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**DEPOSIT POLICY**

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## 1. PREAMBLE

One of the important functions of the Bank is to accept deposits from the public for the purpose of lending. In fact, depositors are the major stakeholders of the Banking System. The 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 / advices 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 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, method of disposal of deposits of deceased depositors, etc., for the benefit of customers. 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.

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. While adopting this policy the Bank re-iterates its commitments to the individual customers as outlined in the Code of Bank's Commitment to Customers.

## 2. TYPES OF DEPOSIT ACCOUNTS

While various deposit products offered by the Bank are assigned different names, the deposit products can be categorized broadly into the following types. Definition of major deposits schemes are as under: -

- i) "**Demand Deposits**" means a deposit received by the Bank which is withdrawable on demand.
- ii) "**Savings Account**" means a form of interest-bearing Demand Deposit 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.
- iii) "**Current Account**" means a form of non-interest-bearing Demand Deposit where withdrawals are allowed any number of times depending upon the balance in the account or up to a particular agreed amount and will also include other deposit accounts which are neither Savings Deposit nor Term Deposit.
- iv) "**Notice Deposit**" means term deposit for specific period but withdrawable on giving at least one complete banking days' notice.
- v) "**Term Deposits**" means a deposit received by the Bank for a fixed period and includes deposits such as Recurring / Double Benefit Deposits / Short Deposits / Fixed Deposits / Monthly Income Certificate / Quarterly Income Certificate etc.
- vi) "**Bulk Term Deposit**" means single rupee term deposit of Rs 3.00 Cr and above. Further it is clarified that multiple Deposits for one depositor in a single day irrespective of the tenor of deposits, amounting to Rs.3.00 crore and above will also

be treated as Bulk Deposit. It can be callable or non-callable depending upon the request of the customer.

- vii) **“Non-Callable Term Deposit”** means term deposits without premature closure facility, provided that all term deposits accepted from individuals (held singly or jointly) are of amount greater than Rupees One Crore.
- viii) **“Green Deposits”**: **“Green Deposit”** means an interest bearing deposit, received for a fixed period and the proceeds of which are earmarked for being allocated towards green finance.

### 3. ACCOUNT OPENING AND OPERATION OF DEPOSIT ACCOUNTS

**A)** 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.

**B)** The account opening forms and other 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, it is expected of the Bank official opening the account, to explain the procedural formalities and provide necessary clarifications sought by the prospective depositor when he approaches for opening a deposit account.

**C)** For deposit products like Savings Account and Current Account, the Bank will normally stipulate certain minimum/ average balances to be maintained as part of terms and conditions governing operation of such accounts. Failure to maintain stipulated minimum/ average balance in the account will attract levy of charges as specified by the Bank from time to time. For Saving Bank Account the Bank may also place restrictions on number of transactions, cash withdrawals, etc., for given period. Similarly, the Bank may specify charges for issue of additional cheque books, additional statement of accounts, duplicate pass book etc. All such details, regarding terms and conditions for operation of the accounts and schedule of charges for various services provided will be communicated to the prospective depositor while opening the account.

**D)** 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). These accounts are designed to help the individual (personal customers) to inculcate the habit of saving money and to meet their future requirement of money. The amounts can be deposited/withdrawn from these accounts by way of cheque/ATM/ Branches. It helps customers to keep minimum cash at home besides earning interest.

Current Accounts can be opened by individuals / proprietorship / partnership firms / Private and Public Limited Companies / HUFs / Specified Associates / Societies / Trusts, etc. as advised by RBI from time to time.

Term Deposits Accounts can be opened by individuals / proprietorship / partnership firms / Private and Public Limited Companies / HUFs/ Specified Associates / Societies / Trusts, etc. Bank has tailored various deposit schemes to suit the needs and expectations of investing people in every walk of life.

**E)** The due diligence process, while opening an account will involve satisfying about the identity of the person and verification of address and obtaining declaration from customer regarding occupation and source of income.

**F)** In addition to the due diligence requirements, under KYC norms the Bank is required by law to obtain Permanent Account Number (PAN) or alternatively declaration in Form No. 60 or 61 as specified under the Income Tax Act / Rules.

FATCA/CRS declaration is necessarily required for opening of account (For NRE/NRO/FCNR/RFC Account).

**G)** Deposit accounts can be opened by an individual in his own name (status: known as account in single name) or by more than one individual in their own names (status: known as Joint Account). It can also be opened by a minor jointly with natural guardian or with mother as the guardian or with guardian appointed by court (legal guardian). Minors above the age of 10 will also be allowed to open and operate saving bank account independently.

**H)** Operation of Joint Account - The Joint Account opened by more than one individual can be operated by single individual or by more than one individual as either or survivor, anyone or survivor or jointly. The mandate for operating the account can be modified with the consent of all account holders. The Savings Bank Account opened by minor jointly with natural guardian / guardian can be operated by natural guardian only.

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 the maturity date or to the survivor on death of any one of the account holders.

**ii)** Anyone or Survivor/s: 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 the maturity date.

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 the surviving account holder i.e. C

**iii)** Former or Survivor/s: If the account is in the name of two individuals say A & B the final balance along with interest, if applicable, will be paid to former i.e. A on the maturity date or to the survivor on death of any one of the account holders.

**iv)** Later or Survivor: If the account is in the name of two individuals say, A & B, the final balance along with interest, if applicable, will be paid to the later on date of maturity and to the survivor on death of anyone of the account holders.

The above mandates will be applicable to or become operational only on or after the date of maturity of term deposits. This mandate can be modified at the consent of all the account holders. If, the joint depositors prefer premature withdrawal of deposits in accordance with the mandate of 'Either or Survivor', 'Anyone or Survivor', 'Former or Survivor', or Later 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.

In case of joint Fixed Deposits with a survivorship clause, for premature withdrawal, the signatures of both the depositors will have to be obtained or bank may allow premature

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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.

**J)** At the request of the depositor, the Bank will register mandate / power of attorney given by him authorizing another person to operate the account on his behalf.

**K)** The term deposit account holders at the time of placing their deposits can give instructions with regard to closure of deposit account or renewal of deposit for further period on the date of maturity. In absence of any written instructions about the disposal of the term deposit, the Bank reserves the right at its discretion to renew the deposit along with accrued interest thereon at prevailing rates of interest for a similar tenor of the deposit which has matured.

**L)** Passbook facility is available to all savings account holders free of cost. Statements will be provided to all Current Account Holders periodically as per terms and conditions of opening of the account.

**M)** Nomination Facility: In reference of the regulatory guidelines, on customer service, Bank shall have a system of acknowledging the receipt of duly completed form of nomination, cancellation, and / or variation of nomination. Further, it is available to all customers irrespective of whether the same is demanded by the customers.

Bank offers nomination facility in deposit accounts, safe deposit lockers, articles in safe custody etc. Nomination facility 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 favour of one individual only. 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. Nomination can be modified by the consent of account holder/s. Nomination can be made in favour of a minor also subject to other major individual being named appointee(s) during the minority period.

The Bank recommends that all depositors avail nomination facility. The nominee, in the event of death of all depositors, 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.

If the customer while opening the account does not want to nominate, specific letter to the effect that he/she does not want to make nomination should be obtained from him/her. In case the customer opening the account declines to give such letter, the branch should record the fact on the account opening form and proceed with opening of the account. No branch should refuse to open the account solely on the ground that the customer opening the account refused to nominate.

**(For detailed guidelines, reference is drawn to bank's Master Circular on Registration of Nomination dated 21/06/2024)**

**N)** The deposit accounts may be transferred to any other branch of the Bank at the request of the depositor.

**O)** Bank may not accept any deposit for a period longer than 10 years, except in terms of order of the competent courts or in the case of minors where interests of minors are involved, provided bank is convinced that it is necessary to do so. Bank may decide in this matter based on Asset Liability Management policies being followed.

#### 4. INTEREST PAYMENTS

- i) The authority to decide the rate of interest from time to time has been delegated to the Asset Liability Committee of the Bank (ALCO), who has been delegated with such powers by the Board of the Bank.
- ii) 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.
- iii) Consequent to the deregulation of interest rates of domestic savings deposits accounts held by residents in India with effect from October 25, 2011, banks are free to determine their savings bank deposit interest rate, subject to the following two conditions:
  - a) Bank shall offer a uniform interest rate on savings bank deposits up to Rupees one lakh, irrespective of the amount in the account within this limit. While calculating interest on such deposits, bank is required to apply the uniform rate on end-of-day balance up to Rupees one lakh.
  - b) Second, for any end-of-day savings bank balance exceeding Rupees one lakh, Bank may provide differential rates of interest, if it so chooses, subject to the condition that bank will not discriminate in the matter of interest paid on such deposits, between one deposit and another of similar amount, accepted on the same date, at any of its offices.
- iv) Term deposit interest rates are decided by the Bank within the general guidelines issued by the Reserve Bank of India from time to time which includes additional interest rates for senior citizens and staff.
- v) Bank may offer additional rate of interest on term deposits of Resident Indian Senior Citizens as decided and declared from time to time (presently 0.50% p.a. only, for all maturity slabs for deposits up to **Rs. 5 Crore** only). The additional interest is not applicable to any type of non-resident deposits.
- vi) Bank has the discretion to pay additional interest not exceeding one percent on deposits of Bank's staff (including retired members of staff) held singly or jointly with their family members (subject to the declaration that monies deposited belong to the staff), spouse of a deceased member/ deceased retired member of staff, exclusive associations of members of staff and Chairman / Managing Director & Chief Executive Officer / Executive Directors.
- vii) In terms of Reserve Bank of India directives, interest shall be calculated at quarterly intervals on term deposits and paid at the rate decided by the Bank depending upon the period of deposits. In case of monthly deposit scheme, the interest shall be calculated for the quarter and paid monthly at discounted value. The interest on term deposits is calculated by the Bank in accordance with the formula and conventions advised by Indian Banks' Association.
- viii) 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 communicated upfront and shall be prominently displayed on Bank's website.
- ix) The Bank computes interest based on the actual number of days in a year. In case, the Deposit is spread over a leap and a non-leap year, the interest is calculated based on the number of days i.e., 366 days in a leap year & 365 days in a non-leap year.

- x) 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 Act. 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 and when a new deposit is booked.

The Board of Directors have authorized ALCO as a decision making authority to take all decisions pertaining to Deposits (Domestic / NRE/ NRO / FCNR /RFC) including rates to be offered, tenor, pre-mature withdrawal penalty etc. The interest rates are framed basis the below guidelines:

- i) The rates are uniform across all branches and for all customers.
- ii) There is no discrimination of interest paid on the deposits, between one deposit and another of similar amount, accepted on the same date, at any of its offices.
- iii) Interest rate payable on deposits shall be strictly as per the schedule of interest rates disclosed in advance except for bulk deposits. The banks shall maintain the deposit interest rate card in their Core banking system to ensure uniform rates are applied to all the deposits without any discrimination and modification is allowed only with the permission of authorized person.
- iv) All transactions, involving payment of interest on deposits shall be rounded off to the nearest rupee for rupee deposits and to two decimal places for FCNR (B) deposits.

## **5. MINORS' ACCOUNTS**

- i) Savings Bank Account as well as Term Deposit Accounts including Recurring Deposits can be opened in the name of minor (known as Minors' Account) by natural guardian or guardian appointed by court (legal guardian) and the same can be operated by the natural guardian or by minor himself / herself, if he/she is above the age of 10 years. The account can also be opened jointly with natural guardian or mother as the guardian.
- ii) 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 should be obtained and kept on record for all operational purposes.

## **6. ACCOUNT OF ILLITERATE PERSONS:**

The Bank may at its discretion open deposit accounts of illiterate person after observing all the formalities of the Bank for opening and operation of such accounts. The account of such person may be opened provided he/she calls on the Bank personally along with a witness who is known to both the depositor and the Bank. No cheque book facility is provided to illiterate customers. 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 bank 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. ATM/Debit card can be issued to illiterate person provided bank should educate such customers about the ATM Debit Card, ATM PIN and risk associated with it.



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**7. ACCOUNT OF VISUALLY CHALLENGED PERSONS:**

The bank shall open deposit account in the name of blind / visually challenged person after observing all the formalities of the Bank for opening and operation of such accounts. Branches are advised to render all possible assistance to the visually challenged persons for availing the various banking facilities. 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 bank officer who should verify the identity of the person. In case of blind persons who are literate, ATM /Debit card, cheque book, etc. facilities will be given. The Bank official shall explain the terms and conditions governing the account.

**8. ACCOUNT OF PERSONS WITH AUTISM, CEREBRAL PALSY, MENTAL RETARDATION & MULTIPLE DISABILITIES**

Savings bank and term deposits can also be opened in the name of persons with autism, cerebral palsy, mental retardation and multiple disabilities by the legal guardian appointed by the District Court 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.

**9. ACCOUNTS OF TRANSGENDER PERSONS**

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 form or other applicable forms. All transgender customers shall be treated equally to other male/female customers without any discrimination.

**The salutation for transgender person is provided as “Mx” in CBS subject to the consent / declaration of the transgender person and the details shall be accepted in the AOFs/ or other applicable forms as such.**

**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. The first holder cannot be deleted from any account, except in case of Death of Holder.

**10. CUSTOMER INFORMATION**

The customer information collected from the customers shall not be used for cross selling of services or products by the Bank, their subsidiaries and affiliates. If the Bank proposes to use such information, it should be strictly with the consent of the accountholder.

**11. SECRECY OF CUSTOMER'S ACCOUNTS**

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

## 12. NON-RESIDENT DEPOSITS

Non Resident Rupee Deposit rates are aligned to Domestic Deposit rates.

No interest will be paid if the NRE / FCNR term deposit is liquidated before completion of one year. Premature withdrawal of NRE /FCNR term deposits after completion of one year will attract penalty decided by the ALCO on the applicable rate.

The benefit of additional interest rate on deposits on account of being bank's staff or senior citizen shall not be applicable for NRI deposits. NRI customer can book Foreign Currency Non Resident Deposits for a minimum tenure of 1 year to maximum tenure of 5 years. On change of Resident Status from NRI to Resident the FCNR deposit will continue till maturity. Overdraft facility can be given against NRO Deposits in India. Overdraft facility can be given in India or Outside India against the NRE / FCNR deposits.

