

RBI/2004/175

DBOD.No. Dir. BC. 78/13.03.00/2003-04

April 22, 2004

All Scheduled Commercial Banks  
(excluding RRBs)

Dear Sir,

**Committee on Procedures and Performances Audit**  
**on Public Services – Report No. III – Banking**  
**Operations : Deposit Accounts & Other Facilities**  
**relating to Individuals (Non-business)**

Please refer to the DO letter dated April 6, 2004 addressed to you by our Executive Director, Smt. Shyamala Gopinath on the above subject.

2. The recommendations of the Committee on Procedures & Performance Audit on Public Services (Chairman, Shri S. S. Tarapore) with reference to minimum balance in savings bank accounts and addition / deletion of names of joint account holders have been examined by us and it has been decided to issue the following clarifications.

**(i) Minimum balance in savings bank accounts**

In terms of the paragraph 22 of our Master Circular No.DBOD.Dir.BC.11/13.03.00/2003-04 dated August 14, 2003, at the time of opening savings bank accounts, banks should inform their customers about the requirement of maintaining minimum balance and levying of charges if such minimum balance is not maintained. Any subsequent change in this regard should be informed to the account holders. The Committee has observed (Sr.No. 6, Appendix III to Summary of Recommendations) that banks are adding charges without informing the existing depositors. The Committee has recommended that any charge levied subsequently should be transparently made known to all depositors in advance with one month's notice. Accordingly, the banks should inform, at least one month in advance, the existing account holders any change in the prescribed minimum balance and the charges that may be levied if the prescribed minimum balance is not maintained.

**(ii) Addition or deletion of the name/s of joint account holders**

In terms of the paragraph 16 of our Master Circular No.DBOD.Dir.BC.11/13.03.00/2003-04 dated August 14, 2003, banks have been advised that NRE deposits should be held jointly with non-residents only. The Committee has observed (Para 8,

Annexure I of Summary of Recommendations) that some of the banks have interpreted that these instructions are equally applicable to NRO accounts and that NRO accounts can not be held jointly with residents. It is clarified that Non-Resident Ordinary (NRO) accounts may be held by non-residents jointly with residents.

3. Please acknowledge receipt.

Yours faithfully,

**(Prashant Saran)**  
**Chief General Manager**