

Ref: BRANCH CIRCULAR No: SOI-1A/1B/2B/11/2006

Date: 31.05.2006

From: Director (Ops)

To: All Branch Managers

- Re:
- 1) Acceptance of cheque/Bank Draft against deposit
 - 2) Acceptance of deposit against dishonoured cheques
 - 3) Cash payment to natural/legal guardian
 - 4) Payment of Maturity/Pre-maturity/Loan by single cheque
 - 5) Release of payment against production of original identity proof without having address of the holder
 - 6) Removal of Interest waiver facility

1) Acceptance of cheque/Bank Draft against deposit

You are aware that under Section 269SS of Income Tax Act, acceptance of deposit in cash from the certificate holders beyond the threshold limit of Rs. 19,999/- is not permissible. Besides, the certificate holders are also liable to deposit by A/c payee cheque/A/c payee Bank Draft if his/her aggregate amount of deposit with the Company exceeds Rs. 19,999/-. In this connection, your attention is invited to our Branch Circular No: SOI-1B/10/2006, dated 04.05.2006.

In order to render better service to the certificate holders, it has now been decided by the Audit Committee of Directors that their deposits may be accepted by individual A/c. Payee cheques or by valid A/c. Payee Bank Draft drawn in favour of the Company payable at concerned Branch area either by the certificate holder and/or his/her authorized representative. A consolidated A/c. payee Bank Draft in respect of deposits of multiple number of cases/certificate accounts of different holders supported by individual deposit slips duly filled in, or a list showing the details of the certificate holders, also may be accepted from any depositor. In such cases, the same D.D. No. and date is to be recorded against the pertaining deposit accounts and receipt should bear the same No. and date.

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In case of outstation cheques, necessary Bank charges are to be borne by the depositors/ certificate holders. But if the deposit is made by valid Bank Draft, Bank charges upto a maximum of 0.3% of the deposit (subscription) amount or the actual Bank charge whichever is less, will be borne by the Company. Bank charges in excess of 0.3% (if any) is to be borne by the concerned depositor only.

Where the deposit is tendered by Bank Draft, the Draft amount should exactly be the same of actual subscription value to be deposited. The D.D. charges levied by the Bank will be refunded in cash to the depositor or his/her authorized representative by the Company on production of Bank receipts, subject to a maximum of 0.3% of the deposit value, through computerized vouchers by debiting to Bank Charge A/c. The original Bank Receipt should remain tagged with the voucher for future reference.

For example: Say, against 5 No. of certificate A/cs., total Rs. 40,000/- is payable by the depositor. The Bank Draft should exactly be of Rs. 40,000/- only. If the Bank charge is levied for Rs. 140/-, Company will refund to the depositor or his/her authorized representative in cash the D.D. charge of Rs.120/- @ 0.3% on Rs. 40,000/- on production of Bank receipt. The differential amount of Bank charge of Rs. 20/- is to be borne by the depositor only.

This will be effective from 1st June, 2006 and will remain in force till 31st March, 2007 and thereafter it will be further reviewed.

This clause should be incorporated to clause No. 17.4, Vol. 1A, at page 64 of S.O.I

2) Acceptance of deposit against dishonoured cheques

In accordance with our present system, we have to accept deposit in cash only from the depositors/certificate holders against their cheques deposited but subsequently dishonoured by the Bank whatsoever the reason may be. Since it is prohibited in I.T. Act to accept any amount of deposit in cash which exceeds Rs. 19,999/- in aggregate (deposit + accrued interest), deposit against dishonoured cheque should henceforth be accepted by A/c. payee cheque only **where the aggregate deposit value (deposit + accrued interest) exceeds Rs. 19,999/-**. However, deposit in cash against dishonoured cheque is permissible where the aggregate deposit value (deposit + accrued interest) is within the limit of Rs. 19,999/- only.

