

 <p>ఆంధ్ర ప్రదేశ్ గ్రామీణ బ్యాంక్ ANDHRA PRADESH GRAMEENA BANK (Scheduled Bank owned by Government) HEAD OFFICE: GUNTUR Operations Department</p>	Cir. No.	477/2026
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COMPENSATION POLICY FY 2026-27

All Branches and Regional Offices are hereby informed that the Bank's Board has approved the Compensation Policy FY 2026-27 in compliance with the latest RBI directions during its 10th meeting on 13.03.2026 vide Resolution No.465

This policy is effective from 01.04.2026 to 31.03.2027, and may be extended for a further period not exceeding three months with the specific approval of the Chairman of the Bank.

Further, any future modifications or amendments to the policy shall automatically form part of the existing policy framework.

All Branches and Offices are advised to carefully go through the policy guidelines and strictly adhere to the instructions.

Clarifications, if any, may be sought from the Operations Department, Head Office-Guntur, through the respective Regional Offices, as per extant guidelines.


B. Rama Krishna
General Manager



	Existing Guidelines	Revised Guidelines
Page 13	<p>19. Review of the Policy: The policy shall be reviewed bi-annually or as and when required by the Top Management or whenever changes/guidelines are issued by NABARD/RBI, from time to time.</p>	<p>19. Compensation for delay in settlement of claims</p> <p>19a) With respect to Deposit Accounts: Claims to be settled within a period not exceeding 15 calendar days from the date of receipt of all the required documents associated with the claim. For delay in settlement, Compensation shall be paid in the form of interest, at a rate not less than the prevailing Bank Rate + 4% per annum, on the settlement amount due for the period of delay</p> <p>19 b) With respect to Safe Deposit Lockers: Bank shall within 15 calendar days of receipt of all the required documents, process the claim. In case of delay, compensation to the claimant(s) to be paid at the rate of ₹5,000 for each day of delay.</p>
	20. N/A	<p>20. Review of the Policy:</p> <p>The policy shall be reviewed annually or as and when required by the Top Management or whenever changes/guidelines are issued by NABARD/RBI, from time to time.</p>



COMPENSATION POLICY FY 2026-27

1. Introduction

The technological advancements in payment and settlement systems have significantly transformed operational processes and systems. This evolution has introduced competitive market forces aimed at enhancing service efficiency. The Bank is committed to leveraging its technological infrastructure to offer the best possible services to its customers. This policy aligns with the latest guidelines from the RBI, IBA, and other regulatory authorities.

2. Scope of the Policy

This Compensation Policy applies to all Branches of the Bank and addresses various issues, including:

- Unauthorized debits from accounts.
- Payment of interest for delayed cheque/instrument collections.
- Payment of cheques despite stop payment instructions.
- Domestic remittances.
- Lending practices.
- Compensation for unauthorized electronic transactions under customer protection laws.

The policy is grounded in principles of transparency and fairness in customer treatment.

3. Objective of the Policy

The primary objective of this Policy is to establish a system for compensating customers who experience financial loss due to service deficiencies or errors attributable to the Bank. By proactively addressing compensation, the Bank aims to reduce the need for customers to seek redress through the Banking Ombudsman or other forums.

4. Provisions of the Policy

This Policy covers compensation for direct financial losses incurred by customers due to service deficiencies. It is important to note that the commitments under this Policy do not affect the Bank's right to defend its position before any adjudicating forum.

5. Recognition of deficiency and compensation

Unauthorized/Erroneous Debit:

- a. If the Bank has raised an unauthorized/erroneous debit to an account, the entry shall be reversed immediately on being detected/informed, after due verification. If such a debit has resulted in a financial loss to the customer by way of reduction in the minimum balance applicable for payment of interest on savings bank deposit or payment of additional interest to the Bank in a loan account or levying of penalty for not maintaining the stipulated minimum balance in the account, Bank shall compensate the customer to that extent.
- b. Further, if the customer has suffered any loss incidental to return of a cheque or not carrying out of direct debit instructions due to insufficiency of balance on account of the unauthorized / erroneous debit, Bank will compensate the customer to the extent of such financial loss in addition to an amount equivalent to interest calculated on the unauthorized / erroneously debited amount at applicable Savings Bank rate, minimum Rs.100/-, besides refunding the cheque return charges.
- c. In case verification of the entry reported to be un-authorized /erroneous by the customer does not involve a third party, the Bank shall arrange to complete the process of verification within a maximum period of 7 working days from the date of reporting of erroneous debit.
- d. In case any amount has been debited to the account of a customer on account of fraudulent transactions, the amount will be restored to the affected customer account without delay/demur, once the fraud is established, with due verification.
- e. If a fraud in the account of a customer, has been committed by a member of staff, and has been so established, the Bank will not only restore the amount, it will also pay compensation @1% above the specified interest rate as per Bank's Policy for delayed collection in deposit account and @1% above the applicable interest rate in respect of overdraft/loan account, for the period, on the amount involved.
- f. In case where neither the Bank is at fault nor the customer, but the fault lies elsewhere in the system, the Bank will help in restoring the actual amount involved and as a gesture of goodwill and to deal with the customers fairly, will also compensate the customer with Rs.100/- per Rs.5000/- (maximum Rs.1000/-) for each instance.

6. ECS direct debits / other debits to accounts

The Bank undertakes to carry out, within the prescribed time, direct debit/ECS (Electronic Clearing Service) debit instructions of customers. In the event of non-compliance/delayed compliance of instructions by the Bank to meet such commitments, the customer will be compensated to the extent of any financial loss the customer would incur on account of delay in carrying out the instruction/failure to carry out the instruction.

Such compensation may be equivalent to the interest calculated on the amount to be debited, for the delayed period, at applicable savings Bank rate, with minimum of Rs.100/- subject to a maximum of Rs.1,000/-

The Bank would debit the customer's account with any applicable service charge as per the schedule of charges notified by the bank. In the event the Bank levies any charge in violation of the arrangement or inadvertently, Bank will reverse the charges, subject to scrutiny of agreed terms and conditions, and compensate the customer by a sum equal to the charges reversed.

7. Collection of cheques drawn on Foreign Countries

Cheques payable at Foreign countries will be collected through Sponsor Bank or other Indian banks having operation in the respective countries. The collecting Bank will be advised to credit the proceeds to our customer's account after realization of commission and other expenses. Payment will be realized to the customer after 30 working days from value date and the rate of exchange will be the rate applicable on the day of credit to the customer's account.

7 a) Collection of cheques payable in India:

i) Payment of Interest for delayed Collection of Outstation Cheques: As part of the compensation policy of the bank, the bank will pay interest to its customers on the amount of collection instruments in case there is delay in giving credit beyond the time period specified in Bank's Customer Service policy. Such interest shall be paid without any demand from customers in all types of accounts. There shall be no distinction between instruments drawn on the bank's own branches or on other banks for the purpose of payment of interest on delayed collection. Since RBI has further advised to reframe time norms for collection of cheques drawn on state capitals/major cities/other locations are 7/10/14 days respectively for collection of out station cheques. Bank is required to compensate customers for delay in collection of instruments/ cheques beyond these days in addition to other deficiency in services.



ii) Interest for delayed collection shall be paid at the following rates:

- a. Saving Bank rate for the period of delay beyond 7/10/14 days as the case may be in collection of outstation cheques, i.e. from 8th /11th /15th day, the interest will be payable.
- b. Where the delay is beyond 14 days interest will be paid at the rate applicable for term deposit for the corresponding period or Saving Bank rate, whichever is higher.
- c. In case of extraordinary delay, i.e. delays exceeding 90 days, interest will be paid at the rate of 2% above the corresponding Term Deposit rate.
- d. In the event the proceeds of cheque under collection, to be credited to an overdraft/loan account of the customer, interest will be paid at the rate applicable to the loan account. For extraordinary delays, i.e. delays exceeding 90 days, interest will be paid at the rate of 2% above the rate applicable to the loan account.

Interest as above shall be payable with a minimum of Rs.25/-

- iii) Compensation for delay in clearance of Local Cheques:** Cheques deposited at the counters up to 11 a. m. will be sent for clearance on same day, for which the clearance period will be T+1 working days. Cheques deposited after 11 a.m. will be sent for clearing on next day, for which clearance period will be T+2 working days.

