



भारतीय रिज़र्व बैंक

-----RESERVE BANK OF INDIA-----

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RPCD.CO.RRB.RCB.BC.No.25/03.05.33/2012-13

August 23, 2012

All Regional Rural Banks / State and Central Co-operative Banks

Dear Sir,

Repayment of Term/Fixed Deposits with 'Either or Survivor' or 'Former or Survivor' Mandate

It has come to our notice that some Regional Rural Banks (RRBs) / State and Central Co-operative Banks (StCBs/DCCBs) insist on the signatures of both the depositors to allow repayment of money in fixed/term deposits, though the deposit account is opened with operating instructions (sometimes called 'repayment instructions'), 'Either or Survivor' or 'Former or Survivor'. Such insistence on the signatures of both the depositors has the effect of making the mandate given by the depositors redundant. This, in turn, results in unjustified delays and allegations of poor customer service.

2. In this connection, it is clarified that if fixed/term deposit accounts are opened with operating instructions 'Either or Survivor', the signatures of both the depositors need not be obtained for payment of the amount of the deposits on maturity. However, the signatures of both the depositors may have to be obtained, in case the deposit is to be paid before maturity. If the operating instruction is 'Either or Survivor' and one of the depositors expires before the maturity, no pre-payment of the fixed/term deposit may be allowed without the concurrence of the legal heirs of the deceased joint holder. This, however, would not stand in the way of making payment to the survivor on maturity.

3. In case the mandate is 'Former or Survivor', the 'Former' alone can operate/withdraw the matured amount of the fixed/term deposit, when both the depositors are alive. However, the signature of both the depositors may have to be obtained, in case the deposit is to be paid before maturity. If the former expires before the maturity of the fixed/term deposit, the 'Survivor' can withdraw the deposit on maturity. Premature withdrawal would however require the consent of both the parties, when both of them are alive, and that of the surviving depositor and the legal heirs of the deceased in case of death of one of the depositors.

4. If the joint depositors prefer to allow premature withdrawals of fixed/term deposits also in accordance with the mandate of 'Either or Survivor' or 'Former or Survivor', as the case may be, it would be open to RRBs/StCBs/DCCBs to do so, provided they have taken a specific

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हिंदी आसान है, इसका प्रयोग बढ़ाइए

joint mandate from the depositors for the said purpose. In this regard you may also refer to para 3 of our [circular RPCD.CO.RRB.BC.22/03.05.33/2005-06 dated July 19, 2005](#) and [RPCD.CO.RF.BC.No.12/07.38.01/2005-06 dated July 12, 2005](#) in terms of which, RRBs/StCBs/DCCBs 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. RRBs/StCBs/DCCBs were also advised to give wide publicity to the above and provide guidance to deposit account holders in this regard.

5. However, many of the RRBs/StCBs/DCCBs s 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 to unnecessary inconvenience. RRBs/StCBs/DCCBs 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.

6. The joint deposit holders may be permitted to give the joint mandate allowing premature withdrawals of fixed/term deposits also in accordance with the mandate of ‘Either or Survivor’ or ‘Former or Survivor’ either at the time of placing fixed deposit or anytime subsequently during the term/tenure of the deposit. If such a mandate is obtained, RRBs/StCBs/DCCBs 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.

7. The clarification provided in paras 5 and 6 of this circular supersede para 3 of our [circular RPCD.CO.RRB.BC.22/03.05.33/2005-06 dated July 19, 2005](#) and [RPCD.CO.RF.BC.No.12/07.38.01/2005-06 dated July 12, 2005](#).

Yours faithfully,

(C.D.Srinivasan)
Chief General Manager