



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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RBI/2012-13/168

DBOD No. Leg. BC. 37 /09.07.005/2012-13

August 16, 2012

All Scheduled Commercial Banks
(excluding RRBs)

Dear Sir

Premature Repayment of Term/Fixed Deposits in banks with “Either or Survivor” or “Former or Survivor” mandate – Clarification

Please refer to para 4 of our [circular DBOD No. Leg BC 46 /09.07.005/2011-12 dated November 4, 2011](#) whereby we had advised that in case joint depositors of term/fixed deposits with “Either or Survivor” or “Former or Survivor” mandate intend to allow premature withdrawal of their deposits by one of the joint depositors on the death of the other, it would be open for banks to allow the same, provided they have taken a specific joint mandate from the depositors for the said purpose. In this regard you may also refer to Para 3 of our [circular DBOD.No.Leg.BC.95/09.07.005/2004-05 dated June 9, 2005](#) in terms of which, banks were advised to 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 subject to the conditions which they may specify therein. Banks were also advised to give wide publicity to the above and provide guidance to deposit account holders in this regard.

2. It is reiterated that in case of term deposits with “Either or Survivor” or “Former or Survivor” mandate, banks are permitted to allow premature withdrawal of the deposit by the surviving joint depositor on the death of the other, only if, there is a joint mandate from the joint depositors to this effect.



3. It has come to our notice that many of the banks have neither incorporated such a clause in the account opening form nor have they taken adequate measures to make the customers aware of the facility of such mandate, thereby putting the “surviving” deposit account holders(s) to unnecessary inconvenience. Banks are, therefore, advised to invariably incorporate the aforesaid clause in the account opening form and also inform their existing as well as future term deposit holders about the availability of such an option.

4. The joint deposit holders may be permitted to give the mandate either at the time of placing fixed deposit or anytime subsequently during the term/tenure of the deposit. If such a mandate is obtained, banks can allow premature withdrawal of term/fixed deposits by the surviving depositor without seeking the concurrence of the legal heirs of the deceased joint deposit holder. It is also reiterated that such premature withdrawal would not attract any penal charge.

5. The clarification provided in this circular would supersede para 3 of circular DBOD.No.Leg.95/09.07.005/2004-05 dated June 9, 2005.

Yours faithfully,

(Rajesh Verma)
Chief General Manager