The compensation to the customers is payable, in case of delay in clearance of local cheques beyond above stipulated period. Such compensation shall be paid without any demand from customers in all types of accounts at Savings Bank interest rate.

Instruments drawn on the bank's own branches and presented across the counter are being credited, to the customers' account on the same day, subject to cheque amount being under existing cap for non-home transactions.

- iv) Compensation for loss of Cheques/Instruments in transit:** In the event a cheque or an instrument accepted for collection is lost in transit or in clearing process, the Bank shall immediately on coming to know of the loss of instrument, bring the same to the notice of the account holder so that the account holder can inform the drawer to record stop payment and also take



care that cheques, if any, issued by him/her are not dishonored due to non-credit of the amount of the lost cheque/ instrument. The Bank would provide all assistance to the customer to obtain a duplicate Instrument from the drawer of the cheque.

In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection, as per the Cheque Collection Policy of the Bank, (7/10/14 days as the case may be) interest will be paid for the period beyond the stipulated collection period.

- i. Bank will pay interest on the amount of the cheque for a further period of 15 days at Savings Bank rate to provide for possible further delay in obtaining duplicate cheque / instrument and collection thereof.
- ii. The Bank would also compensate the customer for any reasonable charges he/she incurs in getting duplicate cheque/instrument upon production of receipt and the instrument is to be obtained from a Bank/institution who would charge a fee for issue of duplicate instrument, subject to a maximum of Rs.250/-.

8) Remittances in India

After the introduction of core banking solutions in the Public Sector Banks, remittance in India are mostly executed through digital platforms like RTGS/NEFT/ECS transactions between the banks. The penal interest payable for the delayed remittances through the above facilities is given below:

8a) Uniformity in penal interest payable by banks for delays in credit/return NEFT / ECS transactions:

In terms of the NEFT / ECS Procedural Guidelines of RBI, as also the relevant circulars/ instructions issued by RBI from time to time, member banks need to afford credits to beneficiary accounts or return transactions (not credited for whatever reason) to the originating/sponsor bank within the prescribed timeline. Any delay in doing so attract penal provisions specified therein. In order to ensure standardization of the benchmark rate used and bring in uniformity in penal provisions across the retail payment products, RBI has made the following modifications:

8b) ECS-Credit:

Destination Bank would be held liable to pay penal interest at the current RBI Repo Rate plus two per cent from the due date of credit till the date of actual



credit for any delayed credit to the beneficiaries account. Penal interest shall be credited to the Beneficiary's Account even if " no claim is lodged."

8c) NEFT:

In the event of any delay or loss on account of error, negligence or fraud on the part of an employee of the destination bank in the completion of funds transfer pursuant to receipt of payment instruction by the destination bank leading to delayed payment to the beneficiary, the destination bank shall pay compensation at current RBI Repo Rate plus two per cent for the period of delay for credit to the beneficiary's a/c. In the event of delay in return of the funds transfer instruction for any reason whatsoever, the destination bank shall refund the amount together with interest at the current RBI Repo Rate plus two per cent till the date of refund.

During the NEFT operating hours, originating banks should endeavour to put through the requests for NEFT transactions received by them, either online or across the counters, preferably in the next available batch but, in any case, not exceeding two hours (from the business hours next day), from the time of receipt of the requests. In the likelihood of any delay/ possible delay in adhering to this requirement, the originators/customers should be informed of the delay/possible delay and the reasons for the same.

In terms of the RBI ECS (Credit Clearing) procedural guidelines which clearly stipulate that if a destination bank branch is not in a position to credit a particular transaction for reasons like "Account Closed/ transferred"; "No such Accounts"; "Account description does not tally"; etc. it should report the same and forward it to the Service Branch/ Main Branch on the same settlement day.