## 13. RESIDENT FOREIGN CURRENCY (RFC) DEPOSITS

NRI customers who have returned to India for good can book Resident Foreign Currency Deposits for a maximum tenure of 3 years. On conversion of NRE / FCNR deposit to RFC deposit interest will be paid as under:

- If the NRE / FCNR 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.
- In all other cases, interest shall be paid at the contracted rate. The penalty on premature closure of Fixed Deposits is fixed at the rate of 1% provided RFC FD interest is equivalent to 1% or more. On change of Resident Status from Resident to NRI, the RFC deposit can be converted to FCNR/NRE deposit. Overdraft facility cannot be given against RFC deposits.

## 14. PREMATURE WITHDRAWAL OF TERM DEPOSITS

The Bank on request from a depositor, will allow withdrawal of term deposit before completion of the period of the deposit as per terms agreed upon at the time of placing the deposit **unless** otherwise prohibited under a specific deposit scheme (eg. Non-Callable Deposits, Deposits under Section 80 C of IT ACT, etc.).

The interest rates applicable on term deposits withdrawn before the maturity date shall be as under:

- The interest rate shall be 1.00% below the applicable rate for the actual period for which the deposit has remained with the bank as prevailing on the date of deposit and payable for the period for which the deposit actually remained with the Bank
- No interest shall be paid, where premature withdrawal of deposits takes place before completion of the minimum period specified by RBI from time to time. (At present, the minimum specified period is 7 days)
- **Note:** However, in case of deposit quotes submitted to government and quasi government organizations, penalty clause may be waived, provided the same is being mandated by such institutional depositors as a condition to submit the interest rate bids for term deposits.

The ALCO is authorized to take decisions pertaining to Deposits (Domestic / NRE/ NRO / FCNR /RFC) including rates to be offered, tenor, pre-mature withdrawal penalty. The component of penalty shall be clearly brought to the notice of depositors at the time of acceptance of deposits.

#### **15. PREMATURE RENEWAL/EXTENSION OF TERM DEPOSIT**

In case, the depositor desires to renew the deposit by seeking premature closure of an existing term deposit **unless** otherwise prohibited under a specific deposit scheme, the bank will permit the renewal at the applicable rate (without penalty) on the date of renewal, provided the deposit is renewed for a period longer than the balance period (Residual Maturity Period) of the original deposit.

#### **16. RENEWAL OF TERM DEPOSIT / OVERDUE TERM DEPOSITS**

Depositors can give instructions at the time of opening the account, for the payment of maturity proceeds to their accounts or by draft or for renewal of the deposit for the period of their choice.

In the absence of any instructions from depositor, the bank will renew the deposit on due date for the same period for which the matured deposit was placed.

If request for renewal is received after the date of maturity, such overdue term deposit 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 term deposits renewed after 14 days from the date of maturity, interest for the overdue period will be paid at the rate of interest as applicable to savings account or the contracted rate of interest on the matured term deposit, whichever is lower.

#### **17. ADVANCES AGAINST DEPOSITS**

The Bank may consider request of the depositor/s for loan / overdraft facility against term deposits duly discharged by the depositor/s 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 is for the benefit of the minor, is to be furnished by the depositor - applicant.

The bank should not grant advances against term deposits maintained with other banks.

The advances lent against Bank's own term deposits shall be in accordance with the extant Lending Policy Guidelines prevailing at the time of sanction of any such credit facilities.

#### **18. SETTLEMENT OF DUES IN DECEASED DEPOSITOR'S ACCOUNT**

- i) If the depositor has registered nomination with the Bank; - the balance outstanding in the account of the deceased depositor will be settled in favour of the nominee after the Bank satisfies about the identity of the nominee, etc.
- ii) The above procedure will be followed even in respect of a joint account where nomination is registered with the Bank.
- iii) In a joint deposit account, when one of the joint account holders dies, the Bank is required to make payment jointly to the legal heirs of the deceased person and the surviving depositor(s). However, if the joint account holders had given mandate for

disposal of the balance in the account in the forms such as "either or survivor, former / latter or survivor, anyone of survivors or survivor; etc., the payment will be made as per the mandate to avoid delays in production of legal papers by the heirs of the deceased.

- iv) In the absence of nomination and when there are no disputes among the claimants, the Bank will pay the amount outstanding in the account of deceased person against joint application and indemnity by all legal heirs or the person mandated by the legal heirs to receive the payment on their behalf without insisting on legal documents up to the limit approved by the bank's board. This is to ensure that the common depositors are not put hardship on account of delays in completing legal formalities.
- v) In case of death of the primary holder of the term deposit prior to the maturity date, premature termination of the deposit would be allowed as per the terms of contract subject to necessary verifications and submission of proof of death of the depositor. Such premature withdrawals will not attract any penal charge.

## **19. SETTLEMENT OF MISSING PERSONS CLAIMS**

As per Indian Evidence Act, 1872 (section 107 and 108) presumption of death can be raised only after a lapse of seven years from the date of person reported as "missing".

As such, nominee / legal heirs have to raise an express presumption of death of the customer, 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 with consultation of Legal department of Bank.

## **20. INTEREST PAYABLE ON TERM DEPOSIT IN DECEASED DEPOSITOR'S ACCOUNT**

- i) In the event of death of the depositor before the date of maturity of deposit and amount of the deposit is claimed after the date of maturity, the Bank shall pay interest at the contracted rate till the date of maturity. From the date of maturity to the date of payment, the Bank shall pay simple interest at the rate of interest applicable to saving deposit as on date of payment, for the period for which the deposit remained with the Bank beyond the date of maturity.
- ii) If the amount of deposit is claimed before the date of maturity, interest at the rate applicable to the period for which the deposit has remained with the bank will be paid, without any penalty.
- iii) However, in the case of death of the depositor after the date of maturity of the deposit, the bank shall pay interest applicable for overdue term deposit.
- iv) 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.

## **21. 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.

## **22. INOPERATIVE ACCOUNTS**

Savings/Current Account shall be treated as an Inoperative Account, if there are no “customer induced transactions (credit/ debits)” in the account for a period of over two years, in the interest of the depositor as well as the Bank. The depositor can request the Bank to activate the account for operating it after complying with the conditions as per KYC norms.

All credits are permissible in inoperative accounts without changing the account status. However, while allowing withdrawals due diligence should be ensured by the branches by ensuring the genuineness of transactions, verification of signature and identity etc. While allowing withdrawals branches are required to obtain request letter from the account holders and ensure KYC compliance etc. as per extant guidelines

**(Detailed reference is hereby drawn to master policy on inoperative accounts of the Bank.)**

## **23. SAFE DEPOSIT LOCKERS**

This facility is not offered through all bank branches and wherever the facility is offered, allotment of safe deposit vault will be subject to availability and compliance with other terms and conditions attached to the service. Safe deposit lockers may be hired by an individual (being not a minor) singly or jointly with another individual(s), HUFs, firms, limited companies, associates, societies, trusts etc. Nomination facility is available to individual(s) holding the lockers singly or jointly. In respect of lockers held in joint names, up to two nominees can be appointed. Joint locker holders can give mandate for access to the lockers in the event of death of one of the holders on the lines similar to those for deposit accounts. In the absence of nomination or mandate for disposal of contents of lockers, with a view to avoid hardship to common persons, the bank will release the contents of locker to the legal heirs against indemnity on the lines as applicable to deposit accounts.

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

Depositors having any complaint / grievance with regard to services rendered by the Bank has a right to approach authority(ies) designated by the Bank for handling customer complaint / grievances. The details of the internal set up for redressal of complaints / grievances will be displayed in the branch premises. The branch officials shall provide all required information regarding procedure for lodging the complaint. In case the depositor does not get response from the Bank within one month 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.

## **25. STANDING INSTRUCTIONS**

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, any other branch of the bank.

## **26. DIRECT DEBIT**

The Bank offers Electronic Clearing Service (ECS) / Automated Clearing House (ACH) facility for effecting periodic payments by "direct debit" to the customer's account. This facility is mainly used for payment of utility bills/EMI of Loans/Insurance Premium/Investment in Mutual Funds, etc. Details of ECS/ACH facility are available at all the branches.

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**27. STOP PAYMENT FACILITY**

The Bank will accept stop payment instruction from the depositors in respect of cheques issued by them. Charges, as specified, will be recovered.

**28. SERVICE CHARGES**

All new accounts opened would contain a leaflet detailing various types of Services & Charges being levied by the bank for any of the services availed. Updated service & fees leaflet is also made available to all customers at the branch for reference at any point of time. Any change in service & fees will be communicated one month in advance to all customers before effecting the change.

On Monthly Average Balance (MAB) requirement, every customer is communicated up-front at the time of opening account with the bank. If the customer fails to maintain required minimum balance in his/her account, bank notifies the same to customer. The communication states that in the event of the minimum balance not being restored in the account within next one month from the date of notice, penal charges will be levied. In case the balance is restored within given notice period, no charges are levied; else bank debits the applicable charges from the customer's account. AMB charges defined by the bank are directly proportionate to the extent of shortfall in the account. Bank also ensures, that the account balance is not turned into negative due to levy of MAB balance charges.

**29. EXCHANGE OF SOILED / MUTILATED NOTES**

The bank accepts mutilated / soiled notes from customers / non-customers for exchange. Process of acceptance of such notes has been defined as per RBI's note refund rules and circulated to all the branches for adherence. All branches of the Bank offer the facility of exchange of soiled notes, coins, exchange of mutilated and cut notes. The process of exchange would be as per RBI's Note Refund Rules.

**30. ATM CARD / DEBIT CARD HOT LISTING**

The bank will accept ATM card / Debit card hotlisting instructions from customers through PhoneBanking channel - 24 hours a day and from branch channel during customer hours. PhoneBanking numbers are made available to customers whenever a Card is issued and all branches contain a detailed leaflet with the numbers.

**31. PENSION ACCOUNTS**

The bank offers a special product for pensioners with certain benefits. Details about the product offering is available with all the branches.

**32. BASIC SAVINGS BANK DEPOSIT ACCOUNT**

The Bank offers a BSBDA Account with all the basic banking facilities with Zero Initial Pay-In and Zero balance account. Details about the product offering are available with all the branches.

### 33. FOREIGN EXCHANGE SERVICES

The Bank offers a wide range of Foreign Exchange Products and Services to all customers, through its select branches. All Foreign Exchange transactions are conducted subject to Rules and Regulations under the Foreign Exchange Management Act, 1999 (FEMA).

### 34. REVIEW AND VALIDITY OF DEPOSIT POLICY

Deposit Policy shall be valid till next Review.

This policy will be reviewed on an annual basis, by **Resource Planning Department** with the next review due in 2025. Any changes to this policy in the interim period will be incorporated with the approval of Managing Director & Chief Executive Officer of the Bank.

### Operational Guidelines of Deposit Policy

#### 1. Operation of Deposit Accounts:

##### 1.1 Savings Account:

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). There are no restrictions on the number and amount of deposit that can be made on any day. Balance in the account earns interest at rates decided by the Bank, from time to time. The facility of withdrawal by cheque is also allowed subject to certain restrictions.

Savings Bank Deposit Account shall not be opened in the name of –

- Government departments (subject to certain exceptions mentioned below)
- Bodies depending upon budgetary allocations for performance of their functions
- Municipal Corporations or Municipal Committees
- Panchayat Simitis
- State Housing Boards
- Water and Sewerage / Drainage Boards
- State Text Book Publishing Corporations
- Societies (Registered Under State Co-Operative Society Act)
- Metropolitan Development Authority
- State / District Level Housing Co-operative Societies, etc.
- Any political party [i.e. 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]
- Any trading / business or professional concern, whether such concern is a proprietary or a partnership firm or a company or an association.
- Entities other than individuals, Karta of HUF and organizations/agencies listed as under

The above prohibition will not apply in the case of organizations / agencies listed below:

- 1) Primary Co-operative Credit Society which is being financed by the 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 except societies registered

under the State Co-operative Societies Acts and specific state enactment creating Land Mortgage Banks.

- 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 section 28(h) of Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016 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.

**1.1.1 Introduction:** Introduction from an existing customer is **not mandatory** for opening accounts, including those of legal entities. After passing of Prevention of Money Laundering Act (PML Act) and introduction of document based verification of identity/address of the proposed account holders, the accounts opened with proper documents are considered as acting in good faith and without negligence by the banks.

An account will be considered fully KYC compliant if documents of KYC, i.e., Proof of identity and Proof of address are submitted by the proposed account holder

**1.1.2 The officially Valid Documents are as under:**

- 1) Passport.
- 2) Driving License.
- 3) Proof of possession of Aadhaar number\*.
- 4) Voter Identity Card issued by Election Commission of India.
- 5) Job card issued by NREGA duly signed by an officer of the State Government.
- 6) Letter issued by the National Population Register containing details of name and address.

[\*Where the customer submits his/her proof of possession of Aadhaar number as an officially valid document, he/she may submit it in such form as are issued by the Unique Identification Authority of India (UIDAI)].

**1.1.3 In case,** Officially Valid Documents (OVDs) furnished by the customer does not contain updated address, the following documents or the equivalent e-documents thereof shall be deemed to be the OVDs for the limited purpose of proof of address.

- (i) Utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
- (ii) Property or Municipal tax receipt;
- (iii) Pension or family pension payment orders (PPOs) issued to retired employees by Government Department or Public Sector Undertakings, if they contain the address;



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- (iv) Letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and license agreements with such employers allotting official accommodation.
  - (v) (The Client shall submit updated Officially Valid Document with current address within a period of three months of submitting the above document)

Note: Branches to follow Bank' s latest KYC policy from time to time.

## 1.2 Basic Savings Bank Deposit Account:

As per RBI guidelines, The Basic Savings Bank Deposit Account should be considered a normal banking service available to all. The following basic minimum facilities in the Basic Saving Bank Deposit Account (BSBDA), are to be offered free of charge, without any requirement of minimum balance.