But irrespective of mode of deposit against dishonoured cheques, a one time charge of Rs. 50/- against each dishonoured cheque is to be collected from the concerned depositor/certificate holder while accepting the immediate next deposit of subscription to compensate Bank charges levied by the Bank. It is to be incorporated in the "**cheque dishonour intimation letter**" addressed to the concerned certificate holder that he/she will be required to pay Rs. 50/- alongwith his/her next deposit in addition to due subscription, towards cheque dishonour charge levied by the Bank. If the next deposit is made excluding the above-said charge of Rs. 50/-, in that case, this due amount of Rs. 50/- will be recovered from the subscription amount and the rest part of deposit amount will be credited to the certificate A/c. After dishonour of cheque, if he/she does not continue the certificate A/c at all, in such event this Rs. 50/- will be kept on record as DUE which will be recovered from the proceeds of the final settlement.

In case of deposit made by outstation cheque, necessary outstation charges are to be borne by the depositor/certificate holder only as per prevailing system.

This clause should be incorporated to clause No. 2.3, Vol-2B, at page 236 of S.O.I.

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3) Cash payment to Natural/Legal Guardian

Any sort of payment to a Minor certificate holder may be made to his/her Natural/Legal Guardian in cash if the following conditions are fulfilled:

- Where the aggregate payable amount is less than Rs. 20,000/-.
- Where the concerned Guardian produces his/her original Identity proof.
- Where the concerned Guardian submits a written declaration under his/her signature that he/she will utilize the payable amount for the benefit of the minor holder only.
- Where the signature of the Guardian on Discharge Form/Loan Bond is tallied with that of the signature on the proposal form.

This clause should be incorporated to Clause No. 11.2, Vol. 1B, at page-141 of S.O.I.

4) Payment through Single Cheque

Payment (net of TDS) against more than one Discharge Forms of a same holder (person) having multiple certificates, may be released by a single cheque, if so desired by the concerned holder or by several cheques, where the aggregate payable amount does not exceed the authorized limit of a single cheque value at Branch level, subject to submission of a written application by the certificate holder as per format annexed.

For example:

If the total payable amount (net of TDS) against 5 No. of D/Forms of a same holder comes to Rs. 70,000/- or so, payment can be released in two cheques instead of five cheques since, a single cheque value at Branch level is restricted upto Rs. 50,000/-.

This clause should be incorporated to clause No. 18, Vol-1B at page 152 of S.O.I.

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- 5) Release of payment against production of original Identity proof without having address of the holder

As per KYC procedure, some identity proofs have been specified in S.O.I. for acceptance. Any payment to the certificate holder may be released on production of any one of the listed Identity proofs in original even if it does not bear address of the holder. In this regard, please refer to Clause No. 27.15 and 27.16 of SOI Vol. 1A, page 87-88.

- 6) Removal of Interest waiver facility

Henceforth, waiver of interest of any kind is hereby withdrawn. At the time of deposit, if no interest is paid where applicable, the deposit may be accepted in PIIS system. But due interest will be charged at the time of deposit of subsequent subscriptions.

This clause is to be inserted suitably in S.O.I.

All Branch Managers are hereby are strictly advised to follow the aforesaid instructions/guidelines meticulously.

(B Lahiri)
Director (Ops)

Encl: As stated

Cc: Managing Director/President (Fin)/Gr. Corp. Coordinator/ Exe.Vice President (P&AB)/
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- for necessary incorporation

SPECIMEN FORMAT OF APPLICATION

To

The Branch Manager,

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Re: Release of payment by a consolidated A/c Payee cheque in respect
of my multiple cases

Dear Sir,

I am enclosing the under-mentioned Maturity/Prematurity Discharge Forms belonging to me, duly discharged in all respect, with a request to kindly release the entire net payable amount by one consolidated cheque or so as permissible, instead of individual separate cheques against each Discharge Form, duly incorporating my Bank A/c. details.

<u>Sl.No.</u>	<u>Certificate No.</u>	<u>Maturity/Prematurity Amount (Rs.)</u>	<u>Due on</u>
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1.

2.

3.

4.

5.

Total Rs.:

Thanking you,

Yours faithfully,

(Certificate Holder)

Encl: As stated

Date: