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July 02, 2021

All Scheduled Commercial Banks (including RRBs) All Small Finance Banks All Local Area Banks All Primary (Urban) Co-operative Banks/ District Central Co-operative Banks/ State Co-operative Banks

Dear Sir / Madam,

Review of Instructions on Interest on overdue domestic deposits

Please refer to Section 9 (b) of <u>Master Direction - Reserve Bank of India (Interest Rate</u> on Deposits) Directions, 2016 dated March 3, 2016, and the <u>Master Direction - Reserve</u> Bank of India (Co-operative Banks- Interest Rate on Deposits) Directions, 2016 dated <u>May 12, 2016</u> in terms of which if a Term Deposit matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract rate of interest as applicable to savings deposits.

2. On a review of these instructions, it has been decided that if a Term Deposit (TD) matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower.

3. The relevant section of Master Directions are amended accordingly as indicated in the <u>Annex</u>.

Yours faithfully,

(Thomas Mathew) Chief General Manager

| Amendments to Master Directions | | |
|---|---|---|
| SI. No. | Existing Section | Amended Section |
| A. <u>Master Direction – Reserve Bank of India (Interest Rate on Deposits)</u> Directions, 2016 dated March 03, 2016 (Updated as on February 22, 2019) | | |
| Section 9 (b) | Interest on overdue domestic deposits If a Term Deposit matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract rate of interest as applicable to savings deposits. | Interest on overdue domestic deposits If a Term Deposit (TD) matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower. |
| B. <u>Master Direction – Reserve Bank of India (Co-operative Banks- Interest Rate</u> on Deposits) Directions, 2016 dated May 12, 2016 | | |
| Section 9 (b) | Interest on overdue domestic deposits If a term deposit matures and proceeds are unpaid, the amount left unclaimed with the co-operative bank shall attract rate of interest as applicable to savings deposits | Interest on overdue domestic deposits If a Term Deposit (TD) matures and proceeds are unpaid, the amount left unclaimed with the co-operative bank shall attract rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower. |