9) Harmonization of Turn Around Time(TAT) and customer compensation for failed transactions using authorized Payment Systems is as under

Sl. no.	Description of the incident	Framework for auto-reversal and compensation	
		Timeline for auto-reversal	Compensation payable
I	II	III	IV
i	Automated Teller Machines (ATMs) including Micro-ATMs		
a	Customer's account debited but Cash not dispensed.	Pro-active reversal (R) of failed transaction within a maximum of T + 5 days.	₹ 100/- per day of delay beyond T + 5 days, to the credit of the account holder.



ii		Card Transaction	
a	<u>Card to card transfer</u> Card account debited but the beneficiary card account not credited.	Transaction to be reversed(R) latest within T+1 day, if credit is not effected to the beneficiary account.	₹ 100/- per day of delay beyond T+1 day.
b	<u>Point of Sale (PoS) (Card Present) including Cash at PoS</u> Account debited but confirmation not received at merchant location i.e., charge-slip not generated. <u>Card Not Present (CNP) (e-commerce)</u> Account debited but confirmation Not received at merchant's system	Auto-reversal within T+5 days.	₹ 100/- per day of delay beyond T+5 days.
iii		Immediate Payment System (IMPS)	
a	Account debited but the beneficiary account is not credited.	If unable to credit to beneficiary account, auto reversal (R) by the Beneficiary bank latest on T + 1 day.	₹100/-per day if delay is beyond T + 1 day.
iv		Unified Payments Interface (UPI)	
a	Account debited but the beneficiary account is not credited (transfer of funds).	If unable to credit the beneficiary account, auto reversal (R) by the Beneficiary bank latest on T + 1 day.	₹100/-per day if delay is beyond T + 1 day.
b	Account debited but transaction confirmation not received at merchant location (payment to merchant).	Auto-reversal within T+5 days.	₹100/-per day if delay is beyond T + 5 days.
Sl. no.	Description of the incident	Framework for auto-reversal and compensation	
		Timeline for auto-reversal	Compensation payable
I	II	III	IV



v	Aadhaar Enabled Payment System (including Aadhaar Pay)		
a	Account debited but transaction confirmation not received at merchant location.	Acquirer to initiate "Credit Adjustment" within T+5 days.	₹100/-per day if delay is beyond T + 5 days.
b	Account debited but beneficiary account not credited.		
vi	Aadhaar Payment Bridge System(APBS)		
a	Delay in crediting beneficiary's account.	Beneficiary bank to reverse the transaction within T + 1 day.	₹100/-per day if delay is beyond T + 1 day.
vii	National Automated Clearing House(NACH)		
a	Delay in crediting beneficiary's Account or reversal of amount.	Beneficiary bank to reverse the un-credited transaction with in T +1 day.	₹100/-per day if delay is beyond T + 1 day.
b	Account debited despite revocation of debit mandate with the bank by the customer.	Customer's bank will be responsible for such debit. Resolution to be completed within T + 1 day.	

9a) Issue of ATM Debit Cards without written consent of customers:

Where the Bank had issued an ATM/ Debit card without written consent of the customer, which has been disputed by the customer without using the card, the said ATM/Debit card will be taken back by the Bank and cancelled. The Bank would not only reverse the charges, if levied, immediately but also 'pay compensation to the customer Rs.100/- if cancellation is done within 7 days of the representation and Rs.500/- for cancellation done after 7 days.

10) Compensation for delay in Pension Payment:

10.1 RBI has issued fresh guidelines for payment of compensation for delay in pension payment to the govt. Employees.

10.2 As per extant instructions, pension (normal pension) of Central / State Govt. pensioners should be credited to their account on any of the last four working days of each month, except the pension for March every year which will be credited on the first working day of April.



10.3 As regards disbursed revised pension / arrears, pensioners should get the revised pension / arrears on the last day of the succeeding month, after the month in which the concerned government announces the revision and date for implementation. In other words, each Agency Bank is getting adequate reaction time ranging from 30 to 60 days for the concerned department to obtain the revised parameters from the respective government and set the same in the CPSS for implementing the GO in time.

10.4 The concerned pensioner should be compensated for the delay beyond the due date (last date of the succeeding month subsequent to the month of issue of GO by the concerned government) at the rate of 8% (fixed rate) on the revised pension / arrears for the delay period. This compensation shall be credited to the pensioner's account automatically without any claim from the pensioner in respect of all delayed pension payments made since October 1, 2008.