- The deposit of cash at bank branch as well as ATMs/CDMs
- Receipt/Credit of money through electronic payment channels or by means of deposit/ collection of cheques drawn by Central/ State Government agencies and departments.
- No limit on the number and value of deposits that can be made in a month
- Four withdrawals in a month, including ATM withdrawals
- ATM card or ATM-cum-Debit Card.

The above facilities will be provided without any charges. Further, no charge will be levied non-operation/ activation of inoperative "Basic Savings Bank Deposit Account".

Additional value-added services, including issue of cheque book, will be provided beyond the above minimum facilities, which may/may not be priced (in non-discriminatory manner) subject to extant guidelines of the bank in this regard.

Offering additional services will not make a BSBD account a non-BSBD account, so long as the prescribed minimum services (mentioned above) are provided free of charge.

The Basic Savings Bank Deposit Account is subject to RBI instructions on Know Your Customer (KYC)/ Anti-Money laundering (AML) for opening of bank accounts issued from time to time.

"Basic Savings Bank Deposit Account" holder will not be eligible for opening any other savings bank deposit account in the bank. If a customer has any other existing savings bank deposit account in the bank, he/she will be required to close such existing accounts within 30 days from the date of opening of "Basic Savings Bank Deposit Account".

While opening a BSBD account, a declaration is to be obtained from the customer that he/she is not having a BSBD account in any other bank.

### 1.3. **Small Savings Bank Deposit Account (Accounts under Relaxed KYC Guidelines) – “Small Accounts”**

It has been observed that, a large number of persons, especially, those belonging to low income group both in urban and rural areas are not able to produce KYC documents to satisfy the bank about their identity and address. This would lead to their inability to access the banking services and result in their financial exclusion.

In such cases, if a person who wants to open an account and is not able to produce documents as per Bank's latest KYC policy, Bank shall open an account with Relaxed KYC guidelines.

The accounts with “Relaxed KYC guidelines” can be opened under “Small Savings Bank Deposit Account”. The features of the above account and restrictions stipulated by RBI/Govt. of India are as under:

- Accounts where aggregate of all credits in a financial year does not exceed Rs.1.00 lac
- The aggregate of all withdrawals and transfers in a month does not exceed Rs. 10,000/- and
- Where the balance at any point of time does not exceed Rs. 50,000/-.

**The above limit on balance shall not be considered while making deposits through Government grants, welfare benefits and payment against procurements.**

Any violation of the stipulations mentioned above will result in restraining the operations in the account after giving due notice to the account holder.

Small Savings Bank Deposit Account shall remain operational initially for a period of twelve months and thereafter for a further period of twelve months if the holder of such an account provides evidence before the Bank of having applied for any of the officially valid documents within twelve months of the opening of the said account. The entire relaxation provisions are to be reviewed in respect of the said account after twenty-four months.

The inability of “Small Savings Bank Deposit Account” holder to furnish the details, beyond twenty-four months from the date of account opening, as required by the bank to fulfill the statutory obligations, could also result in closure of the account after due notice(s) to the customer.

“Small Savings Bank Deposit Account” holder will not be eligible for opening any other savings bank deposit account in the Bank. If a customer has any other existing savings bank deposit account in the Bank, he/she will be required to close such existing accounts within 30 days from the date of opening of “Small Savings Bank Deposit Account”.

In respect of “Small Accounts”, the prescribed limits/conditions should not be breached and compliance therewith should be strictly monitored.

### 1.4. **Current Account:**

Current accounts can be opened by individuals, proprietary concerns, partnership firms, Private & Public Ltd Co., HUFs/Specified associations, Societies, Trusts, Limited Liability Partnerships, Departments of Authority created by Government (Central or State) etc.

As required by law, while opening the account, the Bank will satisfy itself about the identity, satisfying about his occupation and source of income, including verification of address of the person/s seeking to open an account to assist in protecting the prospective customers, public and the Bank against fraud and other misuse of the Banking system duly observing the KYC guidelines of RBI.

Introduction from an existing customer is **not mandatory** for opening accounts, including those of legal entities. An account will be considered fully KYC compliant if documents of KYC, i.e., Proof of identity and Proof of address are submitted by the proposed account holder (For details refer Bank's latest KYC policy)

### **Mandatory Requirement for Opening Current Account**

In pursuant of CBDT notification dated 10.05.2022 notification no. 53/2022, it is now mandatory to quote either PAN or AADHAR number for a customer while **“Opening of a Current Account or Cash Credit Account with a Bank.”**

Thus, it is mandatory to obtain PAN **OR** AADHAR while opening of account(s) of Individuals/ Non-Individuals.

### **The guideline for opening of current account is as under:**

#### **1.4.1 Branch may open current accounts for borrowers who have availed credit facilities in the form of cash credit (CC)/ overdraft (OD) from the banking system as per the provisions below:**

- (i) For borrowers, where the exposure of the banking system is less than Rs. 5 Crore, there is no restriction on opening of current accounts or on provision of CC/OD facility by banks, subject to obtaining an undertaking from such borrowers that they shall inform the bank, as and when the credit facilities availed by them from the banking system reaches Rs. 5 Crore or more.
- (ii) In respect of borrowers where exposure of the banking system is Rs. 5 Crore or more, such borrower can maintain current accounts with any one of the banks with which it has CC/OD facility, provided that the bank has at least 10 per cent of the exposure of the banking system to that borrower.

Further, other lending banks may open only collection accounts subject to the condition that funds deposited in such collection accounts will be remitted within two working days of receiving such funds, to the CC/OD account maintained with the above-mentioned bank maintaining current accounts for the borrower. In case none of the lenders has at least 10% exposure of the banking system to the borrower, the

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bank having the highest exposure may open current accounts. Non-lending banks are not permitted to open current accounts

**1.4.2 In case, customers who have not availed CC/OD facility from any bank, branches may open current account as under:**

- (i) If prospective customer is having credit exposure of Rs.50 Crore or more (except CC/OD limit) in banking system, branches shall be required to put in place an escrow mechanism. Accordingly, current accounts of such borrowers can only be opened / maintained by the escrow managing bank. However, there is no restriction on opening of "collection accounts" by lending banks subject to the condition that funds will be remitted from these accounts to the said escrow account at the frequency agreed between the bank and the borrower. Further, the balances in such accounts shall not be used as margin for availing any non-fund based credit facilities. While there is no prohibition on amount or number of credits in "collection accounts", debits in these accounts shall be limited to the purpose of remitting the proceeds to the said escrow account. Non-lending banks shall not open any current account for such borrowers.
- (ii) If prospective customer is having credit exposure of Rs.5 Crore or more but less than Rs.50 Crore (except CC/OD limit) in banking system, there is no restriction on opening of current accounts by the lending banks. However, non-lending banks may open only collection accounts as defined in point no.1.3.2 (i) above
- (iii) If prospective customer is having exposure of less than Rs.5 Crore (except CC/OD limit), branch may open current accounts subject to obtaining an undertaking from such customers to the effect that customers shall inform, if and when the credit facilities availed by them from the banking system becomes Rs.5 Crore and above. The current account of such customers, as and when the exposure of the banking system becomes Rs.5 Crore or more and Rs.50 Crore or more, will be governed by the provisions of point 1.3.2 (ii) and (i) respectively.

Banks shall monitor all current accounts and CC/ODs regularly, at least on a half-yearly basis, specifically with respect to the exposure of the banking system to the borrower and the bank's share in that exposure, to ensure compliance with these instructions. If there is a change in exposure of banks or aggregate exposure of the banking system to the borrower which warrants implementation of new banking arrangements, such changes shall be implemented within a period of three months from the date of such monitoring.

However, RBI has further permitted to open specific accounts which are stipulated under various statutes and instructions of other regulators/ regulatory departments, without any restrictions placed in terms of the abovementioned guidelines. An indicative list of such accounts is furnished as under **Annexure-A**.

**1.5. Term Deposit Account:**

Term deposits are deposits received by the Bank for a fixed period, withdrawable after the expiry of the fixed period and include deposits such as Cumulative/Fixed/Recurring Deposit etc. Bank has tailored various term deposit schemes to suit the needs and expectation of the investing people from all walks of life. Term deposits can be opened

by individuals, proprietorship/partnership firms, Private/Public Ltd Companies, HUFs, Institutions, Societies, Trusts, Limited Liability Partnership, Departments of Authority created by Government (Central or State) etc.

As required by law, while opening of the term deposit account, the Bank will satisfy itself about the identity, satisfying about his occupation and source of income, including verification of address of the person/s seeking to open an account to assist in protecting the prospective customers, public and the Bank itself against fraud and other misuse of the Banking system duly observing the KYC guidelines of RBI.

Introduction from an existing customer is **not mandatory** for opening accounts, including those of legal entities. An account will be considered fully KYC compliant if documents of KYC, i.e., Proof of identity and /Proof of address are submitted by the proposed account holder (For details refer Bank's latest KYC policy)

1.5.1 The Branch is required to obtain Permanent Account Number [PAN] or alternatively obtain declaration in Form No.60 or 61 as per the Income Tax Act from the person/s opening the account. The Bank will provide to the prospective customers details of the documents required for identification and Address Proof of the person/s opening the account. Persons & entities already having operative accounts such as Savings Bank, Current account etc., need not provide the above documents for opening of the Term Deposit accounts.

1.5.2 The rate of interest for Term Deposits is decided by the Asset Liability Committee of the Bank(ALCO), who has been delegated with such powers by the Board of the Bank. This interest rate is uniformly applied to all customers without any negotiation or discrimination.

1.5.3 Premature withdrawals are allowed. [Kindly refer Point No. (4)]

**1.5.4 In no case a term deposit receipt shall be considered valid if it is handwritten and not system generated.**

**1.5.5 In no case the amount or tenor of the original deposit undergo a change, in any manner, in case the deposit is a term deposit, for any Addition/ Deletion of the name/s of joint account holders.**

## 1.6 Bulk Deposits:

The rate of interest for Bulk Deposits is decided by the Asset Liability Committee of the Bank (ALCO), who has been delegated with such powers by the Board of the Bank.

- Branches can accept Bulk Deposits from Rs. 3 Cr to Rs. 10 Cr as per deposit rates decided by ALCO from time to time.
- For accepting Bulk deposits above Rs. 10 Cr to Rs. 100 Cr, branches are required to obtain permission from TIBD.
- For accepting Bulk Deposits above Rs. 100 Cr to Rs. 500 Cr., Resource Planning Department at HO will place the note to Investment Committee for approval.
- For accepting Bulk Deposits more than Rs. 500 Cr, MD & CEO is the competent authority to approve.

TIBD will provide the list of deposits (more than Rs. 10 Cr) accepted daily (in excel format) and on cumulative basis in the FY to Resource Planning and IRM Department.

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Resource Planning Department will place the note to ALCO every month informing ALCO of the bulk deposits accepted during the month.

For Bulk deposits above Rs. 100 Cr, Bank will not offer backdated quotes.

## 1.7 Green Deposits

The green deposits shall be issued as cumulative/non-cumulative deposits. On maturity the green deposits would be renewed or withdrawn at the option of the depositor. The green deposits shall be denominated in Indian Rupee only. The tenor, size, interest rate and other terms and conditions applicable to the green deposits shall be the same as that applicable to cumulative conventional term deposits.

The funds mobilized under the “Green Deposits” shall be utilized for financing the activities that ultimately help reduce the carbon footprint such as:

- Renewable Energy
- Energy Efficiency
- Clean Transportation
- Climate Change Adaptation
- Sustainable water and waste Management
- Pollution prevention and Control
- Green Buildings
- Sustainable Management of Living Natural Resources and Land Use
- Terrestrial and Aquatic Biodiversity Conservation.

## 1.8 Non-Resident Accounts

### 1.8.1 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 depositor 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 is repatriable.

### 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.

**1.8.2 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. The interest rates payable on NRE deposits have been deregulated w.e.f. 16.12.2011.

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

### **Debits**

- a) Local disbursements.
- b) Remittances outside India.
- c) Transfer to NRE/ FCNR (B) accounts of the account holder or any other person eligible to maintain such account.
- d) 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.
- e) Any other transaction if covered under general or special permission granted by the Reserve Bank.

### **1.8.3 Foreign Currency Non Resident Account (FCNR – B)**

These deposits are accepted from non-resident individuals of Indian nationality or origin (NRI) and are maintained in US Dollar, Pound Sterling, Euro, Australian Dollar and Canadian Dollar. Only term deposits are accepted under this category. The depositors are protected from exchange risk. As per the RBI directives the minimum maturity period is one year and maximum maturity period is five years.

Interest rates on FCNR term deposits are as per the directives of the RBI and decided by Asset Liability Committee of the Bank(ALCO), who has been delegated with such powers by the Board of the Bank.

### **1.8.4 Resident Foreign Currency Account (RFC)**

NRIs returning permanently after a continuous stay of minimum one-year abroad can open resident foreign currency accounts. Those who have returned after less than a year's stay abroad need to obtain permission from the RBI for opening RFC accounts. Funds held in a RFC account can be remitted abroad freely without the RBI's approval. The funds can also be withdrawn in rupees to meet payments in India. If one subsequently goes abroad to become an NRI, the balance in their RFC account can be converted to an NRE/FCNR account. As long as one maintains the status of 'Resident but not Ordinarily Resident', the interest on the deposit will be exempt from tax. The money held in NRE/FCNR accounts and other foreign exchange funds brought in at the time of return can be freely invested in RFC deposits. So also, any income from assets which one continues to maintain abroad.

### **1.8.5 Documents required by foreign student to open a Bank account:**



- Proof of Identity: Passport, Valid Visa with photograph.
- Proof of Admission: A letter from the University or College.
- Address Proof: A letter from the College or Hostel, certificate from the Embassy of the country of origin or any appropriate Legal Authority certified local address in India/rent agreement/certification of registration issued by Foreigner Registration Regional Office (FRRO).

Branches may open NRO Account on the basis of the passport (with appropriate visa & immigration endorsement) which contains proof of identity and address in the home country along with a photograph and a letter offering admission from the educational institution in India.

