



## **Policy on Bank Deposits with effect from 1<sup>st</sup> January, 2024**

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## **1. PREAMBLE**

Banks accept deposits from public for the purpose of lending. This is one of the most important functions of a Bank. In fact, depositors are the major stakeholders of the Banking System. Depositors and their interests form the key area of the regulatory framework for banking in India and this has been enshrined in the Banking Regulation Act, 1949. The Reserve Bank of India is empowered to issue directives on interest rates on deposits and other aspects regarding conduct of deposit accounts from time to time. With liberalization in the financial system and deregulation of interest rates, banks are now free to formulate deposit products within the broad guidelines issued by RBI. This Deposit Policy has been drawn up within the broad guidelines issued by the Reserve Bank of India vide its Master Circulars/Directions.

## **2. SCOPE OF THE POLICY**

This policy document on deposits outlines the guiding principles in respect of formulation of various deposit products offered by the Bank and terms and conditions governing the conduct of the account. The document recognizes the rights of depositors and aims at dissemination of information with regard to various aspects of acceptance of deposits from the members of the public, conduct and operations of various deposits accounts, payment of interest on various deposit accounts, closure of deposit accounts, settlement of claim/s of deposits of deceased depositors, etc., for the benefit of customers. The Policy aims to educate the employees of the Bank and public in general about the various methods adopted by the Bank for handling deposit accounts under various circumstances.

## **3. OBJECTIVE OF THE POLICY**

It is expected that this document will impart greater transparency in dealing with the individual customers and create awareness among customers of their rights. The ultimate objective is that the customer will get services they are rightfully entitled to receive without demand. While adopting this Policy, the Bank reiterates its commitments to individual customers outlined in the Bankers' Fair Practice Code of the Indian Banks' Association. This document is a broad framework under which the rights of common depositors are recognized.

## **4. PROVISIONS OF THE POLICY**

While adopting this policy, the bank reiterates its commitments to individual customers outlined in the code of Banks Commitment to Customer adopted by the Bank. This document is a broad framework under which the rights of common depositors are recognized. Detailed operational instructions on various deposit schemes and related services will be issued from time to time.

## **5. TYPES OF DEPOSIT ACCOUNTS:**

The Bank offers various deposit products under various names. All these can be categorized broadly in to the following types:-

- a) "Savings deposits" means a form of interest bearing demand deposit which is a deposit account whether designated as "Savings Account", "Savings Bank Account", "Savings Deposit Account", "Basic Savings Bank Deposit Account (BSBDA)" or other account by whatever name called which is subject to restrictions as to the number of withdrawals as also the amounts of withdrawals permitted by the Bank during any specified period.

- b) "Current Account" means a form of non-interest demand deposit wherefrom withdrawals are allowed any number of times depending upon the balance in the account or up to a particular agreed amount and shall also be deemed to include other deposit accounts which are neither Savings Deposit nor Term Deposit.
- c) "Term deposit" means interest bearing deposit received by the Bank for a fixed period and shall also include deposits such as Recurring/Cumulative /Annuity/Reinvestment deposits, and cash certificates, etc.
- d) "Bulk Term Deposit" means Single Rupee term deposits of Rupees one crore and above.
- e) "Non-Callable Term Deposit" means term 'deposits without premature withdrawal option'. Premature closure of non-callable term deposit can only be allowed in circumstances as given below;
  - i) Death of depositor/first depositor in case of joint account
  - ii) Bankruptcy of the depositor/s
  - iii) In case of specific order from Government/Regulator
  - iv) In case of court order
  - v) In case of any other special circumstances/exigencies.
  - vi) For the case mentioned in point no (v) the power for premature closure of non-callable deposits will be vested with the Asset Liability Committee (ALCO) of the Bank.

**SPECIFIC TERMS AND CONDITIONS APPLICABLE TO NON CALLABLE DEPOSITS:**

- a) The deposits will not be allowed to be closed before maturity. However, if the customer requires funds before maturity, overdraft/loan may be allowed on the deposits, provided there is no earlier lien charge on the deposit, subject to other terms & conditions.
- b) The Bank may allow premature withdrawal of these deposits in the exceptional circumstance such as in the event of any direction from any judiciary/statutory and/or regulatory authorities or deceased claim settlement cases. In the event of premature withdrawal of these deposits, interest to be paid at the prevailing card rate of 'deposits with premature withdrawal option' for the period for which the deposit was actually held with the Bank. Penal Interest (as decided by the Bank from time to time and informed to the customer at the time of placing the deposits) on the applicable rate as per for the actual period run will be charged in case of premature closure of FDs, except in case of deceased claim settlement.
- c) The FD under the scheme will have cumulative interest which will be paid at the time of maturity. Interest Payout option will not be available.
- d) Auto-renewal instructions for non-callable deposits will be registered if the customers opts for the same.

**6. DEPOSITS**

Deposits in account can be made by way of cash, cheques, electronic transfers, ECS, or through any other means which may come into usage after giving due notice on the Bank's web-site. Cash Deposits at home and non-home branches are subject to certain restrictions and may also involve cash handling charges.

## 7. WITHDRAWALS

Withdrawals in account can be by way of Cheques, Withdrawal forms, through the use of ATM's, POS machines, by means of electronic transfer through Internet, by use of biometric cards, by giving Standing Instructions to the Bank, ECS Instructions or through any other means which may come into usage after giving due notice on the Bank's web-site. However, amount in withdrawal slip and cheque for cash withdrawal should be in round rupees. Also amount of cash withdrawal done through withdrawal slip cannot be more than Rs 20,000.00 per day.

## 8. APPLICABILITY OF THE POLICY

The Policy is applicable to all customers of the Bank and outlines the principles for identification of all customers across the Bank within the framework specified by Reserve Bank of India (RBI). It is intended to be read, understood and practiced by all the employees who directly or indirectly service the customers. The Policy covers all types of deposit products mentioned herein except Foreign Currency Non-Resident (Banks) i.e. FCNR (B) and Resident Foreign Currency (RFC) deposit accounts for which a separate policy has been put in place.

## 9. PRODUCT APPROVAL PROCESS

New deposit products will be introduced, and existing products will be modified by the Bank after a thorough study is made of the product, market study of similar products available in the market and customer expectation for such products. The views and opinions of customers received through branches/ Zonal Offices may also be considered while designing new products and modifying existing products. While formulating new products, the guidelines/directions issued by Reserve Bank of India will be complied with. All new products and modifications of existing products will be reviewed by the executive/s of all departments involved in the product journey/process; executive/s of Finance, Compliance, Integrated Risk Management, AML & Legal departments of the Bank as necessary; and approved by the Board of Directors before being implemented.

## 10. ACCOUNT OPENING AND OPERATION OF DEPOSIT ACCOUNTS:

- 10.1) The Bank before opening any deposit account will carry out due diligence as required under "**Know Your Customer**" (KYC) guidelines issued by RBI and or such other norms or procedures adopted by the Bank.
- 10.2) The bank is committed to provide basic banking services to disadvantaged sections of the society. Banking services will be offered to them through Basic Savings Bank Deposit Accounts (BSBDA) and Small Savings Accounts will be opened with relaxed customer acceptance norms as per regulatory guidelines.
- 10.3) Customer can also avail other banking product and services offered by the Bank from time to time, such as-
  - a. Debit card- The Bank will issue Debit cards to customers having Saving Bank/Current Accounts as per product terms. Charges are levied on debit card transactions within stipulated benchmark as per regulatory guidelines.
  - b. Mobile and Internet banking- Bank offers facilities of Internet banking – both personal and corporate for its Savings / Current Accounts as per product terms. Bank offers Mobile Banking facility to its customers. Use of mobile banking services for cross border inward and outward transfers is strictly prohibited.