10.5 In case of very complicated pension cases requiring reference back to the respective Government / govt. departments, the due date would commence from the date of obtention of final clarification from the government concerned.

11) Compensation for delay in Issuance of Duplicate Banker's Cheque

Duplicate BC will be issued within a fortnight from the receipt of such request from the customer thereof. For delay beyond the above stipulated period, interest at the rate applicable for fixed deposit of Corresponding period will be paid as compensation to the customer for such delay.

12) Payment of "at par" Cheques issued by other Banks

Bank will not pay any compensation, to the cheque holder, for dishonor of "at par" cheques issued by other banks, including co- operative banks, in the absence of adequate funds in the account on which cheques are issued even though the amount of the cheque may have been paid to the bank, which had issued the "at par" cheque.

RBI instruction stipulate that banks will not honour cheques drawn on current accounts maintained by other banks with it unless arrangements are made for funding cheques issued. Issuing bank should be responsible to compensate the cheque holder for non- payment of cheques in the absence of adequate funding arrangement.

13) Lenders liability: Commitments to borrowers

The Bank has adopted the principles of "Lenders' Liability" In terms of guidelines for "lenders' liability", and the "Code of Bank's commitment to customers" adopted by the Bank, the Bank would return to the borrowers all the



securities/documents /title deeds to mortgage property within 15 days of repayment of all dues agreed to or contracted, subject to any other right/lien/claim by the Bank till the relevant claim is settled/paid. If any right to set off is to be exercised for any other claim, Bank shall give due notice with full particulars about the other claims and retain the securities/documents/title to mortgaged property till the relevant claim is settled/paid.

In the event of loss of Title -deeds to mortgaged property at the hands of the Banks, the compensation will cover out of pocket expenses for obtaining duplicate documents on actual basis subject to a ceiling of Rs.5000/- plus a lump sum amount as decided by the Bank in the following manner "The Bank would pay the compensation for delay in return of securities/documents/title deeds to the mortgaged property beyond 15 days of repayment of all dues agreed to or contracted ,subject to above conditions, @ Rs.100/- per day (subject to maximum Rs. 5000/-) to the borrower.

14) Compensation for wrongful dishonour of cheques

Further, if the customer has suffered any loss incidental to return of a cheque or not carrying out of direct debit instructions due to insufficiency of balance on account of the unauthorized / erroneous debit, Bank will compensate the customer to the extent of such financial loss in addition to an amount equivalent to interest calculated on the unauthorized/erroneously debited amount at applicable Savings Bank rate, minimum Rs.100/-, besides refunding the cheque return charges.

14a) Payment of Cheques after Acknowledgement of Stop payment

Instructions:

The instruction for Stop Payment of cheque will be accepted at Home Branch /through Contact center/ Internet Banking (alternate channel). In case a cheque has been paid after stop payment instruction is acknowledged by the Bank, Bank shall reverse the debit on account of stopped cheque with value dated credit within two working days of the customer intimating the transaction to the Bank and also compensate the customer with Rs.100/-. However, no compensation will be paid if cheque has been paid prior to acknowledgment of instructions for stop payment of cheque.

15) Violations of Bank's Agents

In the event of receipt of any complaint from the customer that the Bank's representatives / couriers, or any other agent (DSA) either engaged in any improper conduct or acted in violation of the Code of the Bank's commitment to customers



which the Bank has adopted voluntarily, the Bank shall take appropriate steps to investigate and redress the complaint and endeavour to communicate to the customer within 7 working days from the date of receipt of complaint and, where justified, may compensate the customer suitably for financial loss as decided by the Bank. Also, necessary steps will be taken, if required as per Bank's decision, to prevent recurrence of similar complaints.

16) Timeline for payment of compensation

The timeline for payment of compensation to the customers is varies with the different types of payments being made by the Bank. the details are given in the Para no. 9(Page no.6 to 8).

17) Authority for payment of compensation

The Authority for payment of compensation vests generally with the Branch Manager who is guided by the circulars issued by Head Office from time to time. However, if the compensation amount exceeds the prescribed amount or if the compensation is awarded by Civil Court/Consumer Court/ Ombudsman etc, the compensation is paid by the branch only after the approval of the Head office.