- Provided that a declaration about the local address shall be obtained within a period of 30 days of opening the account and the said local address is verified.
- Provided further that pending the verification of address, the account shall be operated with a condition of allowing foreign remittances not exceeding USD 1000 or equivalent into the account and a cap of rupees fifty thousand on aggregate in the same, during the 30-days period.

The account shall be treated as normal NRO account and shall be operated in terms of RBI's instructions on Non-Resident Ordinary Rupee (NRO) Account, and the provision of FEMA 1999.

Students with Pakistani nationality will need prior approval of RBI for opening the account.

RBI has clarified that in terms of Section 2(V) of FEMA 1999 definition of a person resident in India does not include a person who has come to stay in India for any purpose which would indicate his stay for a definite period. Accordingly, a foreign student coming to India would be considered as "Non-resident" and a resident account cannot be opened for him/her.

## 2. Interest Payments

- 2.1. In saving bank deposits, interest shall be calculated on daily product basis. Interest shall be credited only when interest payable is minimum Re. 1/-. Interest will be paid on Quarterly basis.
- 2.2. In terms of Reserve Bank of India directives, interest shall be calculated at quarterly intervals, on term deposits and paid at the rate decided by the Bank depending upon the period of deposits. In case of Monthly Deposit Scheme, the interest shall be calculated for the quarter and paid monthly at discounted value. The interest on term deposits is calculated by the Bank in accordance with the formulae and conventions advised by Indian Banks' Association, as under:
- 2.3. Interest on deposits for fixed term may be paid, credited, transferred or reinvested with frequency not less than the quarterly rests. However, payment of monthly interest may be allowed, if required, by discounting the quarterly interest accrued.
- 2.4. Interest on deposits where the terminal period (monthly/quarterly/half year etc. as the case may be) is incomplete shall be paid on maturity.
- 2.5. On deposits repayable in less than three months or where the terminal quarter is incomplete, interest would be paid for the actual number of days on the basis of 365 days in non-leap year and 366 days in leap year.
- 2.6. Pricing of deposits shall be done keeping in view the interest rate forecast, opportunity available for deployment of such deposits. Resource Planning Department will issue circular of interest rate revision after approval of ALCO.

2.7. There will be No auto renewal of deposits under the Bank Term Deposit Scheme, 2006 (5 years Tax Saving Scheme). However, the customer may renew the same, if the maturity proceeds exceed Rs. 10 Cr (Principal+ Interest), the same will not be auto renewed in the system and will be shifted to overdue deposits. Branches will have to seek the approval from TIBD. TIBD will give rates on such deposits considering the cost benefit analysis of the deposits.

### **2.8. Rounding off of Transactions**

All transactions, including payment of interest on deposits / charging of interest on advances, shall be rounded off to the nearest rupee i.e., fractions of fifty paise and above shall be rounded off to the next higher rupee and fractions of less than fifty paise shall be ignored.

Cheques/ drafts issued by clients containing fractions of a rupee shall not be however rejected or dishonored.

### **2.9. Payment of interest on Term Deposit maturing on Sunday/ Holiday/ Non-Business Working Day/ Backdated Creation of Term deposits**

In case of deposits maturing for payment on Sunday/ holiday/ non-business working day (as also Saturday in case of NRE deposits), interest shall be paid for the intervening Sunday/ holiday etc., at the originally contracted rate.

In case of reinvestment deposits (such as CDR, RD etc.), interest for the intervening Sunday/ holiday etc. shall be paid on the maturity value and in the case of ordinary term deposits (such as FDR, QIDS, MIDS etc.), the interest shall be paid on the original principal amount.

**2.9.1.** The rate of interest on deposits will be prominently displayed in the branch premises, if any, with regard to the deposit schemes and other related services shall also be prominently displayed.

**2.9.2.** 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 Act. 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. Besides, the Bank has statutory obligation to charge / deduct Service Tax as well as Transaction Tax as specified / notified by the Govt. of India, from time to time.

### **2.9.3. Backdated opening of term deposits:**

If Bank has received the customer's mandate & sufficient funds are available in customer's account, then there shall not be any restriction to open term deposit if the term deposit could not be opened same day on account of operational reasons such as below, Bank may allow opening of backdated creation of term deposits beyond 1 Day:

- Connectivity failure, leading to non-creation of term deposit on a particular date, the customer applied for investing in term deposits.
- Funds received post EOD (in CBS) due to operational reasons acceptable to sanctioning authority.
- Late receipt of funds for term deposits, and branch was unable to create the term deposit due to lacunae in customer data due to C-KYC, Re-KYC etc., which could

- not be solved same day, and falling day/s is a holiday/ consecutive holidays. However, such reasons should be acceptable to the sanctioning authority.
- Any regulatory/ statutory order advising the backdated opening of term deposit form a particular date (irrespective of tenor).
  - Any other operational reason, acceptable to the sanctioning authority, not specified above.

**Delegated sanctioning powers for allowing backdated creation of term deposit.**

Amount	No of Days for backdated opening of term deposit	Delegation
Any Amount	Up to 5 days	General Manager Planning

**2.10. Discretion to pay additional interest not exceeding one percent on deposits of bank's staff and their exclusive associations.**

The Bank shall allow additional interest at a rate not exceeding one percent per annum over and above the rate of interest applicable to Deposits held in Domestic Accounts in respect of a savings or a term deposit account of Bank's staff and their exclusive associations as well as on deposits of Chairman, Managing Director & Chief Executive Officer, Managing Director, Executive Director or such other Executives **such as CVO, etc.** appointed for a fixed tenure, subject to the following conditions:

- i. The additional interest is payable till the person continues to be eligible for the same and in case of his ceasing to be so eligible, till the maturity of a term deposit account.
- ii. In case of employees taken over pursuant to the scheme of amalgamation, the additional interest is allowed only if the interest at the contractual rate together with the additional interest does not exceed the rate, which could have been allowed if such employees were originally employed by the bank.
- iii. 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 period of deputation.
- iv. In the case of persons taken on deputation for a fixed tenure or on a contract of a fixed tenure, the benefit will cease to accrue on the expiry of the term of deputation or contract, as the case may be.
- v. Bank Employees' Federations, in which bank employees are not direct members, shall not be eligible for additional interest.
- vi. The additional interest may be paid on the following deposits after obtaining a declaration from the depositor concerned, that the monies deposited or which may be deposited from time to time into such account belong to the depositor:

**a.)** member or a retired member of the bank's staff, either singly or jointly with any member or members of his/her family; or

**b.)** the spouse of a deceased member or a deceased retired member of the bank's staff; and

**c.)** an Association or a fund, members of which, are "**members of the bank's staff**";

- i. "**A member of the bank's 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.

- ii. **“A retired member of the bank’s staff”** means an employee retiring whether on superannuation or otherwise as provided in the bank’s Service / Staff Regulations, but does not include an employee retired compulsorily or in consequence of disciplinary action.
- iii. **“Family”** means and includes the spouse of the member / retired member of the bank’s staff and the children, parents, brothers and sisters of the member/retired member, but does not include legally separated spouse.

Payment of additional interest will be subject to the following conditions, namely;

- i. The deposits maintained by Bank’s staff members, jointly with eligible family members would be entitled for the staff benefit by the way of additional 1.00% p.a. interest, only when the staff member is named first and not subsequent to the deposit.

