

Payment of Interest on the deposit accounts of deceased depositors

Reserve Bank of India vide Directive DBOD No. Dir.BC.69/13.03.00/2003-04 dated 13.2.2004 have advised that decisions in regard to payment of interest on the maturity proceeds of deposit accounts of deceased depositor may be left to the discretion of individual banks subject to their Board laying down a transparent policy in this regard.

It has been decided in our Bank to continue the existing policy guidelines for payment of interest in the accounts of deceased depositors.

The existing policy guidelines are reproduced below for ready reference:

(a) In the case of a term deposit standing in the name / s of

(1) a deceased individual depositor, or

(2) two or more joint depositors, where one of the depositor has died,

interest should be paid in the manner indicated below :-

- i. at the contracted rate on the maturity of the deposit
 - ii. in the event of payment of the deposit being claimed before the maturity date, the bank should pay interest without charging the penalty indicated therein ;
 - iii. in the event of death of the depositor before the date of maturity of the deposit but claim is made after the date of maturity, the bank should pay interest at the contracted rate till the date of maturity. From the date of maturity to the date of payment, the bank should pay simple interest at the applicable rate operative on the date of maturity, for the period for which the deposit remained with the bank beyond the date of maturity. However , in the case of death of the depositor after the date of maturity of the deposit, the bank should pay interest at savings deposit rate operative on the date of maturity from the date of maturity till the date of payment.
 - iv. If on request from claimant/s the bank agrees to split the amount of term deposit and issues two or more receipts individually in the names of the claimant/s, it should not be construed as premature withdrawal of the term deposit. The period and aggregate amount of the deposit should not however undergo any change.
- (b) In the case of balances lying in current account standing in the name of a deceased individual depositor/ sole proprietorship concern, interest should be paid from 01.05.1983 or from the date of death of the depositor whichever is later, till the date of repayment to the claimant/s at the rate of interest applicable to savings deposit as on the date of payment.