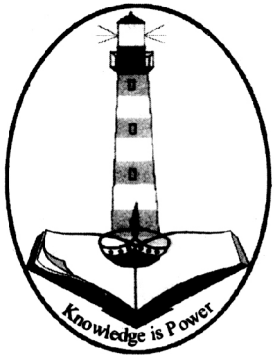


Rs.5/-



# Light Circle

An Educational Newsletter  
(English Monthly)

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LIGHT CIRCLE : SEPTEMBER 2016

## EDITORIAL

Dear Friends,

### GO DEEP

The problems and disturbances are all near the surface. Go deep, and you'll find your way beyond them.

The tumult and confusion can be overwhelming if you keep yourself in the middle of it. Take a step back, and give yourself some perspective.

When you become completely wrapped up in the comings and goings of your outer life, it can quickly wear you down. Connect often to your inner purpose, and let it revitalize you.

There is nothing to be gained by running away or hiding from your troubles. Yet there is everything to be gained by detaching yourself from them.

You are more than whatever is troubling you. Give yourself some distance and give yourself the opportunity to successfully address the causes of your problems, not just the symptoms.

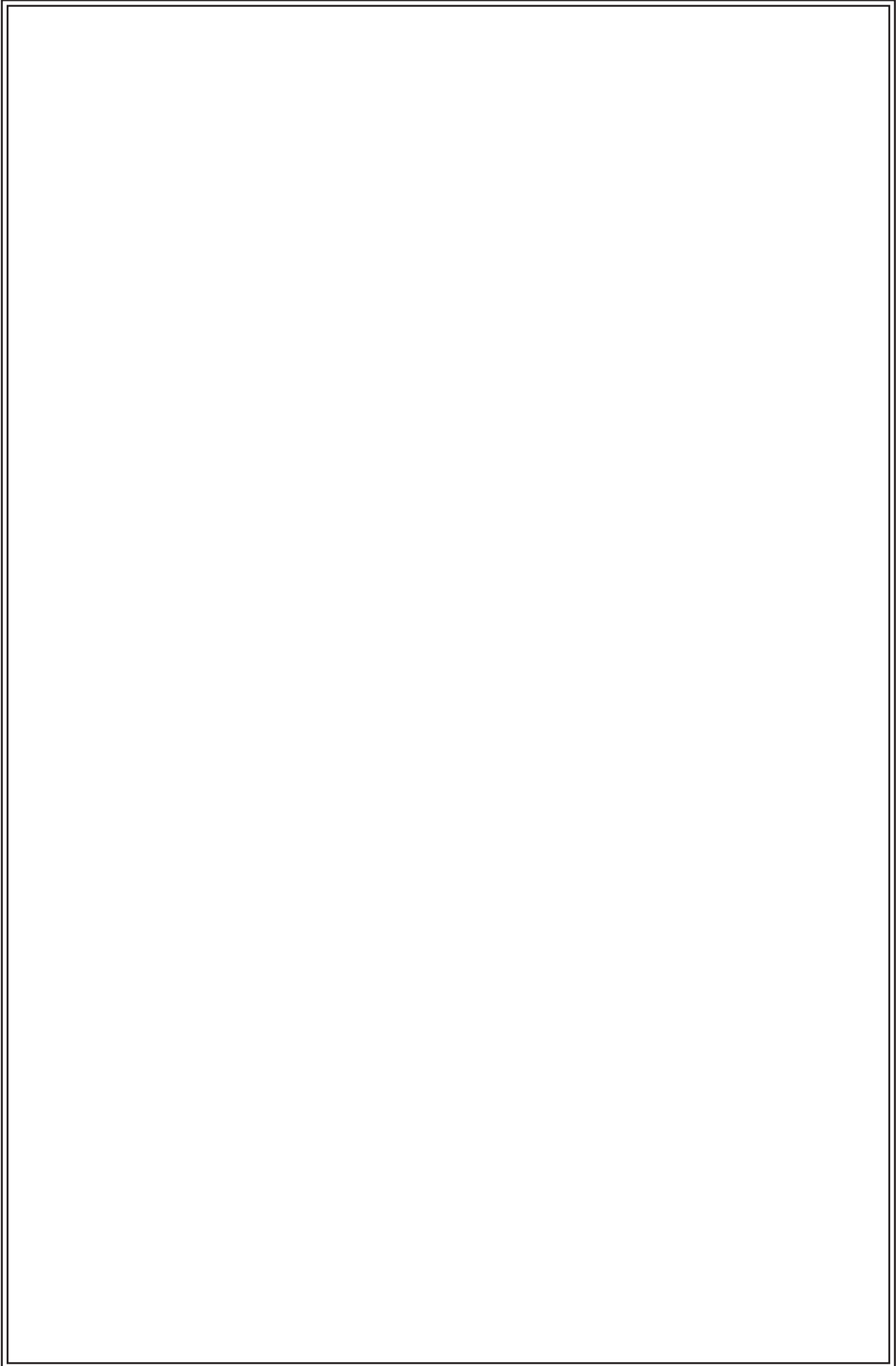
Your difficulties do not define you. Yet they do give you an opportunity to move powerfully forward.

