



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

www.rbi.org.in

RBI / 2012-13/334

RPCD.RRB.BC.No.52/03.05.33/2012-13

December 14, 2012

All Regional Rural Banks

Dear Sir/Madam

**Conversion of Term Deposits, Daily Deposits or Recurring Deposits for Reinvestment in Term Deposits by Regional Rural Banks**

As per extant instructions on Interest Rates on Deposits, RRBs on request from the depositor, should allow closure of a term deposit, a deposit in the form of daily deposit or recurring deposit, to enable the depositor to immediately reinvest the amount lying in the aforesaid deposits with the same bank in another term deposit. RRBs are required to pay interest in respect of such term deposit without reducing the interest by way of penalty provided that deposit remains with the bank after reinvestment for a period longer than the remaining period of the original contract.

2. On a review of the extant regulatory norms, and in order to facilitate better Asset Liability Management (ALM), it has been decided to permit banks to formulate their own policies towards conversion of deposits with immediate effect.

Yours faithfully

(Beena Abdulrahman)  
Deputy General Manager

Rural Planning & Credit Department Central Office, 10<sup>th</sup> Floor, Central Office Building, Post Box no. 10014 Mumbai - 400 001

**Tel No:** +91 22 2261 0261 **Fax No:** +91 22 2262 1011/2265 8273/2265 8276 **Email:** cgmrcpd@rbi.org.in

**चेतावनी Caution:** रिज़र्व बैंक द्वारा मेल-ड्राक, एसएमएस या फोन कॉल के जरिए किसी की भी व्यक्तिगत जानकारी जैसे बैंक के खाते का ब्यौरा, पासवर्ड आदि नहीं मांगी जाती है। यह धन रखने या देने का प्रस्ताव भी नहीं करता है। ऐसे प्रस्तावों का किसी भी तरीके से जवाब मत दीजिए।"

**Caution:** RBI never sends mails, SMSs or makes calls asking for personal information like bank account details, passwords, etc.. It never keeps or offers funds to anyone. Please do not respond in any manner to such offers.