- 10.4) The due diligence process, while opening a deposit account will involve satisfying the Bank about the identity of the person, verification of address, satisfying about his occupation, source of income and obtaining recent photographs of the person/s opening/ operating the account.
- 10.5) The Bank will not open any new account where the identity of the customer matches with banned entities such as individual terrorists or terrorist organizations etc. The list of such suspected entities is updated in AML package.
- 10.6) The account opening forms and other relevant material would be provided to the prospective depositor by the Bank. The same will contain details of information to be furnished and documents to be produced for verification and/or for record. The Bank official opening the account will also explain the procedural formalities and features of product when customer approaches the Bank for opening a deposit account.
- 10.7) As per amendment in RBI Master Direction on KYC, officially valid documents (OVDs) would include Aadhaar, voter's id, and passport, driving license, NREGA Job card and letter issued by National Population Register. The list of OVDs / deemed to be OVDs along with the requirements are covered separately under KYC policy of the Bank.
- 10.8) The regulatory guidelines require banks to categorise customers based on risk perception and prepare profiles of customers for the purpose of transaction monitoring. Inability or unwillingness of a prospective customer to provide necessary information/details could result in the bank not opening an account.
- 10.9) Inability of an existing customer to furnish details required by the bank to fulfill statutory obligations could also result in closure of the account after due notice(s) is provided to the customer or will result in partial freezing and subsequently total freezing of the account after due notice is provided to the customer.
- 10.10) For deposit products like Savings Bank Account and Current Account, the Bank will normally stipulate certain minimum balances to be maintained as part of terms and conditions governing operation of such accounts. Failure to maintain minimum balance in the account will attract levy of charges as specified by the Bank from time to time, as per the extant RBI guidelines. For Savings Bank Account, the Bank may also place restrictions on number of transactions, cash withdrawals, etc., allowed for given period. Similarly, the Bank may specify charges for issue of cheque books, additional statement of accounts, duplicate pass book, folio charges, etc. All such details, regarding terms and conditions for operation of the accounts and schedule of charges for various services provided shall be communicated to the prospective depositor while opening the account.)
- 10.11) For Savings accounts, the charges for non-maintenance of minimum balance to be maintained by customer will be proportionate to the extent of shortfall observed. The shortfall from the stipulated average quarterly balance will be calculated for first two months and in case of default, SMS about non- maintenance of minimum balance will be sent in the 1<sup>st</sup> week of second month & third month of every quarter advising the customer to restore the balance in the account. If the minimum balance is not restored within one-month, penal charges will be recovered.
- 10.12) If customer is not happy about the choice of current / savings account, they may approach branch to switch to any other account variant offered by us. Alternatively, customer may ask for closure of the account along with any interest it may have earned. No penal charges will be applied in such cases if closure is requested within 14 days of account opening.

- 10.13) Savings Bank Accounts can be opened for eligible person / persons and certain organizations / agencies (as advised by Reserve Bank of India (RBI) from time to time. Current Accounts can be opened by individuals /proprietary concerns/ partnership firms / Private and Public Limited Companies / HUFs / Specified Associates / Societies / Trusts, Limited Liability Partnership etc. Term Deposits Accounts can be opened by individuals / partnership firms / Private and Public Limited Companies / HUFs/ Specified Associates / Societies / Trusts, Limited Liability Partnership etc. subject to RBI guidelines and other statutory guidelines in this regard.
- 10.14) Deposit accounts will be opened for an individual in his own name (known as account in single name) or for more than one individual in their own names (known as joint account). Saving bank and term deposit accounts will also be opened for a minor operated by any one guardian (natural /legal guardian/ Father / Mother) (known as Minor's Account). Minors above the age of 10 years will also be allowed to open and operate Savings Bank account independently. Deposits in the account of minors operated by themselves or any natural guardian will have restrictions as per Govt. /RBI guidelines.
- 10.15) The due diligence process while opening a deposit account will involve verification of the person's identity and address, satisfying about his/her occupation and source of income. Obtaining recent photograph of the person/(s) opening / operating the account is part of due diligence process. While opening a business account, due diligence will involve obtaining information on the purpose and intended nature of the business. It also involves determining whether a client is acting on behalf of a beneficial owner, identifying the beneficial owner and taking all steps to verify the identity of the beneficial owner.
- 10.16) In addition to the due diligence requirements, under KYC norms the Bank is required by law to obtain Aadhaar Number, Permanent Account Number (PAN) or alternatively declaration in Form No. 60 or 61 as specified under the Income Tax Act / Rules. FATCA declaration can also be necessarily required for account opening if requested by Bank.
- 10.17) **Joint Account Operations**
- a. The Joint Account opened by more than one individual can be operated by single individual or by more than one individual jointly. The mandate for operating the account can be modified with the consent of all account holders.
  - b. The joint account holders can give any of the following mandates for the disposal of balance in the above accounts:
    - i. **Either or Survivor** : If the account is held by two individuals say, A & B, the final balance along with interest, if applicable, will be paid to either of the account holders i.e. A or B, on date of maturity or to the survivor on death of anyone of the account holders.
    - ii. **Former or Survivor**. If the account is held by two individuals say, A & B, the final balance along with interest, if applicable, will be paid to former only i.e. A on date of maturity and to the survivor on death of any one of the account holders.



- iii. **Anyone or Survivor:** If the account is held by more than two individuals say, A, B and C, the final balance along with interest, if applicable, will be paid to any of the account holders i.e. A or B or C, on date of maturity. On the death of any one of account holder say A, the final balance along with interest if applicable, will be paid to any two of the surviving account holders i.e. B or C. On the death of any two of account holder say A and B, the final balance along with interest if applicable, will be paid to surviving account holder i.e. C.
- iv. **Jointly by all/ All Jointly:** If the account is held by more than two individuals say, A, B and C, the final balance along with interest, if applicable, will be paid to all jointly on maturity or the survivors jointly on death of any one account holder or to the last survivor.
- c. The above mandate for opening joint accounts/disposal of balances become operational from the date deposit account is activated. This mandate can be modified by the consent of all the account holders. In the normal circumstances premature closure of a joint deposit shall be permitted only if all the deposit holders sign a request to that effect.
- d. However if the joint depositors prefer premature withdrawal of deposits in accordance with the mandate of 'Either or Survivor', 'Anyone or Survivor' or 'Former or Survivor', bank may allow premature withdrawal of term deposits to the surviving depositor/s without seeking concurrence of legal heirs of the deceased deposit holder, provided all the depositors have given a specific joint mandate for the said purpose at the time of opening the account or any time subsequently during the tenure of the deposit.
- e. In case any one of the account holder from joint account approaches Branch to stop the operation in the account, then branch will immediately debit freeze the account and refer the case to Legal Department for resolution.
- f. At the request of the depositor, the Bank will register mandate / power of attorney given by him/her authorizing another person to operate the account on his/her behalf.

**10.18) Nomination facility**

- a. Nomination is available on all deposit accounts opened by the individuals. Nomination is also available to a sole proprietary concern account. Nomination can be made in favor of one individual only. Nomination can be made in favor of a minor also, and in such case, the depositor/s will have to appoint another person who is not a minor to receive the amount on behalf of the minor.
- b. Nomination so made can be cancelled or changed by the account holder/(s) any time. While making nomination, cancellation or change thereof, it is required to be witnessed by a third party if the account holder is illiterate. In case of Joint Accounts, Nomination can be modified by the consent of all account holders. When the customer opts for nomination facility for any account, the phrase "nomination registered" is printed in the Passbook/Term Deposit Receipt.
- c. Attestation of two witnesses on the nomination forms would be required only if the form carries the thumb impression of the account holder. Attestation by the witness is not required in case the form is signed by the account holder.
- d. Bank recommends that all depositors avail nomination facility. Unless the customer prefers not to nominate, (this may be recorded, without giving scope for conjecture of non-compliance) nomination should be a rule, to cover all existing and new accounts.



- e. The nominee, in the event of death of the depositor/s, would receive the balance outstanding in the account as a trustee of legal heirs. The depositor will be informed of the advantages of the nomination facility while opening a deposit account.
  - f. If the person opening the account does not want to nominate anybody, a specific letter (which can either be part of the account opening form or a separate letter) to that effect that he does not want to make nomination is to be obtained from the person. In case the person opening the account declines to give such a letter, the fact shall be recorded on the account opening form and account will be opened if he is otherwise found eligible.
- 10.19) **Photographs:** The Bank will obtain recent photographs of the customer and the same shall be affixed on the account opening form.
- 10.20) The Bank will follow all the prescribed KYC guidelines. A detailed checklist of all the essential documents is made available at the branches and displayed on the website. Similarly, the various service charges associated with savings and current accounts is displayed at the branches and on website.
- 10.21) The deposit accounts may be transferred to any other branch of the Bank at the written request of the depositor.
- 10.22) A statement of account will be provided by the bank to Savings Bank as well as Current Deposit Account holders periodically in physical or electronic form, as opted for by the customer, as per terms and conditions of opening of the account. Alternatively, the bank may issue a Pass Book to Savings Bank account holders if opted for the same by the customer.
- 10.23) Introduction is not mandatory for opening accounts. Obtaining introduction(if required) of the prospective depositor from a person acceptable to the bank and obtaining recent photograph of the person/s opening/operating the account are part of due diligence process.
- 10.24) **Other Safeguards:**
- a. Quoting of PAN –MANDATORY - As per RBI guidelines, IT Permanent Account Number (PAN) of customers shall be obtained and verified while undertaking transactions as per the provisions of Income Tax Rule 114B applicable to Banks. Keeping in mind the procedures followed to monitor the account transactions for submission of PAN and to ensure compliance to these provisions, it is decided that quoting of PAN shall be mandatory for individuals, authorized signatories and entities while opening new deposit accounts and sanctioning new advances.
    - i. **CASA:** It is mandatory to obtain PAN for all resident, NRIs/PIOs, authorized signatories, entities while opening new CASA accounts. It is also made mandatory for existing customers opening new CASA accounts. Exceptions to the above rule-BSBDA, Small Savings Account, Janhit Accounts, Self Help Group, Area Level Federation, Joint Liability Group, Foreign Nationals, Foreign Directors, and any other specific account schemes/products approved by the Board from time to time.
    - ii. **Term Deposit:** PAN shall be mandatory for all resident, NRIs/PIOs, authorized signatories, entities while opening new TD accounts. It is also made mandatory for existing customers opening new TD accounts. Exceptions to the above rule-
      - Foreign Nationals and Foreign Directors are not required to submit PAN
      - Customers who do not have PAN shall submit Form 60 as per prevailing IT rules

- b. FATCA Declaration
- c. BO (Beneficiary ownership) declaration wherever applicable.
- d. Bank offers various choice of electronic channels to customer for conducting their banking transactions which includes-ATM, Internet Banking, mobile banking, SMS banking, etc. Wherever such electronic facilities are offered as a part of the basic account/product, bank will obtain specific consent of the customers after explaining the risk associated for availing the facility.
- e. Standing instructions can be given to the Bank for transfer/remittance of funds from one account to other account(s) maintained in the same branch or any another branch of the bank.
- f. Any remittance of funds by way of demand draft, RTGS/NEFT/IMPS etc. for value of rupees fifty thousand and above shall be affected by debit to the customer's account or against cheques and not against cash payment. Further, the name of the purchaser shall be incorporated on the face of the demand draft by the branch.