Go deep, to your most treasured purpose, and the storms on the surface cannot stop you.

— *Ralph Marston*

With Best Wishes.

**EDITORIAL BOARD.**



**LIGHT CIRCLE - SEPTEMBER 2016**

**GIST OF HO CIRCULARS ISSUED DURING  
AUGUST - 2016**

- 430/2016 INVOCATION OF CLAIMS ON BANK'S ASSETS- FURNITURE & FIXTURES , PROPERTIES WITH INSURANCE COMPANY- FURTHER CLARIFICATIONS.1. Details about Insurance Policies covering Bank's Assets taken by our Bank.2. Procedure to be followed for Invocation of Insurance Claims.3. Frequently asked Questions.
- 431/2016 Pradhan Mantri Fasal Bima Yojana/Weather Based Crop Insurance Scheme – Clarification on Operational Implementation
- 432/2016 Need for proper Updation of Mobile Number in CBS and timely completion in all existing accounts
- 433/2016 Unified Package Insurance Scheme(UPIS) & Pradhan Mantri Fasal Bima Yojana/ Weather Based Crop Insurance Scheme – Extension of Cut-Off Date
- 434/2016 Unified Package Insurance Scheme (UPIS) – CROP INSURANCE SCHEME
- 435/2016 CLARIFICATION ON DELEGATION OF POWERS FOR SANCTION OF LOANS UNDER RETAIL LENDING SCHEMES? Housing Finance (All Variants)- Age Relaxation - Permitting Authority in case the age of the main borrower is more than 60 years and the loan is repayable within 70 years of age.? Delegation of powers to different functionaries at RAHs/CPUs for Personal/Educational loans (including Home Improvement Loan & Canara Jeevan).? Canara Mortgage: Security and Delegation of Powers
- 436/2016 REDRESSAL OF GRIEVANCE OF EMPLOYEES IN SERVICE RELATED MATTERS
- 437/2016 Compliance to KYC/AML/CFT guidelines- Reiteration of guidelines.a) Customer Due Diligence measures with regard to accounts of individuals.b) Verification of authenticity of KYC documents and measures to be taken if the same cannot be verified as per H.O. Circular No. 95/2015 dated 28.02.2015.c) Prompt generation and dispatch of NF 154 (Thanks Giving letter) and treatment for returned letters as per H.O. Circular No. 249/2015 dated 20.05.2015.d) Display of notice to customers as per H.O. Circular No. 411/2015 dated 20.08.2015
- 438/2016 Forex Transactions Revision of Non-Credit Related Service Charges REVISION IN SERVICE CHARGES IN RESPECT OF CERTAIN NON-CREDIT RELATED FOREIGN EXCHANGE TRANSACTIONS
- 439/2016 INFORMATION SECURITY GUIDELINES Release of Information Security General Guidelines
- 440/2016 KYC SNAP AUDIT & DECOY CUSTOMER – CHANGE IN THE CRITERIA FOR SELECTION OF BRANCHES
- 441/2016 PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME (PMEGP) – PENDING MARGIN MONEY CLAIMS1. ONLINE SYSTEM INTRODUCED FOR CLAIM OF PMEGP MARGIN MONEY.2. PENDING MARGIN MONEY CLAIMS SHOULD BE CLEARED BEFORE 10.08.2016.3. NODAL BRANCH CONCEPT FOR CLAIM OF MARGIN MONEY DISPENSED WITH.
- 442/2016 Master Circular – Facility for Exchange of Notes and Coins.customer service to be extended with regard to Exchange of Notes and Coins by Bank branches to the customers and members of the public.