18) Customers' responsibility

Bank will not be responsible for the loss to the customers due to customer's carelessness in keeping the Cheque book, passbook, cards, PIN or other security information and not following "Do's and Don'ts" issued by the Bank, until the Bank has been notified by the customer.

Bank will not be responsible for the loss to the customer, if the customer acts fraudulently and/or acts without reasonable care which has resulted in loss to him/her. Bank will also not be responsible for the losses arising out of misuse of lost PIN, sharing of passwords/secure or confidential information, suffered by the customer until the time the Bank has been notified of such loss and has taken steps to prevent its misuse.

18a) Limited Liability of a Customer in unauthorized electronic banking transactions:

1. Zero Liability of a Customer: A customer's entitlement to zero liability shall arise where the unauthorized transaction occurs in the following events:

- Contributory fraud/ negligence/ deficiency on the part of the bank (irrespective of whether or not the transaction is reported by the customer).



- Third party breach where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, and the customer notifies the bank within three working days of receiving the communication from the bank regarding the unauthorized transaction.

2. Limited Liability of a Customer: A customer shall be liable for the loss occurring due to unauthorized transactions in the following cases:

- In cases where the loss is due to negligence by a customer, such as where he has shared the payment credentials, the customer will bear the entire loss until he reports the unauthorized transaction to the bank. Any loss occurring after the reporting of the unauthorized transaction shall be borne by the bank.
- In cases where the responsibility for the unauthorized electronic banking transaction lies neither with the bank nor with the customer, but lies elsewhere in the system and when there is a delay (of four to seven working days after receiving the communication from the bank) on the part of the customer in notifying the bank of such a transaction, the per transaction liability of the customer shall be limited to the transaction value or the amount mentioned below, whichever is lower.

3. Maximum Liability of a Customer:

Type of Account	Maximum liability
• BSBD Accounts	Rs. 5,000/-
• All other SB accounts • Current/Cash Credit/Overdraft Accounts of MSMEs • Current Accounts/ Cash Credit/ Overdraft Accounts of Individuals with annual average balance (during 365 days preceding the incidence of fraud)/ limit up to Rs.25 lakh	Rs.10,000/-
• All other Current/Cash Credit/Overdraft Accounts • Creditcards with limit above Rs.5lakh	Rs.25,000/-

Further, if the delay in reporting is beyond seven working days, the customer liability is 50% of loss or Rs.25000/- whichever is lower.

18b) Disclaimer clause: Notwithstanding anything contained here above, the Bank shall not pay any compensation in the following cases:



- I. Any deficiency in regard to loans and advances activities of the Bank.
- II. Dishonour of at par payment agreement with other banks, due to non-funding and security compliance.
- III. Delays on account of non-functioning of business due to factors beyond the control of the bank the period covered by such events shall be omitted for calculation of delay etc.
- IV. Where the issues are sub-judice and pending before Courts, Ombudsman, arbitration, Government and matter put on hold due to stay.

18c) Force Majeure: The Bank shall not be liable to compensate customers under this Policy if some unforeseen event including but not limited to civil commotion, sabotage, lockout, strike or other labour disturbances, accident, fire, natural disasters or other "Acts of God", war, damage to the Bank's or its correspondent bank(s) systems, communication channels etc., beyond the control of the Bank, prevents it from performing its obligations within the specified service delivery parameters.

19) Compensation for delay in settlement of claims

19a) With respect to Deposit Accounts:

Claims to be settled within a period not exceeding 15 calendar days from the date of receipt of all the required documents associated with the claim. For delay in settlement, Compensation shall be paid in the form of interest, at a rate not less than the prevailing Bank Rate + 4% per annum, on the settlement amount due for the period of delay

19b) With respect to Safe Deposit Lockers:

Bank shall within 15 calendar days of receipt of all the required documents, process the claim. In case of delay, compensation to the claimant(s) to be paid at the rate of ₹5,000 for each day of delay.

20) Review of the Policy:

The policy shall be reviewed annually or as and when required by the Top Management or whenever changes/guidelines are issued by NABARD/RBI, from time to time.