**g. Opening of Current Accounts - Need for discipline**

The Bank shall, at the time of opening current account, insist on a declaration to the effect that the account holder is not enjoying any credit facility with any other bank. Current accounts of entities which enjoy credit facilities (fund based or non-fund based) from the banking system shall not be opened without specifically obtaining a No-Objection Certificate from the lending bank(s). Bank may however open current account of prospective customer in case no response is received from the existing bankers after a minimum waiting period of a fortnight. If a response is received within a fortnight, bank shall assess the situation with reference to information provided on the prospective customer by the bank concerned and may not solicit a formal no objection.

In case of a prospective customer who is a corporate or large borrower enjoying credit facilities from more than one bank, the bank shall exercise due diligence and inform the consortium leader, if under consortium, and the concerned banks, if under multiple banking arrangement

**10.25) Suo Motu closure of Saving and Current Account**

The Bank shall close accounts, which are considered undesirable and un-remunerative. These accounts shall be closed only after sending proper written notice to the customer, at the address of the customer as per Bank's records. Examples of undesirable and un-remunerative features are;

- a) Drawing cheques without funds
- b) Fraudulent transactions in the account which may expose the Bank to unnecessary risks
- c) Accounts wherein transactions (such as huge cash transactions) disproportionate to the known profile of the customer, are being made
- d) Accounts in which, in the opinion of the Bank, transactions having Money Laundering angle are being conducted
- e) Accounts in which Bank is not able to apply appropriate KYC measures due to non-furnishing of information by the customer and/or non-cooperation in this regard
- f) Non-compliance of minimum balance requirements for current and saving account as applicable to the relevant scheme/product.

## **11. CASA DEPOSITS**

- A) CASA deposits refer to Current Accounts Deposits and Savings Accounts Deposits. This policy inter alia contains the broad framework for CASA deposits. Detailed operational instructions and features of various deposit schemes are being issued from time to time. Under CASA, Bank will provide variants of current and savings deposits to cater to needs of different customer groups based on balances maintained and charges on various services availed through the accounts. Details of all the Deposit Schemes are also available in Bank's website.
- B) Payment of interest in Savings Accounts- Interest is calculated on a daily basis at the rate specified by SVC Bank in accordance with Reserve Bank of India directives. The interest amount calculated is rounded off to the nearest rupee. The interest will be paid half yearly in September and March.

## **12. EXTENSION OF ALTERNATE DELIVERY CHANNELS TO SAVINGS BANK & CURRENT DEPOSIT ACCOUNT HOLDERS**

The bank offers choice of electronic channels to customers for conducting their banking transactions. The choice of electronic channels currently includes ATM, Internet banking, mobile banking including SMS banking facility and phone banking and may be extended to other delivery channels in future. Wherever such electronic facilities are offered as a part of the basic account/product, bank will obtain specific consent/declaration of the customers after explaining the risk associated for availing the facility.

## **13. INTEREST PAYMENTS**

13.1) The Bank shall pay interest on deposits of money (other than current account deposits) accepted by it or renewed by it in its Domestic, Ordinary Non-Resident (NRO) and Non-Resident (External) Accounts (NRE) deposit account on the terms and conditions specified in these directions:

- (a) There shall be a comprehensive policy on interest rates on deposits duly approved by the Board of Directors or any committee of the Board to which powers have been delegated.
- (b) The rates shall be uniform across all branches and for all customers and there shall be no discrimination in the matter of interest paid on the deposits, between one deposit and another of similar amount, accepted on the same date, at any of its offices.
- (c) Interest rates payable on deposits shall be strictly as per the schedule of interest rates disclosed in advance
- (d) The rates shall not be subject to negotiation between the depositors and the Bank.
- (e) The interest rates offered shall be reasonable, consistent, transparent and available for supervisory review/scrutiny as and when required.
- (f) All transactions, involving payment of interest on deposits shall be rounded off to the nearest rupee for rupee deposits.
- (g) Deposits maturing on a Sunday / holiday / non-business working day
  - i) If a term deposit is maturing for payment on a Sunday / holiday / non-business working day, the Bank shall pay interest at the originally contracted rate on the original principal deposit amount for the Sunday / holiday / non-business working day, intervening between the date of the maturity of the specified term of the deposit and the date of payment of the proceeds of the deposit on the succeeding working day.

- ii) In case of reinvestment deposits and recurring deposits, the Bank shall pay interest for the intervening non-business working day on the maturity value.

**13.2) Interest Rate on domestic Saving Deposits**

In addition to the conditions laid down in section 13.1 above, interest on domestic rupee savings deposits shall be subject to the following:

Interest on domestic rupee savings deposits shall be calculated on a daily product basis as under:

- (a) A uniform interest rate shall be set on balance up to Rupees one lakh, irrespective of the amount in the account within this limit.
- (b) Differential rates of interest, as approved by the Board of Directors of the Bank or any other committee to which such powers have been delegated by the Board of Directors may be provided for any end-of-day savings bank balance exceeding Rupees one lakh.

**13.3) Interest Rates on domestic Term Deposits**

- (a) In addition to the conditions laid down in section 13.1 above, interest rates on term deposits shall vary only on account of one or more of the following reasons:

- i) **Tenor of Deposits:** The Bank shall have the freedom to determine the maturity / tenor of the deposit subject to the condition that minimum tenor of the deposit offered shall be seven days.

- ii) **Size of Deposits:** Differential interest rate shall be offered only on bulk deposits, Provided that differential interest shall not be applicable on deposit schemes framed on the basis of the Bank Term Deposit Scheme, 2006. Further details in this regard are given in section 13.13 of the policy.

- iii) **Non- availability of premature withdrawal option:** The Bank shall have the freedom to offer term deposits without premature withdrawal option, Provided that all term deposits accepted from individuals (held singly or jointly) and Hindu Undivided Families for amount of Rupees one crore and below shall have premature-withdrawal-facility.

- b) **Payment of Interest on pre-mature withdrawal:** The interest rates applicable on term deposits withdrawn before the maturity date shall be as under:

- i) Interest shall be paid at the rate applicable to the amount and period for which the deposit remained with the Bank and not at the contracted rate.

- ii) No interest shall be paid, where premature withdrawal of deposits takes place before completion of the minimum period of Number of days as specified in the interest rate on deposit circular, which shall not be less than seven days as per RBI guidelines/directions.

- iii) The Bank shall declare their penal interest rates policy for premature withdrawal of term deposit. Further details in respect of penal interest are given in section 13.8 of this policy.

**13.4) Payment of Additional Interest on domestic deposits**

- (a) The Bank shall, at its discretion, allow additional interest of one per cent per annum, over and above the rate of interest mentioned in the schedule of interest rates on savings or term deposits of banks staff- the detailed policy in this regard will be guided by the direction of RBI from time to time. Further details are given in section 36 of the policy.

- (b) The Bank shall, at its discretion, formulate term deposit schemes specifically for resident Indian senior citizens, offering higher and fixed rates of interest as compared to normal deposits of any size, Provided that this facility is not offered on the term deposit standing in the name of an HUF or the Karta of the Hindu Undivided Family (HUF), even if the Karta is a resident Indian senior citizen.
- 13.5) Interest on overdue domestic deposits: The rate of interest to be paid on renewal of overdue term deposits shall be subject to the stipulation contained in section 13.1. If a Term Deposit (TD) matures and proceeds are unpaid, the amount left unclaimed with Bank shall attract rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower. Please refer to section 20 for more details.
- 13.6) Periodicity of payment of interest on domestic savings deposits
  - a. Interest on savings deposit shall be credited at quarterly or longer intervals.
  - b. Interest on savings bank accounts, including those frozen by the enforcement authorities, shall be credited on regular basis irrespective of the operational status of the account.
- 13.7) Interest payable on the domestic deposit account of deceased depositor. The rate of interest on matured deposits standing in the name of a deceased individual depositor, or two or more joint depositors, where one of the depositors has died, shall be subject to the conditions laid down in section 13.1
- 13.8) Penalty on premature withdrawal of domestic term deposit
  - a. In the event of premature withdrawal of deposits, interest to be paid at the prevailing card rate of 'deposits with premature withdrawal option' for the period for which the deposit was actually held with the Bank. Penal Interest (as decided by the Bank from time to time and informed to the customer at the time of placing the deposits) on the applicable rate as per for the actual period run will be charged in case of premature closure of FDs, except in case of deceased claim settlement. The Bank may at its discretion, subject to approvals as per delegations specified in internal circulars, reduce/waive off the penal interest, upon request from the customer, if the amount of the deposit being prematurely closed is deposited with the Bank again for a tenure longer than the residual tenure of the deposit being prematurely closed.
  - b. The components of penalty shall be clearly brought to the notice of the depositors at the time of acceptance of deposits. If not, no penalty shall be levied.
  - c. In case of splitting of the amount of term deposit at the request from the claimant/s of deceased depositors or Joint account holders, no penalty for premature withdrawal of the term deposit shall be levied if the period and aggregate amount of the deposit do not undergo any change.
- 13.9) The rate of interest on deposits will be prominently displayed in the branch premises. Changes, if any, with regard to the deposit schemes and other related services shall also be prominently displayed. These will also be displayed on the Bank's website.
- 13.10) The Bank has statutory obligation to deduct tax at source if the total interest paid / payable on all term deposits held by a person exceeds the amount specified under the Income Tax (IT) Act. Tax is deducted at the rate mentioned in the relevant provisions of the IT Act. Tax is deducted at current slab wherever IT Permanent Account Number (PAN) is not furnished.

- 13.11) Interest Rate on domestic Current account - No interest shall be paid on deposits held in current accounts. Provided that balances lying in current account standing in the name of a deceased individual depositor or sole proprietorship concern shall attract interest from the date of death of the depositor till the date of repayment to the claimant/s at the rate of interest applicable to savings deposit as on the date of payment.
- 13.12) The interest on the savings deposits account shall be calculated on daily product basis and paid at quarterly intervals in the months of March/April, June/July, September/October and December/January every year. Interest on savings bank accounts, including those frozen by the enforcement authorities, shall be credited on regular basis irrespective of the operational status of the account.
- 13.13) Additional interest on Domestic deposit For Bulk deposit, the Bank may, at its discretion, offer differential interest rate; approval for differential rates for such deposits will be as per delegation in circulars issued from time to time. Additional rate of interest will be discretionally decided by the Bank as per prevailing schedule of rate of interest of term deposit. If auto-renewal instructions are registered, the auto-renewal will be done at prevailing card rate.
- 13.14) Method of Calculation of Interest on Term Deposits
- For Long Term Deposits of Tenors 365 days and above, Compounding Interest is applied as follows:  

$$\text{Interest (I)} = P.V. * (1+r/n)^{nt}$$

(r =rate of interest, n = frequency of interest pay out during year and nt = frequency of interest pay out during tenure of Term Deposit)  
 This method calculates interest by taking into consideration compounding factor and compounding period and time.  
 For the excess broken period in months and broken period in days, the following formula is applied:  

$$I = (P*r*(\text{No. of Months}/12))/100 + (P*r*(\text{No. of Days}/365))/100$$
  - Term deposit (Monthly payout): Interest is paid at discounted value. Interest is calculated as per following formula:  

$$\text{Interest (I)} = (P.V. * r * n) / (12 * 100 + r)$$
  - For Long Term Deposits (Interest Payout Schemes): the following formula is applied for calculation of interest.  

$$I = (P*r*(\text{No. of Months}/12))/100 + (P*r*(\text{No. of Days}/365))/100$$
  - For Short Term Deposits (of Tenors less than 365 days) the following formula is applied for calculation of interest.  

$$I = (P*r*(\text{No. of Days}/365))/1002$$
  - For Recurring Deposits:
  - Interest on the Recurring Deposit is compounded quarterly. The following formula is be used to calculate the RD Interest Rate:  

$$M = R[(1+I)^n - 1]/(1-(1+I)^{-1/3})$$

In the above equation,  
 M = Maturity Value  
 R = Monthly Instalment  
 n = Number of Quarters  
 I = Rate of Interest/400
  - The maturity value is subject to deduction of Tax and Interest thereon. In case of recurring deposits the interest is added for compounding after application of TDS (Tax Deduction at Source).
    - 365 days is reckoning in a year, even in the case of leap year.



- ii. Interest payable on deposits is rounded off to the nearest rupee i.e. fraction of 50 paise and above is rounded off to the next higher rupee and fraction of less than 50 paise is ignored.
- 13.15) The Bank will issue a tax deduction certificate (TDS Certificate) for the amount of tax deducted. The depositor, if entitled to exemption from TDS can submit declaration in the prescribed format at the beginning of every financial year. This declaration filed in the prescribed format under IT Act shall not be valid unless the customer filing the declaration furnishes his PAN in such a declaration. In case of compounding interest scheme, compounding effect shall be reduced to the TDS amount.

#### 14. ACCOUNT OPENING OF DIFFERENT CATEGORIES OF INDIVIDUALS

##### 14.1) Accounts of Illiterate persons

- The Bank will open deposit accounts, other than current accounts, of illiterate persons. The accounts of such persons will be opened provided he/she calls on the Bank personally along with a witness who is known to both the depositor and the Bank.
- At the time of withdrawal / repayment of the deposit amount and / or interest, the account holder shall affix his / her thumb impression or mark in the presence of the authorized officer who will verify the identity of the person.
- The Bank will explain the need for proper care and safe keeping of the passbook given to the account holder. The Bank will explain the terms and conditions governing the account to the illiterate person.
- An illiterate person (who would affix thumb impression) person may open a Regular Savings Bank account and a Term Deposit in his sole name.
- Normally, no cheque book facility is provided for such Savings Bank Account. At the time of withdrawal/ repayment of deposit amount and/or interest, the account holder should affix his/ her thumb impression or mark in the presence of the authorized officer who should verify the identity of the person. The Bank will explain the need for proper care and safe keeping of the passbook etc. given to the account holder. The Bank official shall explain the terms and conditions governing the account to the illiterate person. No debit cards will be issued to such accounts.
- An Illiterate person (thumb impression)/ Blind person may open an account jointly with other person(s). No cheque book/debit card/netbanking facilities will be issued to such accounts. The mode of operations for such joint accounts would be as follows:

Type of Account	Mode of Operations	E Services / Cheque Book
Account opened by person Thumb impression –first holder Literate –second holder	Former or Survivor OR Jointly only	No Cheque Book/Debit card/Net Banking
Account opened by person Literate–first holder Thumb Impression –second holder	Jointly	No Cheque Book/Debit card/Net Banking
Joint account in which both the A/c holders are affixing thumb impression	Jointly	No Cheque Book/Debit card/Net Banking
More than two names and one of them with thumb impression and other two literates	Jointly only	No Cheque Book/Debit card/Net Banking

A literate person who opens an account and subsequently loses the ability to affix his signature due to an accident / old age and other health related issues does not fall in the category of an illiterate person with a thumb impression. Cheque Book/ Debit Card /Net Banking facilities provided to such accounts will continue despite the thumb impression that the customer may affix for banking transactions.

**14.2) Account of Visually Challenged Persons**

- a. Bank will facilitate opening of Saving Bank accounts as well as Term Deposit accounts of persons with visual impairment. Such accounts will be operated by the accountholder personally. Similarly, the operations of accounts through identification of thumb/toe impression/mark by two independent witnesses and authorizing a person who would withdraw the amount on behalf of such customers shall also be extended to the visually impaired customers.
- b. Such accountholders will have to be present before the branch official and affix thumb impression and they will be identified through their photograph to facilitate operations.
- c. Cheque Book Facility and Digital banking facilities via ATM and Internet banking are made available to enable visually challenged persons, without any discrimination, to operate their accounts.

**14.3) Accounts of persons with autism, cerebral palsy, mental retardation and multiple disabilities**

- a. Savings bank and term deposits can also be opened in the name of persons with autism, cerebral palsy, mental retardation and multiple disabilities, jointly or operated by the legal guardian appointed by the District Court/ Collector of District under Mental Health Act, 1987 or by the Local Level Committees set up under the National Trust for welfare of persons with autism, cerebral palsy, mental retardation and multiple disabilities under Disabilities Act, 1999.
- b. Hence a legal guardian so appointed can open and operate the bank account if he remains the legal guardian.
- c. Legal guardian, so appointed, will furnish an indemnity-cum-undertaking bond duly stamped as per the local law in force along with Guardianship Certificate.

**14.4) Accounts of Transgender persons**

- a. In case of a person claiming to be transgender and needs to open account or to do any banking transaction, the person will be recognized as "Third Gender" and the details shall be accepted in the Account Opening Forms(AOF)/ or other applicable forms as such. All transgender customers shall be treated equally to other male/ female customers without any discrimination and all kinds of banking services/products will be made available to them

**14.5) Operation of Bank Accounts by Old /Sick/ Incapacitated Customers - The old / sick / incapacitated account holder falls in the following categories**

- a. An account holder is too ill to sign a cheque and is unable to be physically present at the branch to do transactions but can put his/her thumb impression on the cheque/withdrawal form- in such case, thumb or toe impression of the sick/old/incapacitated account holder to be obtained in the presence of Bank official/s. It will be identified by two independent witnesses known to the branch, one of whom will be a responsible bank official.