- 443/2016 SCHEME FOR PRODUCTION AND EMPLOYMENT LINKED SUPPORT FOR GARMENTING UNITS (SPELSGU) UNDER AMENDED TECHNOLOGY UPGRADATION FUND SCHEME (A-TUFS) FOR TEXTILE INDUSTRY
- 444/2016 Atal Pension Yojana Scheme – Conducting “APY Each One Fetch One Account Campaign-I” during the period from 17th to 19th August 2016.? All branches of the Bank to observe “APY Each One Fetch One Account Campaign-I” during the period from 17th to 19th August 2016;? Each staff member of every branch should mobilize a minimum of one account, with an additional condition that each branch should mobilize at least 5 new eligible APY accounts, during the above campaign period and on-board the accounts in the APY Module;? All Circles should ensure 100 % activation of the branches in the Circle during the campaign period, by following the above scale in opening APY accounts at branches
- 445/2016 CANARA PENSION LOAN SCHEME-MODIFICATIONS IN SCHEME GUIDELINES1. Increase in loan quantum & removal of ceiling NTH:- Pensioners/ Family Pensioners (other than Retired employees/Family pensioners of our Bank): - 15 months pension amount OR Rs. 5.00 lakhs whichever is lower, subject to maintenance of minimum NTH of 40% after deducting the proposed EMI.- Retired Employees of our Bank/Family Pensioners of Retired Employees of our Bank – 20 months pension amount OR Rs.5.00 lakhs whichever is lower, subject to maintenance of minimum NTH of 40% after deducting the proposed EMI.
- 446/2016 Master Circular – Detection and Impounding of Counterfeit Notes Revised Guidelines on Detection and Impounding of Counterfeit Notes by Branches and Currency Chests
- 447/2016 Public Provident Fund (Amendment) Scheme, 2016: The Gazette of India Notification by Ministry of Finance, New Delhi No. G.S.R.613(E) dated 20th June 2016A subscriber shall be allowed premature closure of his account or the account of a minor of whom he is the guardian, on a written application to the Accounts Office
- 448/2016 OBSERVANCE OF RETAIL LOAN FESTIVAL FROM 15.08.2016 TO 26.01.2017? Full waiver of Processing Charges on Housing Loans & Canara Vehicle Loans sanctioned from 15.08.2016 to 26.01.2017 and disbursed on or before 25.02.2017
- 449/2016 SOURCING OF INSURANCE BUSINESS – IRDAI CIRCULAR ON INSTANCES OF MIS-SELLING/UNFAIR BUSINESS PRACTICES BY BANKS
- 450/2016 Enabling Electronic Verification Code (EVC) generation through our ATMs Our Bank Debit Card holders can generate Electronic Verification Code (EVC) through our ATMs
- 452/2016 Customer Risk Profile maintenance/update in CBS and transaction monitoring – Reiteration of KYC/AML/CFT guidelines. 1. Customer Profile: Capture accurate/ complete customer details, such as customer type, income, occupation, business, profession, KYC documents, etc in CBS for new accounts and update the same in existing accounts. 2. Threshold limits: Fix reasonable threshold limits on the basis of population category/nature of account/business activity/profession etc. Review the same periodically. 3. Pop-up alerts: Alerts are generated for transactions beyond threshold limits. Enquire the customer and ascertain source of funds / purpose if the transaction is inconsistent with the customer profile. 4. Ongoing due diligence i.e., monitor transactions on a regular basis of all customers, especially in newly opened accounts. 5. Enhanced/periodical due diligence of customers (re-KYC): Based on the risk category of the customer, obtain fresh

- KYC documents/other customer details and update in CBS.6. Escalate/report: Report abnormal transactions in the account, off-line alerts based on customer behavior, customer/public complaint, enquiries from Enforcement Authorities/ Agencies to RO/CO and AML & CFT Centralized Unit, HO (refer Cir 41/15 & 141/16).7. Strict Compliance: Branches to strictly comply with the guidelines and ROs/COs to ensure/monitor compliance at branches.Attention of all branches/offices is invited towards H.O. Circu
- 453/2016 Compliance to extant guidelines on opening accounts and monitoring operations in the accounts of Government / Semi Government/ Local Body accounts- Reiteration of existing guidelines.
- 454/2016 EXTENSION OF CAMPAIGN PERIOD - 'TRANSPORTERS' MONTH ' TILL THE END OF AUGUST 2016
- 455/2016 Master Circular – Scheme of Penalties for bank branches based on performance in rendering customer service to the members of public? Revised Scheme of Incentives and PenaltiesAttention of the branches/ offices/ Currency Chests is invited to our Circular No 395
- 456/2016 Master Direction on Levy of Penal Interest for Delayed Reporting / Wrong Reporting / Non-Reporting of Currency Chest Transactions and inclusion of ineligible Amounts in Currency Chest Balances
- 457/2016 Master Direction on Currency Distribution & Exchange Scheme (CDES) based on performance in rendering customer service to the members of public.Customer service to be extended with regard to Exchange of Notes and Coins by Bank branches to the customers and members of the public.
- 458/2016 PUBLIC FINANCIAL MANAGEMENT SYSTEM (PFMS) – PROJECT OF THE MINISTRY OF FINANCE, NEW DELHIPFMS guidelines & processing of PPAs (Print Payment Advise)
- 459/2016 Maintenance of limit in single cus ID for apportioned limit sanctioned to the borrower
- 460/2016 RATIONALISATION AND MONITORING OF GL's1. Closure / Blocking of redundant / Duplicate GL's2. Assigning oversight of GL's to respective wings at Head office3. Monitoring of transactions in GL's by respective sections at R.O/ C.O4. Introduction of monthly return for monitoring of transactions in identified TOP 50 GL's
- 461/2016 IBA MEDICAL INSURANCE SCHEME FOR RETIRED OFFICERS/ EMPLOYEES / SPOUSES OF THE DECEASED EMPLOYEES – EXTENSION OF DATE FOR SUBMISSION OF OPTION
- 462/2016 Priority Sector Advances –Bank loans to MFIs for on-lending – Qualifying asset – Revised loan limit
- 463/2016 Real Time Gross Settlement (RTGS) System – Reiteration of important guidelines.
- 464/2016 SPECIAL PACKAGE UNDER OUR VARIOUS RETAIL LENDING SCHEMES FOR THE OFFICERS/EMPLOYEES OF CENTRAL GOVERNMENT/ DEFENCE PERSONNEL & PERSONNEL FROM PARAMILITARY FORCES - ON ALL INDIA BASIS
- 465/2016 SUB: RESTRUCTURING OF ACCOUNTS - MODIFIED FUNCTIONALITY? DISABLE OPTION LN 524 AND AL 524ASSET CLASSIFICATION DOWNGRADED AS NPA FOR ACCOUNTS RESTRUCTURED UNDER REASON OPTION 'FINACIAL RESTRUCTURING PACKAGE' IN OPTION LN 525/AL525.

