

Ref: Branch Circular No. SOI-1B/10/2006

Date: 04.05.2006

From: Director (Ops)

To: All Branch Managers

Re: Taking or accepting of deposits in cash
and
also repayment of deposits to the depositors in cash

We take this opportunity to remind you again that the repayments of deposit (such as Maturity/Prematurity/Mid-term/Death claim etc.) to the depositors/legal claimant and also payment of loan to the depositor in CASH are prohibited under Sec. 269T of the I.T. Act, where the aggregate payment amounts exceed Rs.19,999/-. As per this section of I.T. Act, no repayment of deposit or payment of loan to the depositor is permissible in cash if at the time of such repayment/payment, the aggregate deposit together with interest held by the same depositor with the Company in single or multiple cases (including DDS), whatever it may be, exceeds Rs. 19,999/-. In addition to HO guidelines, Clause 33, Vol-1B at page 178 of S.O.I. also contains a clear guideline in this context. Hope you are maintaining the guidelines in true sense with due importance.

In response to the request of some Branch Managers for clarification regarding the acceptance of deposit in cash from any depositor, please note that under section 269SS of I.T. Act, no deposit/repayment of loan is permissible to take/accept in cash if at the time of deposit, the amount or the aggregate amount of such deposit with the company exceeds Rs. 19,999/-.

For example:

- (i) One is holding a R.D. A/c with the Company at the installment amount of Rs. 5,000/- per year for a period of 5 years. If the depositor does not hold any other deposit A/c. with the Company, his/her deposits are permissible to accept in Cash upto 3rd year only.

- But as the addition of his/her 4th year's deposit together with due returns payable on earlier deposits will help the total credit in the A/c. exceeding the ceiling limit of Rs. 19,999/-, his/her all future deposits of 4th years and beyond are not permissible to accept in cash. Such deposits from 4th year onwards are acceptable by A/c. Payee Cheques or valid Bank Drafts only.
- ii) One is holding multiple deposit A/cs in his/her name with the Company either in R.D., F.D. and/or DDS. At the time of accepting any further deposits from him/her either fresh or renewals, if the aggregate deposit amount alongwith payable due interests (taking together of all his/her accounts held with the Company) is expected to exceed Rs. 19,999/- such deposits are not permissible to accept in cash. All such deposits are to be accepted either by A/c. Payee Cheques or valid Bank Drafts only.

Though, we are aware that you are following the above, but many of you have requested us to make our computer system to give you immediate alert signal and as such we have instructed Central EDP department to make required changes in the software with immediate effect.

All concerned are hereby advised to be very cautious in these areas while accepting cash deposits, and/or making cash payments.

Any deviation may attract legal implications.

(B Lahiri)
Director (Ops)

Cc: Managing Director/President (Fin)/Gr. Corp. Coordinator/All General Managers/
All Dy. General Managers/All Chief Managers/All Regional Managers/Asst. Regional Manager
(W-II)/AM-CD Incharge, Blr./Sri S. Bhaumik, Member, SOI Implementation Forum