- b. An account holder who is not only able to be physically present at the branch but also is unable to put his/her thumb impression on the cheque/withdrawal form due to certain physical defect/incapacity- in such cases a mark will be obtained on the cheque/withdrawal form which will be identified by two independent witnesses, one of whom will be a responsible bank official. The customer will be asked to indicate to the branch as to who would withdraw the amount from the Bank on the basis of cheque/withdrawal form as obtained above and that person shall be identified by two independent witnesses. The person who would be drawing the money from the branch will be asked to furnish his signature to the branch.
- c. In case, a person who has lost his both hands, the signature can be by means of a mark. This mark may be placed by the person in any manner. It could be toe impression also. It can be by means of mark which anybody can put on behalf of the person who has to sign, the mark being put by an instrument which has had a physical contact with the person who has to sign.

**14.6) Accounts of Senior citizen and differently abled persons:**

- a. The Bank with the permission of its Board may offer a higher rate of interest on term deposits to Senior citizens. All kinds of term deposit accounts attracting special rates for senior citizen can be opened jointly with any other person. In all the cases, the senior citizen must be the first holder. The approving authority for increasing the additional rate is ALCO during the currency of the Policy.
- b. Bank will render all possible assistance to senior citizens in carrying out banking transactions by providing personalized services, ensuring proper seating arrangement in banking hall, services through single window mechanism, submission of Life certificates at any of the branches, ease in filing Form 15G/H, permitting withdrawal of funds and issue of cheque book by persons authorized by senior citizens on production of authorization letter and passbook.
- c. Doorstep banking may be provided on specific requests for senior citizens more than 70 years of age and differently abled or infirm persons (having medically certified chronic illness or disability) including those who are visually impaired, for pickup of cash and instruments against receipt, delivery of demand drafts, submission of KYC documents, Life certificates at the premises /residences of such customers, within the RBI guidelines/directions in this regard

**14.7) Deposit schemes with lock-in period:** In the Finance Bill of 2006, the Government had announced Tax benefits to bank term deposits which are of 5-year tenure u/s 80C of IT Act, 1961. The bank's tax savings deposit scheme which is as per the prescribed sections of the IT Act, 1961 has a lock-in period of five years and hence premature withdrawal is not permitted. Premature withdrawal of this deposit is allowed only in case of death of first account holder without any penal interest. No Loan/Overdraft shall be given against these deposits.

**14.8) Minors' Accounts**

- a. Saving Bank account and Term Deposit Accounts including Recurring Deposits can be opened in the name of minor (known as Minor's Account) by natural guardian or guardian appointed by court (legal guardian). Minor will have only one Guardian and the same will be mapped for 'Tax Deduction at Source'.
- b. Minors above the age of 10 years- Bank may allow to open and operate savings bank account independently. KYC norms and due diligence of minor should be ensured while opening and operating these accounts. Additional banking facility of an ATM/ debit card is given to a self-operating Minor Account, subject to the safeguard that minor accounts are not allowed to be overdrawn and that these always remain in credit.

- c. On attaining majority on the same day account should be inoperative till the time customer converts the minor account to major with required KYC documents. Thus, banks should initiate the prior communication to Minor accounts that would attain to majority. On attaining majority, the erstwhile minor should confirm the balance in his/her account and if the account is operated by the natural guardian / guardian, fresh specimen signature of erstwhile minor duly verified by the natural guardian, fresh set of KYC Documents of the erstwhile minor, would be obtained and kept on record for all operational purposes.

**For Term Deposits held by Minor-** At the time (on or before the day) of maturity of the Term Deposits, if the Minor has attained Majority, the proceeds of such TD accounts will be credited to the source account from which the TD was created, irrespective of the maturity instructions of auto-renewal given to the Bank.

**15. Opening of NRE/NRO accounts:** Banks registered in States that have entered a Memorandum of Understanding (MOU) with Reserve Bank of India (Reserve Bank) for supervisory and regulatory co-ordination and those registered under the Multi State Co-operative Societies Act, 2002 and complying with the various norms as mentioned in the Act are eligible for authorization to maintain NRE accounts.

- Accordingly, the Bank will allow opening banking accounts of Non Resident Indians(NRIs)/Persons of Indian Origin (PIOs) under the directives / regulations / notifications of the Foreign Exchange Management Act (FEMA) 1999.
- The Bank allows opening of NRO account of foreign students studying in India. The detailed guidelines for opening of such accounts are given in the KYC and AML policy.
- The Bank will offer the following types of accounts for the NRIs/PIOs:
  - a. "NRE account" means a Non-resident External deposit account referred to in Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time.
  - b. "NRO account" means a Non-resident Ordinary deposit account referred to in Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time.
- Rupee deposits accepted from Non-resident Indians and persons of Indian Origin are maintained in the form of NRO & NRE accounts. Only individuals can open these accounts
  - c. **Non Resident Ordinary Account (NRO):** NRIs can open non-resident ordinary deposit accounts for collecting their funds from local bonafide transactions. NRO accounts being rupee accounts, the exchange risk on such deposits is borne by the depositors themselves. When a resident becomes an NRI, his/her existing rupee accounts are designated as NRO accounts. NRO accounts can also be opened to meet the requirements of foreign nationals resident in India. These accounts can be maintained as current, savings or Term deposit accounts. The interest rates applicable in these deposits are in accordance with RBI guidelines. However the interest earned is subjected to tax as per IT act. While the principal amount of NRO deposits is non-repatriable, current income and interest earned are repatriable.
  - d. **Non Resident (External) Rupee Account (NRE):** These accounts are opened with funds remitted to India through a banking channel from abroad. These accounts are maintained as current, savings or term deposit. NRE term deposit is accepted for a minimum period of one year as per RBI directives. Local payment can be made freely. This is a repatriable account and transfer of fund from another NRE or FCNR (B) account is also permitted. Since these accounts are maintained in rupees, the depositor is exposed to exchange risk for conversion into foreign currency.

**e. Permissible Debits and Credits in NRO Accounts**

**Credits**

- a) Proceeds of remittances received in any permitted currency from outside India through banking channels or any permitted currency tendered by the account-holder during his temporary visit to India or transfers from rupee accounts of non-resident banks.
- b) Legitimate dues in India of the account holder.
- c) Transfers from other NRO accounts.
- d) Any amount received by the account holder in accordance with the rules or regulations made under the FEMA and RBI regulations.

**Debits**

- a. All local payments in rupees including payments for investments subject to compliance with the relevant regulations made by the Reserve Bank.
- b. Remittance outside India of current income in India of the account holder net of applicable taxes.
- c. Transfers to other NRO accounts.
- d. Settlement of charges on International Credit Cards issued by authorized dealer/banks in India to NRIs or PIOs, subject to the limits for repatriation of balances held in NRO accounts specified in regulation 4(2) of Foreign Exchange Management (Remittance of Assets) Regulations, 2016.

**f. Permissible Debits and Credits in NRE Accounts:**

**Permitted Credits:**

- a. Proceeds of remittances to India in any permitted currency.
- b. Proceeds of personal cheques drawn by the account holder on his foreign currency account and of travelers cheques, bank drafts payable in any permitted currency including instruments expressed in Indian rupees for which reimbursement will be received in foreign currency, deposited by the account holder in person during his temporary visit to India, provided the Bank/Branch is satisfied that the account holder is still resident outside India, the travelers' cheques/ drafts are standing/endorsed in the name of the account holder and in the case of travelers' cheques, they were issued outside India.
- c. Proceeds of foreign currency/ bank notes tendered by account holder during his temporary visit to India, provided
  - i. The amount was declared on a Currency Declaration Form (CDF), where applicable, and
  - ii. The notes are tendered to the bank/branches in person by the account holder himself and the bank/branch is satisfied that account holder is a person resident outside India.
- d. Transfers from other NRE/FCNR (B) accounts.
- e. Interest accruing on the funds held in the account.
- f. Current income in India due to the account holder, subject to payment of applicable taxes in India.
- g. Maturity or sale proceeds of any permissible investment in India which was originally made by debit to the account holder's NRE/FCNR (B) account or out of remittances received from outside India through banking channels. Provided that the investment was made in accordance with the foreign exchange regulations in force at the time of making such investment.



- h. Refund of share/ debenture subscriptions to new issues of Indian companies or portion thereof, if the amount of subscription was paid from the same account or from other NRE/FCNR (B) account of the account holder or by remittance from outside India through banking channels.
- i. Refund of application/ earnest money/ purchase consideration made by the house building agencies/ seller on account of non-allotment of flat/ plot/ cancellation of bookings / deals for purchase of residential/ commercial property, together with interest, if any (net of income tax payable thereon), provided the original payment was made out of NRE/ FCNR (B) account of the account holder or remittance from outside India through banking channels and the bank is satisfied about the genuineness of the transaction.
- j. Any other credit if covered under general or special permission granted by Reserve Bank.