- 466/2016 Introduction of Ceiling for Total Loan Amount and number of loans to a single customer in a product code as per Scheme guidelines in CBS.ii. Restriction for opening new loan accounts for customers with suspended status (NPA status) at Customer Level– Agriculture and Education Loans – Technical Guidelines
- 467/2016 Atal Pension Yojana Scheme – Conducting “APY Each One Fetch One Account Campaign-II” during the period from 29th to 31st August 2016.? The Ministry has directed to observe “APY Each One Fetch One Account Campaign-II” once again from 29th to 31st August, 2016.? Each staff member of every branch should mobilize a minimum of one account, with an additional condition that each branch should mobilize at least 5 new eligible APY accounts, during the above campaign period and on-board the accounts in the APY Module;? All Circles should ensure 100 % activation of the branches in the Circle during the campaign period, by following the above scale in opening APY accounts at branches
- 468/2016 RENTAL REIMBURSEMENT OF OFFICERS IN SCALE I, II & III - REIMBURSEMENT TOWARDS REGULAR MAINTENANCE CHARGES WITHIN THE OVERALL RENTAL LIMIT
- 469/2016 Implementation of Government's decisions on the recommendations of the Seventh Central Pay Commission – Revision of Pension of Pre-2016 Pensioners/ Family Pensioners etc.? Government of India Office Memorandum issued on recommendations of the 7<sup>th</sup> Central Pay Commission –revision of pension of pre-2016 pensioners/ Family Pensioners? Applicable to all pensioners/family pensioners who were drawing pension/family pension before 01.01.2016.? Separate orders will be issued by the Ministry of Defence in regard to Armed Forces pensioners / family pensioners? These orders do not apply to retired High court and Supreme Court Judges and other Constitutional/ Statutory Authorities whose pension etc is governed by separate rules / orders.? Applicable arrears will be credited to the pensioners accounts on or before 31<sup>st</sup> Aug,2016 by our Bank In terms of Government of India Office Memorandum F.No 38/37/2016-P&PW(A)(ii)
- 470/2016 Central Sector Scheme of Interest Subsidy on Education Loans formulated by MoHRD, Gol – Submission of claims for the FY 2015-16.? Ministry of HRD, Government of India has permitted to submit the subsidy claims for the FY 2015-16.? The CSIS package through Single Authentication Service (SAS) will be kept open with effect from 20.08.2016 up to 24.10.2016 for submission of claims by the branches. Claims can be forwarded to RO on a daily basis as and when authorized by branch user, without waiting for the last date.? Regional offices to forward the claims uploaded by branches to Circle Office within 25.10.2016, on a day to day basis.? Circles to forward the claims forwarded by ROs to Head Office within 27.10.2016 on an ongoing basis.? Last date for submission of Claims for FY 2015-16 is 27.10.2016.? BO report 280207 is enabled for the branches/ offices to view the interest debited in the EL accounts for the FY 2015-16.? New options for capturing AADHAR number details and option for Study inland /abroad has been enabled in SAS package.
- 471/2016 RELEASE OF AUTOMATED SMS/EMAIL REMINDER ALERT FACILITIES.? Automated reminder email/SMS alerts to all OD/OCC customers, whose quarterly turn over reflected in the account is not sufficient for further renewal? Automated mail to branches for VSL Accounts having liability more than 90% of the value of Security

