (A bank may furnish generic email address, provided a response is made within 1 working day)	
4	Whether the loan is, or in future maybe, subject to transfer to other REs or securitisation (Yes/ No)	
5	In case of lending under collaborative lending arrangements (e.g., co-lending/ outsourcing), following additional details may be furnished:	
	Name of the originating RE, along with its funding proportion	Name of the partner RE along with its proportion of funding
		Blended rate of interest
6	In case of digital loans, following specific disclosures may be furnished:	
	(i) Cooling off/look-up period, in terms of the LAB's board approved policy, during which borrower shall not be charged any penalty on prepayment of loan	
	(ii) Details of LSP acting as recovery agent and authorised to approach the borrower	