**Permitted Debits:**

- i) Local disbursements.
- ii) Remittances outside India.
- iii) Transfer to NRE/FCNR (B) accounts of the account holder or any other person eligible to maintain such account.
- iv) Investment in shares/ securities/ commercial paper of an Indian company or for purchase of immovable property in India provided such investment/ purchase is covered by the regulations made, or the general/ special permission granted by the Reserve Bank.
- v) Any other transaction if covered under general or special permission granted by the Reserve Bank
- k. Interest on deposits of money accepted or renewed under NRE/NRO deposit scheme shall be on the terms and conditions as specified ahead. Interest rates on NRE/NRO term deposits shall vary only on account of one or more of the following reasons:
  - i. **Tenor of Deposits:** Tenor shall be specified by the Bank, subject to RBI guidelines- Minimum tenor of NRE term deposits shall be one year and that of NRO term deposits shall be seven days.
  - ii. **Size of Deposits:** Differential interest rate shall be offered only on bulk deposits. Further details are given in section 13.13 of the policy.
- l. Interest rates on NRE/ NRO deposits shall not be higher than those offered by the banks on comparable domestic rupee term deposits.
- m. The benefit of additional interest rate on deposits on account of being Bank's own staff or senior citizens shall not be available to NRE and NRO deposits. Interest on savings deposits shall be credited at quarterly intervals.
- n. If an NRE account holder, immediately on return to India, requests for conversion of the NRE term deposit into Resident Foreign Currency Account (RFC), interest shall be paid as under:
  - i. If the NRE deposit has not run for a minimum period of one year, interest shall be paid at a rate not exceeding the rate payable on savings deposits held in RFC accounts.
  - ii. In all other cases, interest shall be paid at the contracted rate.

**Prohibition on marking lien** – The Bank/Branches shall not mark any type of lien, direct or indirect, against NRE saving deposits.

**Penalty on premature withdrawal of NRE Deposits** - Subject to the following:

- o. The components of penalty shall be clearly brought to the notice of the depositors at the time of acceptance of the deposits.



- p. No penalty shall be levied for premature withdrawal of NRE term deposits for conversion into Resident Foreign Currency (RFC) Account.
- q. Penalties for premature withdrawal shall be levied for conversion of NRE deposit into FCNR (B) deposit and vice versa.

**Interest payable on the NRE term deposit account of deceased depositor** - In case the claimants of an NRE term deposit account of a deceased depositor are residents, the deposit on maturity shall be treated as a domestic rupee term deposit and interest shall be paid for the subsequent period at a rate applicable to a domestic term deposit of similar maturity.

**Change of Residential Status of NRO Account Holder**

- a. From Resident to Non-resident - When a person resident in India leaves India for a country (other than Nepal or Bhutan) for taking up employment or for carrying on business or vocation outside India or for any other purpose indicating his intention to stay outside India for an uncertain period, his existing account should be designated as a Non Resident (Ordinary) Account.
- b. From Non- resident to Resident - NRO accounts may be re-designated as resident Rupee accounts on return of the account holder to India for taking up employment, or for carrying on business or vocation or for any other purpose indicating his intention to stay in India for an uncertain period.
- c. Where the account holder is only on a temporary visit to India, the account should continue to be treated as non-resident during such visit.

**Change Of Residential Status of NRE Account Holders** - NRE accounts should be re-designated as resident accounts or the funds held in these accounts may be transferred to the RFC accounts (if the account holder is eligible for maintaining RFC account) at the option of the account holder immediately upon the return of the account holder to India for taking up employment or for carrying on business or vocation or for any other purpose indicating intention to stay in India for an uncertain period. Where the account holder is only on a short visit to India, the account may continue to be treated as NRE account even during his stay in India

**16. OPENING/ OPERATION OF AN ACCOUNT UNDER THE REAL ESTATE (REGULATION AND DEVELOPMENT) ACT, (RERA)2016**

As per RERA Act, 2016 the promoter is required to deposit seventy per cent of the amount realized for the real estate project from the allottees/buyers in a separate account to be maintained in a scheduled bank to cover the cost of construction and the land cost and to be used only for that purpose. The detail guidelines regarding the opening and operations of the account are given in AML and KYC policy of the Bank.

**17. PREMATURE WITHDRAWAL OF TERM DEPOSIT**

- A) The Bank on request from the depositor/all depositors, at its discretion may allow withdrawal of term deposit before completion of the period of the deposit agreed upon at the time of placing the deposit. The Bank shall declare their penal interest rates policy for premature withdrawal of term deposit. Further details in respect of penal interest are given in section 13.8 of this policy.

- B) For term deposits booked up to 13th August, 2023, the maturity value will be as per the TD receipts issued to the customers (subject to TDS). However, if the customers choose to withdraw the TD before the date of maturity, the new formulae for calculation of interest as implemented w.e.f. 14th August, 2023, will be applied from the date of booking of the deposit.
- C) The Sweep in Sweep out Term Deposit facility is given to the Current/ Savings Account customers as per their request, subject to fulfilment of requirements and eligibility criteria specified by the Bank from time to time. Upon reaching the minimum balance threshold in the Current/ Savings Account, such Term Deposits will be automatically withdrawn on Last In First Out (LIFO) basis in order to fund the linked Current/Savings Account.

#### **18. PREMATURE WITHDRAWAL OF TERM DEPOSIT IN CASE OF DEATH OF ACCOUNT HOLDER**

- a. In case, any of the depositors expires before the maturity, pre-payment of the term deposit will be allowed without the concurrence of the legal heir of the deceased joint deposit holder, only if there is a joint mandate from the joint depositors to this effect either at the time of opening the account or any time subsequently during the tenure of the deposit.
- b. The premature withdrawal (in case of account holder death) will be allowed for all types of term deposit accounts at the rate of interest applicable on the date of deposit for the period the deposit remained with us and without any penal interest.
- c. Premature Repayment of Term Depositor in Banks with “Either or Survivor” or “Former or Survivor” mandate:
  - i) In case of Term Deposits with Either or Survivor or Former or Survivor mandate, banks are permitted to allow premature withdrawal of the deposit by the surviving joint depositor on the death of the other, only if there is a joint mandate from the joint depositors to this effect.
  - ii) The joint deposit holders may be permitted to give the mandate either at the time of placing fixed deposit or anytime subsequently during the term/tenure of the deposit. If such a mandate is obtained, banks can allow premature withdrawal of term/fixed deposits by the surviving depositor without seeking concurrence of the legal heirs of the deceased joint deposit holder. It is also reiterated that such premature withdrawal will not attract any penal charge.

#### **19. PREMATURE RENEWAL OF TERM DEPOSIT**

In case the depositor desires to renew the deposit by seeking premature closure of an existing term deposit account, the Bank will permit renewal at the applicable rate on the date of renewal, provided the deposit is renewed for a period longer than the balance period of the original deposit. While prematurely closing a deposit for the purpose of renewal, interest on the deposit for the period it has remained with the bank will be paid at the rate applicable on the date of deposit to the period for which the deposit remained with the bank and not at the contracted rate. Further, the bank may levy penalty for pre-mature closure of an existing deposit at such rates as may be decided by the bank from time to time. The penalty may be reduced/waived off by the Bank, at its sole discretion, upon request from the customer; approval for such a reduction/waiver of penal interest will be as per delegation in circulars issued from time to time.

## **20. RENEWAL OF OVERDUE TERM DEPOSITS**

When a term deposit is renewed on maturity, interest rate for the period specified by the depositor as applicable on the date of maturity would be applied on the renewed deposit. If request for renewal is received after the date of maturity, such overdue deposits will be renewed with effect from the date of maturity at interest rate applicable as on the due date, provided such request is received within 14 days from the date of maturity. In respect of overdue deposits renewed after 14 days from the date of maturity, interest for the overdue period will be paid at the prevalent SB rate of interest or contracted rate of the matured deposit whichever is less till the date of renewal. In case of withdrawal of the Term Deposit after 14 days, prevalent SB rate of interest or contracted rate of the matured deposit whichever is less will be paid from the date of maturity to date of closure of the account.

## **21. RENEWAL OF MATURED TERM DEPOSITS**

- a) The term deposit account holders at the time of placing their deposits can give instructions about closure of term deposit account or renewal of term deposit for further period on the date of maturity. In absence of such instructions, the Bank will automatically renew the deposit for the same period as that of the original deposit at the rate applicable on the date of maturity. The customer can also register/modify the maturity instructions prior to date of maturity by visiting the Branch where the TD has been booked.
- b) The auto renewal process is not applicable to certain type of deposits i.e. RD (Recurring deposit) and tax saving term deposit scheme under Section 80C of Income tax Act, 1961 wherein such deposits are credited on the date of maturity as per maturity disposal instruction given by the depositor.
- c) In order to maintain good customer relations, the Bank will follow the practice of sending maturity intimation through SMS to all depositors 7 days in advance and also after renewal. However, it is expected that the depositor will take necessary care to renew the deposit on due date to avoid loss of interest.
- d) In case any depositor wishes to renew the overdue deposit, which is not renewed under auto renewal process and if the request is received up to 14 days from the date of maturity such deposit will be renewed with effect from the date of maturity for the period as desired by the customer at interest rate applicable as on the maturity date. The same rule will be applied in case any depositor wishes to break the deposit confirmation advice created under auto renewal process and desires to keep the same in different products or get the payment of such renewed deposit confirmation advice.