- 472/2016 MODIFICATIONS MADE IN RBIA & DARPAN PACKAGE WEF 01.07.2016  
 Modifications made in RBIA of branches :1. Toughening the benchmarks for achieving LOW / MEDIUM risk gradation in final risk gradation of branches in RBIA.2. Inclusion of additional Business risk & Control risk parameters in RBIA/ DARPAN3. Inclusion of suitable provisions in RBIA to re-rate the existing risk gradation and reducing their rating to either "HIGH" or "A NOTCH LOWER" (higher risk grade) in cases of Branches which were witness to frauds.4. Increase in risk scores for certain existing parameters and inclusion of additional points in the RBIA / DARPAN checklist5. Changes given effect from 01.07.2016
- 473/2016 INTRODUCTION OF WEB PORTAL FOR OFFSITE TRANSACTION MONITORING  
 LAUNCHING OF WEB PORTAL FOR MONITORING OF OFFSITE TRANSACTIONS AT CIRCLE OFFICE
- 474/2016 Prime Minister Mudra Yojana (PMMY) and Stand-up India – Need for acceleration in lending under the schemes
- 475/2016 USE OF CUSTOMER COMPLAINT REDRESSAL (CCR) WEB PORTAL IS MANDATORY w.e.f. 01.09.2016 FOR LODGING CUSTOMER COMPLAINTS ON "FAILED / UNSUCCESSFUL DEBIT CARD TRANSACTIONS"? Web based package modified for submitting the claims of failed/Unsuccessful POS / E-commerce transactions also by branches? Debits in customers account due to failed/Unsuccessful ATM transactions? Debits in customers account due to failed/unsuccessful POS/E-commerce Transactions.? Branches to lodge the claim on the same day of receipt of request in the web based CCR package in SAS package.? Branches to follow the resolution given in the package for the case.? Lodging complaints through E-mails is discontinued with immediate effect.? All other issues related to other products of Digital Banking Services, are to be lodged in "CAN TECH SUPPORT".
- 476/2016 'CANARA TECH SUPPORT' for structured resolution of queries related to Tech Products (Non-CBS issues)• 'Canara Tech Support' Portal is available for all branches under Single Authentication Service (SAS) package. • Use 'Canara Tech support-> Complaint for Non-CBS issues' for lodging queries on Tech products like Credit Card, Debit Card, Internet banking, Mobile Banking, ATMs, etc. Typical user cases referred in Annexure-II. • Bank aims to streamline the complaint/queries resolution system through 'Canara Tech Support' for Branches for general complaints, CCR package for disputed transaction related complaints on the one hand & Canara Public Grievances Redressal System (CPGRS) for customers, on the other. • Branches shall completely avoid sending e-mail/make phone calls on issues/queries related to Tech products, as Canara Tech Support ensures resolution of queries/issues. • Customer disputes/claims for failed transactions through our Debit Cards in ATMs/POS/e-commerce shall be lodged in CCR package as per the existing procedure. • Disputes from customers relating to ATM/ POS/E-commerce transactions, shall be preferred in CCR Package only as outlined in Circular 475/2016.
- 477/2016 GOLD LOANS UNDER AGRICULTURE- NEED FOR ADHERING TO SYSTEMS AND PROCEDURES TO PREVENT PLEDGING OF SPURIOUS/FAKE JEWELLERY? Need for strict adherence to systems and procedures under gold loans for agriculture for preventing loans against fake Jewellery.? Role of Jewel Appraiser should be limited to only appraisal of jewels.? Branches to exercise full control over process of appraisal