## **22. ADVANCES AGAINST DEPOSITS**

The Bank may consider request of the depositor/s for loan / overdraft facility against term deposits on execution of necessary security documents. The Bank may also consider loan against deposit standing in the name of minor. However, a suitable declaration stating that loan sought is for benefit of the minor, is to be furnished by the depositor/applicant.

## **23. REPAYMENT OF TERM DEPOSITS**

On maturity Term Deposits may be renewed or closed. Maturity proceeds will be credited to the Account of the Deposit holder with the Bank. In case the deposit holder does not have an account with the Bank, the maturity proceeds will be paid by way of a Banker's Cheque / NEFT/NACH favoring the deposit holder. No third party payments are permitted.

Maturity proceeds cannot be paid in cash. Cash payment is permitted only if the maturity value does not exceed Rs 20,000/-. Maturity proceeds cannot be paid in cash even when a depositor holds multiple deposits with varying maturity dates, and where the maturity proceeds of any or all of those multiple deposits shall be less than Rs. 20,000/- individually, since cumulative holding of the depositor is required to be taken into account, to determine whether cash payment can be made or not.

#### **24. SECRECY OF CUSTOMERS ACCOUNTS**

The Bank shall not disclose details of the customers' accounts to a third person or party without the express or implied consent from the customer. However, there are some exceptions, viz. disclosure of information under compulsion of law, where there is a Bank's duty to the public to disclose the information and where interest of the Bank requires disclosure of information.

#### **25. CUSTOMER INFORMATION**

The information collected from the customers while opening the account will not be used for cross selling other services or products of the Bank. Prior consent of the account holder will be obtained before using the customer information for marketing. The Account opening form for Bank accounts seeks such permission.

#### **26. CLOSURE OF ACCOUNTS**

- a) Accounts can be closed on written request of the depositor to be made at the Branch where the account is held. Request for closure of account should state the reason for closure. The pass book, unused cheque leaves and ATM cum Debit card (after cutting into two pieces across the magnetic strip) must accompany such request. Joint accounts can be closed only at the request of all such joint signatories.
- b) Under normal circumstances, we will not close depositors account without giving at least 30 days' notice indicating the reasons for such closure. In such cases, account holder will be required to make alternate arrangements for cheques already issued and desist from issuing any fresh cheques on such account.

#### **27. INSURANCE COVER FOR DEPOSITS**

All Bank deposits are covered under the insurance scheme offered by Deposit Insurance and Credit Guarantee Corporation of India (DICGC) subject to certain limits and conditions. The details of the insurance cover in force will be made available to the depositor either by way of a notice board or by displaying on the Bank's website.

#### **28. STOP PAYMENT FACILITY**

The Bank will accept stop payment instruction from the depositors in respect of cheques issued by them. The acceptance will be in cases where the Cheque in question has not been paid by the Bank. Charges, as specified, will be recovered. Such instructions shall be submitted in writing by the account holder.

## **29. DORMANT ACCOUNTS / INOPERATIVE ACCOUNTS**

Accounts which are not operated for a period of 2 years the status of the Account will be marked as a dormant account. No charges will be levied on dormant accounts. The depositor can request the Bank to activate the account for operating it after completing certain formalities.

At present Savings Bank and Current accounts are treated as 'inoperative/dormant' if there are no debit as well as credit transactions induced at the instance of customers in the account for a period of over two years. Customer mandated transactions are treated as customer induced transactions and the accounts are treated as operative.

## **30. DEPOSITORS EDUCATION & AWARENESS FUND (D.E.A.F.)**

Any account which has not been operated upon for a period of ten years or any deposit remaining unclaimed for more than ten years is transferred to D.E.A.F. with RBI, within a period of three months from the expiry of the said period of ten years.

The depositor would, however, be entitled to claim from the Bank his/her deposit or any other unclaimed amount or operate his/her account after the expiry of ten years, even after such amount has been transferred to the Fund. The Bank would be liable to pay the amount to the depositor/claimant and claim refund of such amount from the Fund.

## **31. REDRESSAL OF COMPLAINTS AND GRIEVANCES**

Depositors having any complaint / grievance with regard to services rendered by the Bank have a right to approach authority (ies) designated by the Bank for handling customer complaint / grievances. The details of the process set in place is as under:

- i. A standardized complaint registers is available at branches and kept at prominent place in the branches which would make it possible for the customers to enter their complaints.
- ii. A system of acknowledging the complaints is available, where the complaints are received through website.
- iii. The names of the officials who can be contacted for redressal of complaints, together with their direct telephone number, fax number, complete address and e-mail address etc. for proper and timely contact by the customers and for enhancing the effectiveness of the redressal mechanism is prominently displayed at our website.

In case the depositor does not get response from the Bank within 30 days from date of complaint or he is not satisfied with the response received from the Bank, he has a right to approach Banking Ombudsman appointed by the Reserve Bank of India.

## **32. ADDITION OR DELETION OF THE NAME/S OF JOINT ACCOUNT HOLDERS**

The Bank may at the request of all the joint account holders allow addition or deletion of name/(s) of joint account holder/(s) if the circumstances so warrant or allow an individual depositor to add the name of another person as a joint account holder.

### 33. SETTLEMENT OF CLAIMS IN RESPECT OF DECEASED DEPOSITORS

- a. The Bank will facilitate expeditious and hassle-free settlement of claims on the death of a depositor. The claims in respect of deceased depositors and release of payments to survivor(s)/nominees will be made within a period not exceeding 15 days from the date of receipt of the claim subject to the production of proof of death of the depositor, suitable identification and all the documents mentioned in the death claim circular of the Bank by the claimant(s) to the Bank's satisfaction. If the depositor has registered a nomination with the Bank, the balance outstanding in the account of the deceased depositor will be transferred to the account of / paid to the nominee after the Bank satisfies itself about the identity of the nominee and exercises due diligence while settling the claim.
- b. The above procedure will be followed even in respect of a joint account where a nomination is registered with the Bank. (In case of death of all joint holders)
- c. In the case of balances lying in Current Account standing in the name of a deceased individual depositor/sole proprietorship concern, interest shall be paid from the date of death of the depositor till the date of repayment to the claimant/s at the rate of interest applicable to savings deposit as on the date of payment.
  - i) **In the absence of nomination and when there are no disputes among the claimants:** The Bank will pay the amount outstanding as per Bank's internal circular/policy & deposit the amount in the account of the deceased person against joint application by all legal heirs or the person mandated by the legal heirs to receive the payment on their behalf along with an indemnity (as per stamp act of the State) without insisting on legal documents up to the limit approved by the Bank's Board. This is to ensure that the depositors are not put to any inconvenience due to delays in completing legal formalities.
  - ii) **Settlement of Claims In Respect of Missing Persons:** The procedure which will be followed by the bank in case a claim is received from a nominee / legal heirs for settlement of claim in respect of missing persons is as under:  
The settlement of claims in respect of missing persons is governed by the provisions of Section 107 / 108 of the Indian Evidence Act, 1872. Section 107 deals with presumption of continuance and Section 108 deals with presumption of death. 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 must 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.

### 34. DEPOSIT MOBILISATION

- a) **Acceptance of Deposits by Unincorporated Bodies/ Private Ltd Companies with 'Bank Guarantee'** The Bank will not accept any deposits at the instance of private financiers or unincorporated bodies under any arrangement, wherein the deposit confirmation advice can be issued in favor of the clients of private financiers. The Bank will also not accept/allow authority by power of attorney, nomination otherwise for such clients receiving such deposits at maturity.
- b) **Deposit Collection Schemes floated by Private Organizations** The Bank will not be associated directly or indirectly with lottery schemes of organizations of any description as per the Chits and Money Circulation Schemes (Banning) Act, 1978 (No. 43 of 1978).



- c) **Acceptance of Deposits from other banks by Primary (Urban) Cooperative Banks (UCBs):** Acceptance of deposits from Scheduled UCBs in the nature of placement of deposits for investment purposes is NOT PERMITTED. However, acceptance of deposits (Current or Term Deposits) from other Scheduled UCBs is permitted subject to our Bank is the Sponsor bank for providing specific services. Some of the indicative specific services for which deposits can be accepted are as follows:
- i) RUPAY Debit Card
  - ii) RTGS/NEFT
  - iii) CTS Clearing
  - iv) DD arrangement,
  - v) Forex,
  - vi) Remittance facility
  - vii) Non-fund-based facilities like bank guarantee (BG), letter of credit (LC), etc.
- d) **Prohibition on opening of accounts of entities dealing with Virtual Currencies (VCs):** Bank will not open, maintain accounts (deposits / advances) of individuals /entities associated with Virtual Currencies (VCs) or provide any services for facilitating any person or entity in dealing with or settling VCs since virtual currency does not have legal tender status in any jurisdiction. It is a type of unregulated, digital money, which is issued and usually controlled by a set of people, used and accepted among the members of a specific virtual community. Examples of Virtual Currencies are: Bitcoin, Zcash, Dash, Ripple (XRP), Monero (XMR).