- 478/2016 Canara Consumption Loan in Natural Calamity affected areas - Introduction of New Product To provide hassle free finance to existing borrowers in Natural calamity affected areas to meet the consumption and domestic requirements in Rural and Semi Urban areas.? The loan is sanctioned on the basis of "One consumption loan to One house hold" only.? The loan will be sanctioned only to existing borrowers.? Maximum Loan amount is Rs 15,000 /-
- 479/2016 Pradhan Mantri Fasal Bima Yojana –Feeding of Data by Bank Branches in the Crop Insurance Portal of Ministry of Agriculture & Farmers Welfare
- 480/2016 Gold Related Schemes – Sovereign Gold Bonds Scheme V Tranche of issue.? Fifth Tranche of Issue of Sovereign Gold Bonds being held from 1st to 9th Sep 2016;? Scheme features remain unaltered.
- 481/2016 Hotlisting of Debit Cards through 'Call centre'- Customer friendly measure• The process of 'Hot listing of Debit cards through Call centre' by calling Toll Free Number 1800 425 0018 is streamlined. • Customer can hotlist the cards by memorizing any one of the five selected credentials. • SMS confirmation to the Cardholder on hotlisting of the Debit card. • Email confirmation to the respective branches regarding hotlisting of Debit card
- 482/2016 Gold Related Schemes – Sovereign Gold Bonds Scheme V Tranche (Series II - FY 2016-17).? Sovereign Gold Bonds – Issue of Fifth Tranche (Series II – FY 2016-17) conducted by RBI, from 1st to 9th September 2016? RBI has fixed the issue price at Rs.3,150/- per gram of SGBs in V Tranche
- 484/2016 RATES OF INTEREST ON RUPEE LOANS AND ADVANCES - MCLR OF THE BANK W.E.F. 01.09.2016.
- 485/2016 Gold Related Schemes – Sovereign Gold Bonds Scheme V Tranche (Series II - FY 2016-17).? Sovereign Gold Bonds – Issue of Fifth Tranche (Series II – FY 2016-17) conducted by RBI, from 1st to 9th September 2016;? Technical/ Operational guidelines for handling the Software Module by the users in designated branches for Tranche –V SGBs are furnished;? List of Designated Branches enlarged to 450.
- 486/2016 Lodging the inward ECS Debit Mandate/s in CBS.? ECS Debit Mandates uploaded centrally at Mumbai Clearing house? Sanitising the Data by the Branches
- FX/68/2016 Lodging the inward ECS Debit Mandate/s in CBS.? ECS Debit Mandates uploaded centrally at Mumbai Clearing house? Sanitising the Data by the Branches
- FX/69/2016 SUSPENSION OF OPERATIONS/SERVICES OF FEDERATION OF INDIAN EXPORT ORGANISATIONS (FIEO) REGISTRATION CUM MEMBERSHIP CERTIFICATE - (RCMC) NOs. NR/375-379/2016-2017FEDERATION OF INDIAN EXPORT ORGANIZATIONS (FIEO) HAS SUSPENDED OPERATIONS/ SERVICES OF RCMC NOs. NR/375-379/2016-2017
- FX/70/2016 IMPORT REMITTANCES – IRREGULARITIES - REFERENCE RECEIVED FROM RBIBRANCHES/ OFFICES SHALL EXERCISE ENHANCED DUE DILIGENCE/ VIGILANCE IN CASES WHEREIN INWARD REMITTANCE RECEIVED THROUGH CASH/NEFT/RTGS IS FOLLOWED BY A REQUEST FOR ADVANCE REMITTANCE/ RETIREMENT OF IMPORTCOLLECTION BILL.
- FX/71/2016 REVISION IN INTEREST RATES ON FCNR (B) DEPOSITS/ RFC DEPOSITS W.E.F. 01.09.2016



## **CUSTOMERS & THEIR ACCOUNTS**

### **Banker Customer Relationship and Accounts of Customers**

#### **21. Nomination Facilities in Customers' Accounts**

1. Nomination facility was introduced on the recommendation of Talwar Committee.
2. Nomination facilities are available in deposit accounts (Sec 45 ZA & 45ZB of Banking Regulations Act), articles deposited for safe custody with the bank (Sec 45ZC & 45ZD) and in locker accounts (45ZE & 45ZF).
3. Sections 45ZA, 45 ZC, 45ZE relate to nomination, change in nomination and cancellation of nomination. Sections 45ZB, 45 ZD, 45ZF state that bank will be discharged of liability by making payment/delivery to nominee.
4. Where facility is available: All types of deposit accounts like SB, CA, FD, RD, NRE, FCNR(B) and NRO.
5. Who can nominate: Individual, joint account of individuals or a sole proprietorship firm.
6. Who can not nominate: Partnership firm, HUF, clubs/societies/limited companies/trusts. A minor can not appoint a nominee. On his behalf, nomination facility can be exercised by the person legally competent to act on behalf of the minor.
7. Who can be nominee: Only an individual including minor. If nominee is a minor, the depositor has to appoint a major person to receive deposit amount / articles in the safe custody / locker etc. on behalf of the minor nominee.
8. Number of nominess: Deposit accounts — only one; Safe Custody — Only one but if articles are deposited by more than one person, nomination facility is not available; Safe Deposit Locker – single names or in joint names with either or survivor instruction only one; Locker in joint names with joint operation - more than one nominee (max 2).
9. When does the right of nominee start?: In case of joint accounts, right of a nominee starts only after death of all depositors. The only exception is the nominee(s) in case of jointly operated lockers.
10. Status of nominee: The status of nominee is just like trustee of legal heirs.
11. Legal Heir versus nominee: bank will make payment to the nominee unless there is a court order to make payment to legal heirs. Bank gets a valid discharge by payment to nominee.
12. In case of term deposits, there is no need of fresh nomination in the case of renewal of FDR.
13. While making nomination, the thumb impression of the accountholder should be attested by two witnesses. However, signatures of the accountholders in forms DA1, DA2 and DA3 need not be attested by witnesses.
14. In the case of accounts in the name of single persons, nomination must be obtained. If the depositor does not want to nominate anybody, he should give in writing.
15. Banks should incorporate the legend "Nomination Registered" on every pass book or deposit receipt. In addition to the legend "Nomination Registered", banks should also indicate the name of the Nominee in the Pass Books / Statement of Accounts / FDRs, in case the customer is agreeable to the same.
16. Nomination can be made any time. It can be cancelled and changed any time.

#### **22. SETTLEMENT OF CLAIMS IN RESPECT OF MISSING PERSONS**

As per the provisions of Section 108 of the Indian Evidence Act, presumption of death can be raised only after a lapse of seven years from the date of his/her being reported missing, As

such, the nominee / legal heirs have to raise an express presumption of death of the subscriber under Section 107/108 of the Indian Evidence Act before a competent court. If the court presumes that he/she is dead, then the claim in respect of a missing person can be settled on the basis of the same.

### **23. Bank Ombudsman Scheme 2006**

1. The Scheme was introduced in 1995 under Section 35A of Banking Regulation Act.
2. Scheme is applicable to all Scheduled Commercial Banks including private sector, public sector, foreign banks, RRBs, Scheduled Co-operative Banks throughout India including J & K.
3. Ombudsman is appointed by RBI. The appointment will be for 3 years at a time.
4. The Chief General Manager / General Manager of RBI can be Banking Ombudsman.
5. The expenses of the Ombudsman will be borne by RBI.
6. Scope: Complaints relating to deficiency in service in deposit, ancillary services, non adherence of RBI guidelines on advances, credit card, internet banking, non-adherence to the provisions of the fair practices code for lenders or the Code of Bank's Commitment to Customers issued by the Banking Codes and Standards Board of India (BCSBI).
7. Period for filing complaint: if no reply is received from the bank within one month of lodging the complaint with bank or reply received is not satisfactory. Maximum period is 1 year from the date of receiving the reply from the bank and 13 months from the date of making the complaint to the bank if reply not received.
8. Ombudsman will not entertain a complaint where (a) case is pending in the court (ii) case has already been decided by the court (iii) similar case has already been decided by Ombudsman.
9. The role of the Ombudsman is that of Arbitrator with mutual consent.
10. Amount of Award: actual loss suffered by the complainant subject to a maximum of Rs 10 lakh; In case of credit cards, up to Rs 1 lakh.
11. Period for acceptance: 30 days of receipt of the copy of the award.
12. Period for implementation by bank: 1 month of receipt of acceptance from the complainant.
13. Appeal: Complainant can file an appeal to the Appellate authority (Deputy Governor, RBI) within 30 days of the date of receipt of communication regarding award or rejection of the complaint. Bank may also file appeal with Deputy Governor, RBI within thirty days from the date of receiving acceptance from complainant. Appeal may be filed by a bank only with the previous sanction of the CMD or ED or CEO of the bank.
14. If the bank does not implement the award it should inform Customer Service Committee of the Board and also give a note to this effect in the Annual Report of the Bank.
15. The Scheme does not include certain banking transactions, such as, failure to honour bank guarantee or letter of credit and misbehavior of staff.

### **24. Other issues relating to Customer service**

1. Banks should submit a statement of all the complaints received at the Head Office / Controlling Office level/ branch level. However, where the complaints are redressed within the next working day, banks need not include the same in the statement of complaints.
2. **Delays in Cheque Clearing:** For local cheques credit and debit shall be given on the same day or at the most the next day of their presentation in clearing. Timeframe for collection of cheques drawn on state capitals / major cities / other locations to be 7/10/14

days respectively. If there is any delay in collection beyond this period, interest at the rate specified in the Cheque Collection Policy of the bank, shall be paid.

3. **Customer Committees:** Branch level committees include their customers including senior citizen. The Branch Level Customer Service Committee may meet at least once a month.
4. **Cheque Drop Box:** Both the drop box facility and the facility for acknowledgement of the cheques at the regular collection counters should be available to customers and no branch should refuse to give an acknowledgement if the customer tenders the cheque at the counters. Banks should invariably display on the cheque drop-box itself that "Customers can also tender the cheques at the counter and obtain acknowledgment on the. pay-in-slips". The above message should be displayed in English, Hindi and the concerned regional language of the State.

#### **25. Code for Banking Service : Salient features**

- \* **Changes in Fees & Charges:** If bank increases any of charges or introduce a new charge, it will be notified one month prior to the revised charges being levied / becoming effective.
- \* **Changes to Terms and Conditions:** (i) Normally, changes will be made with prospective effect giving notice of one month. (ii) If any change is made without notice, bank will notify the change within 30 days. If such change is to customer's disadvantage, customer may within 60 days and without notice, close account or switch it without having to pay any extra charges or interest. Bank will immediately update on its website, any changes in the terms and conditions.
- \* **Chopping customer's account:** (a) If customer is not happy about choice of current / savings account, within 14 days of making first payment into the account, he can switch to another account or Bank will give customer's money back with any interest it may have earned. If customer decides to close his current/savings account, Bank will close account within three working days of receiving customer's instructions.
- \* **Savings/Current Accounts:** Bank will inform of any change in minimum balance to be maintained 30 days in advance.