### 35. RECEIPT OF FOREIGN CONTRIBUTIONS BY VARIOUS ASSOCIATIONS /ORGANIZATIONS IN INDIA UNDER FOREIGN CONTRIBUTION (REGULATION) ACT, 1976

- a. The Foreign Contribution (Regulation) Act, states that the associations having a definite cultural, economic, educational, religious and social program and receiving foreign contribution shall get themselves registered with the Ministry of Home Affairs, Government of India and receive foreign contribution only through designated 'FCRA Account', opened with New Delhi, Main Branch (NDMB) of State Bank of India, 11, Sansad Marg, New Delhi – 110001.
- b. The Act also states that all fresh applicants for certificate of registration or for prior permission to receive foreign contribution under FCRA Act, 2010 will have to first open FCRA account with SBI, NDMB to receive foreign contribution. No fund other than foreign contribution can be received or deposited in such account. All foreign contribution received from abroad shall be credited in this FCRA account with SBI, NDMB only.
- c. There are also certain organizations of a political nature, not being political parties specified by the Central Government under Section 5(l) of the Act. These organizations require prior permission of the Central Government for accepting any foreign contribution.

### 36. STAFF DEPOSITS AND PAYMENT OF ADDITIONAL INTEREST

#### Definitions:

- a. Staff Member: "Member of the banks staff" means a person employed on a regular basis, whether full-time or part-time, and includes a person recruited on probation or employed on a contract of a specified duration or on deputation and an employee taken over in pursuance of any scheme of amalgamation, but does not include a person employed on casual basis.

- b. **Retired Staff Member:** "Retired member of the banks staff" means an employee retiring whether on superannuation or otherwise as provided in the banks Service/Staff Regulations.
- c. **Family:** "Family" includes members as mentioned in the banks Service/Staff Regulations.

**Payment of Additional Interest on domestic deposits**

As per RBI directives, **RBI/ DCBR/ 2015-16/ 23 Master Direction DCBR. Dir.No.1/ 13.01.000/ 2015-16, Updated as on September 16, 2022**, Co-operative banks shall, at their discretion, allow additional interest of one per cent per annum, over and above the rate of interest mentioned in the schedule of interest rates on savings or term deposits of banks staff and their exclusive Associations as well as on deposits of Managing Director who acts as the Chief Executive of the co-operative bank drawing regular salary from the co-operative bank, subject to the following conditions:

**ADDITIONAL INTEREST PAYABLE TO BANK'S STAFF:** Additional interest of one per cent per annum, over and above the rate of interest mentioned in the schedule of interest rates on savings or term deposits of banks held in the name of:

- Staff and Retired staff member provided they are the first holder of Saving or deposit account
- Associations or Funds where staff are direct members on deposits of Managing Director who acts as the Chief Executive of the bank drawing regular salary
- Spouse of deceased staff or retired staff member is not eligible for this additional staff rate. Provided further that –
  - a. In the case of employees taken on deputation from another bank, the bank from which they are deputed may allow additional interest in respect of the savings or term deposit account opened with it, during the same period of deputation;
  - b. In the case of persons taken on deputation for a fixed duration, or on a contract of a fixed duration, the benefit shall cease to accrue on the expiry of the term of deputation or contract, as the case may be

**WITHDRAWAL OF BENEFIT OF PROVIDING ADDITIONAL INTEREST:** The benefit of additional rate of interest on deposits of erstwhile staff accounts of the following categories should be withdrawn and normal rates of interest should be made applicable:

- Those who have resigned from the Bank's service,
- Those whose services have been terminated by the Bank/ those employees who have retired compulsorily

Following are the features extended to Staff/Retired staff member deposit account (Saving and Term deposit)

Feature	Staff Policy 2021
Term deposit held in family members name where staff is not the first holder	Staff rate will not be applicable
Staff Rate	1% over and above the card rate for public
TD held in the name of spouse of deceased staff/ resigned staff	Public rate , additional rate of interest will not be applicable
Retired staff turns Senior Citizen	<b>Either staff rate or Senior Citizen rate can be opted by the retired staff member</b>
On resignation	Eligibility to get Staff ROI ends on last working day on account of resignation for Savings account/s. TD already booked and in force continues at staff rate till maturity. On renewal it should be under Public category.
Premature penalty	Applicable as per prevailing policy
ROI on loan against FD	1% more than FD rate as applicable to public
Deposit / SB account held in the name of Minor related to Staff	Public rate , additional rate of interest will not be applicable

### 37. CO-ORDINATION BETWEEN BANK AND INCOME TAX AUTHORITIES

Bank will extend necessary help/co-ordination to the tax officials of Central Board of direct taxes whenever required.

### 38. Prohibitions

As per RBI guidelines, the Bank shall not:

- Pay any remuneration or fees or commission or brokerage or incentives on deposits in any form or manner to any individual, firm, company, association, institution or any other person except:
  - Commission paid to agents employed to collect door-to-door deposits under a special scheme.
  - Remuneration paid to Business facilitators or Business Correspondents.
  - Incentives granted to staff members as approved by the Reserve Bank of India from time to time.
- Offer prize / lottery / free trips (in India and / or abroad), etc., or any other initiative having element of chance for mobilizing deposits.
- Resort to unethical practices of raising of resources through agents / third parties to meet the credit needs of the existing / prospective borrowers or to grant loans to the intermediaries based on the consideration of deposit mobilisation.
- Issue any advertisement / literature soliciting deposits from public highlighting only the compounded yield on term deposits without indicating the actual rate of simple interest offered by the co-operative bank for the particular period. Simple rate of interest per annum for the period of deposit should be indicated invariably.

- (e) Accept interest-free deposit other than in current account or pay compensation indirectly.
- (f) Accept deposits from / at the instance of private financiers or unincorporated bodies under any arrangement which provides for either issue of deposit receipt/s favouring client/s of private financiers or giving of an authority by power of attorney, nomination or other-wise, for such clients receiving such deposits on maturity.
- (g) Grant advances against term deposits maintained with other banks.
- (h) Open a savings deposit account in the name of Government departments / bodies depending upon budgetary allocations for performance of their functions / Municipal Corporations or Municipal Committees / Panchayat Samitis / State Housing Boards / Water and Sewerage / Drainage Boards / State Text Book Publishing Corporations / Societies / Metropolitan Development Authority / State / District Level Housing Co-operative Societies, etc. or any political party or any trading/business or professional concern, whether such concern is a proprietary or a partnership firm or a company or an association and entities other than individuals, Karta of HUF and organisations / agencies listed in Schedule - I.  
Explanation- For the purposes of this clause, 'political party' means an association or body of individual citizens of India, which is, or is deemed to be registered with the Election Commission of India as a political party under the Election Symbols (Reservation and Allotment) Order, 1968 as in force for the time being.
- (i) Create any fund to be utilized for charitable purposes in consultation with the depositors.

**Exemptions:**

The provisions in the above paragraphs shall not be applicable to:

- (a) A deposit received by the Bank from the institutions permitted to participate in the Call / Notice / Term Money Market both as lenders and borrowers for which it has issued a participation certificate;
- (b) Payment of interest on delayed collection of outstation instruments like cheques, drafts, bills, telegraphic/mail transfers, etc.

### SCHEDULE- I

Sr. No.	Particulars
1	Primary Agricultural Credit Society which is being financed by the co-operative bank
2	Khadi and Village Industries Boards
3	Agriculture Produce Market Committees
4	Societies registered under the Societies Registration Act, 1860 or any other corresponding law in force in a State or a Union Territory
5	Companies licensed by the Central Government under Section 8 of Companies Act, 2013 or Section 25 of Companies Act, 1956 or under the corresponding provision in the Indian Companies Act, 1913 and permitted, not to add to their names the words 'Limited or the words 'Private Limited
6	Institutions other than those mentioned in <a href="#">section 27(h)</a> and whose entire income is exempt from payment of Income-tax under the Income-Tax Act, 1961
7	Government departments / bodies / agencies in respect of grants/ subsidies released for implementation of various programmes / Schemes sponsored by Central Government / State Governments subject to production of an authorization from the respective Central / State Government departments to open savings bank account
8	Development of Women and Children in Rural Areas (DWCRA)
9	Self-help Groups (SHGs), registered or unregistered, which are engaged in promoting savings habits among their members
10	Farmers Clubs - Vikas Volunteer Vahini - VVV

### 39. REVIEW AND VALIDITY OF THE POLICY

The policy shall be valid from 1st Apr 2023 and its continuity shall be perpetual till the Policy is reviewed in future and any revision is approved by respective stakeholder departments.