#### **26. Consumer Protection Act**

1. Consumer Protection Act was implemented with effect from April 15, 1987. The Act is not applicable in S & K.
2. A complaint can be filed by the consumer, voluntary consumer association, Central or State Government.
3. **Objective:** to address consumer's grievances against deficiency in the quality of goods or services for consideration.
4. **Limitation period for lodging the complaint** is 2 years from the date of cause of action.
5. The Forum operates at three levels i.e. District, State or National. For claims up to Rs 20 lac, complaint will be lodged with Distt. Forum, for claims over Rs 20 lac up to Rs 100 lac with State Commission and for claims more than Rs 100 lac with the National Commission.
6. **Admissibility of complaint** to be decided within 21 days of the receipt of complaint; decision within 3 months without analysis and within 5 months with analysis.
7. **Appeal from one forum to another** can be made within 30 days of the order. For making appeal against decision of District Forum to State Forum, amount to be deposited is 50% or Rs 25,000 whichever is less, to National Forum it is 50% or Rs 35,000 whichever is less and for making appeal against decision of National Commission to Supreme Court the amount to be deposited is 50% or Rs 50,000 whichever is less. **B. Punishment for Frivolous complaint:** Imprisonment 1 month to 3 years and fine Rs.2000 to Rs.10000.

## **Types of Accounts**

### **27. Saving Account:**

1. Saving account can be opened in the name of individuals and cannot be used for business purpose.
2. Generally, there is no limit on the amount of balance in such accounts.
3. With effect from 25th October 2011, RBI has deregulated the interest rate on saving deposit. Banks are free to determine their savings bank deposit interest rate, subject to the condition that bank will have to offer a uniform interest rate on savings bank deposits up to Rs.1 lakh, irrespective of the amount in the account within this limit.
4. With effect from 1.4.2010, interest rate on saving bank is payable on daily product basis. It can be credited at any interval.
5. Basic Saving Bank posit account: 'Basic Savings Bank Deposit Account' with following minimum common facilities should be offered to all their customers: (i) This account shall not have the requirement of any minimum balance; (ii) The services available in the account will include deposit and withdrawal of cash at bank brandh as well as ATMs; receipt/credit of money through electronic payment channels or by means of deposit/collection of cheques drawn by Central/State Government agencies and departments; (iii). There will be no limit on.the number of deposits that can be made in a month, account holders will be allowed a maximum of four withdrawals in a month, including ATM withdrawals; and (iv). Facility of ATM card or ATM-cum-Debit Card. The above facilities will be provided without any charges. The 'Basic Savings Bank Deposit Account' would be subject to RBI instructions on Know Your Customer (KYC). If such account is opened on the basis of simplified KYC norms, it would additionally be treated as a 'Small Account'.

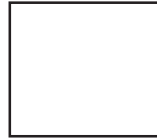
### **28. Inoperative Accounts:**

1. Banks should make an annual review of accounts in which there are no operations for more than one year.
2. A savings as well as current account shOuld be treated as inoperative / dormant if there are no transactions in the account for over a period of two years.
3. In case any reply is given by the account holder 'giving the reasons for not operating the account, banks should continue classifying the same as an operative account for one more year.
4. For the purpose of classifying an account as 'inoperative' both the type of transactions i.e. debit as well as credit transactions induced at the instance of customers as well as third party should be considered.

### **29. Term Deposits**

1. Minimum period as per RBI is 7 days. Maximum period as per IBA is 10 years. However, term deposits in the name of minors or as per court orders can be opened for more than 10 years
2. Interest rate on term deposits is deregulated and is decided by Asset Liability Management Committee of the bank. Bank can not discriminate among customers regarding payment of interest except for single deposits of Rs 15 lac and above but the difference should be minimal.
3. If due date of term deposit is on a holiday, banks will make payment on next working day or thereafter and will pay the interest for the holiday to depositor at contracted rate irrespective of when the payment is taken.
4. In case of renewal of overdue term deposits, bank may decide the rate of interest payable for-the overdue period. However, if the payment of a overdue term deposit is sought, interest for overdue period will be paid at saving rate.

5. Depositor can request for addition or deletion of names in the deposit but at least one of the original depositors must remain. If loan has been raised against term deposit, name of a minor can be added only when loan has been adjusted.
6. As per Section 269 T of Income Tax Act, if the principal plus interest of term deposit is Rs 20,000 or above, the payment should be made through credit to account or issuing account payee cheque or DD. It should not be paid in cash. In case, bank pays such term deposit in cash, penalty will be equal to amount paid. Similarly payment of interest of Rs 10,000 and above should not be made in cash.
7. In case. of premature payment of FDR, penalty will be decided by the bank. However, penalty cannot be charged in case of premature payment in case of death of depositor.
8. In case of death of depositor, interest for overdue period will be paid at saving rate if depositor died after maturity date. If depositor dies before maturity of FDR, interest for overdue period will be paid at FD rate as on date of maturity for the period overdue amount remained with the bank.



29.09.2016

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