Also, in case of Staff Deposit jointly with senior citizen, would be entitled for the staff benefit by the way of additional 1.00% interest, only when the staff member is named first and not subsequent to the deposit. The benefit of additional interest of 0.50% p.a. as extended to senior citizen scheme shall not be extended to such deposits

- ii. Bank’s retired staff members, who are senior citizens (60 years of age or above), will be eligible for the benefit of additional interest rates as admissible to senior citizens, as applicable from time to time, over and above the additional interest of 1.00% p.a. payable to them by virtue of their being retired members of the Bank staff.

Deposits maintained by Bank’s retired staff members, who are senior citizens, jointly with eligible family members would be entitled for the staff benefit by the way of additional 1.00% p.a. interest along with senior citizen benefit, only when the retired staff member is named first and not subsequent to the deposit.

- iii. **In case, a deposit is held jointly by the spouse of deceased member of the staff, who is senior citizen, with any of the family members then the branch can offer both staff interest and senior citizen interest, provided the name of the spouse of deceased staff member should be first in a joint deposit.**
- iv. **A member or a retired member or the spouse of a deceased member or spouse of a deceased retired member of the Bank’s staff will be offered an additional interest rate of 1.00% p.a. in all types of saving deposit account irrespective of amount, and for all term deposit accounts up to Rs. 5 Crore only.**
- v. The benefit of additional interest rate of 1.00% will be available to the associations or a fund, members of which are Bank’s staff members, beyond a deposit amount of Rs. 5.00 Crore also.
- vi. **Accounts which are ineligible for benefits of staff accounts:**

1. Even if the Karta of the family is a member of Bank's staff, the accounts of HUF shall not be eligible for staff rate of interest.
2. Deposits in the name of staff under Capital Gains account: If a deposit is held by the staff under Capital Gains Account, no additional interest benefit is available on that deposit. Likewise, additional interest for Senior citizen is also not available for staff deposits under Capital Gains.
3. NRE/NRO Deposits of Staff Members: Deposits held by the staff under NRE / NRO Deposit Account shall not be eligible for the additional interest benefit.
4. Account of staff members of the Bank's Associations/ Subsidiaries (eg. METCO, Employee Societies), if they are not Bank's **(Bank of Maharashtra)** Staff.

**2.11. Discretion to pay additional interest not exceeding one per cent on deposits of Chairman and Managing Director, Managing Director & Chief Executive Officer, and Executive Directors of the Bank.**

On deposits accepted / renewed from Chairman, Chairman & Managing Director, Managing Director & Chief Executive Officer, Executive Director or such other Executive appointed for a fixed tenure, the Bank shall pay additional interest not exceeding one per cent per annum over and above the rate of interest not exceeding one per cent per annum over and above the rate of interest stipulated. However, they are eligible to get such benefit only during the period of their tenure.

**2.12. Discretion to pay interest on current accounts maintained by Regional Rural Banks with sponsor banks**

Bank may pay interest on current account of a Regional Rural Bank at the rate specified by sponsored bank directive from time to time.

**2.13. Deposit Scheme for Senior Citizens (above 60 years of age)**

Bank may offer additional rate of interest on term deposits of Resident Indian Senior citizens as decided and declared from time to time (presently 0.50% p.a. only, for all maturity slabs of 91 days and above for deposits up to Rs. 5 Crore only). The additional interest is not applicable to any type of non-resident deposits.

Bank is giving the benefit of higher rate to the senior citizens automatically on maturity/rollover of the existing term deposit receipts, after attaining the age of sixty.

In the case of a term deposit, which is, standing in the name of an HUF, additional rate of interest shall not be offered even if the Karta of the HUF is a resident Indian senior citizen, as the beneficial owner of the deposit is the HUF and not the Karta in his individual capacity.

**Also, in case of Deposit held jointly with senior citizen, would be entitled for the senior citizen benefit by the way of additional 0.50% interest, only when the senior citizen depositor is named first and not subsequent to the deposit.**

**2.14. Payment of interest on accounts frozen by bank**

In case of Term Deposit Accounts of customers frozen by the orders of the enforcement authorities, following procedure shall be followed;

- i. A request letter shall be obtained from the customer on maturity, indicating therein term for which the deposit is to be renewed. In case the depositor does not exercise the option of choosing the term for renewal, bank shall renew the same for a term equal to the original term.
- ii. No new receipt shall be issued.

- iii. Renewal of deposit shall be advised by registered letter / speed post / courier service to the concerned Government department under advice to the depositor. In the advice to the depositor, the rate of interest at which the deposit is renewed shall also be mentioned.
- iv. If overdue period for overdue deposits & deposit opened under special rates does not exceed 14 days on the date of receipt of the request letter, renewal should be done from the date of maturity. If it exceeds 14 days, interest for the overdue period shall be paid as per our policy (refer **Annexure C**)
- v. With regard to the savings bank accounts frozen by the enforcement authorities, bank shall continue to credit the interest to the account on a regular basis.

## 2.15. Interest on Overdue Term Deposits

If a Term Deposit matures and the proceeds are neither renewed nor paid, the amount shall be kept in a separate office account of the Bank and treated as overdue deposits. Such overdue deposits left unclaimed with the Bank.

- i) When presented for payment shall be paid the maturity value together with the interest for the intervening period i.e. from the date of maturity to the date of payment at the rate applicable to savings deposit as on the date of payment or the contracted rate of interest on the matured Term Deposit, whichever is lower.
- ii) If the request for renewal is received for such overdue term deposit within 14 days from the date of maturity (both days inclusive), the deposit will be renewed from the date of maturity at the interest rate applicable for deposits as on the date of maturity.
- iii) In case the request for renewal is received after 14 days from date of maturity (both the days inclusive), the term deposit will be renewed from date of request at the interest rate applicable on the date of renewal. However, interest for the intervening period i.e. from the date of maturity to the date of renewal will be paid at the rate applicable to savings deposit as on the date of payment or the contracted rate of interest on the matured Term Deposit, whichever is lower.
- iv) Additional interest of 1.00% p.a. as given to staff under normal circumstances is to be provided for payment of overdue deposits of staff.

## 2.16. Interest rates on Rupee Deposits – Non-Resident

**2.16.1** Interest on deposits of money accepted or renewed under NRE/NRO deposit scheme shall be on the terms and conditions specified in the ensuing paragraphs:

- (a) Interest rates on NRE/NRO term deposits shall vary only on account of one or more of the following reasons:
  - (i) **Tenor of Deposits:**  
Bank will offer interest on such deposit subject to the condition that 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

**(iii) Non-availability of Premature withdrawal option:**

Bank shall offer NRE / NRO term deposits without premature withdrawal option, provided that all NRE / NRO term deposits accepted from individuals (held singly or jointly) for amount of Rupees one crore and below will have premature-withdrawal-facility.

- (b) Interest rates on NRE/ NRO deposits shall not be higher than those offered on comparable domestic rupee term deposits.
- (c) 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
- (d) Interest on savings deposits shall be credited at quarterly intervals.
- (e) 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.

**2.16.2 Prohibition on marking lien:**

Bank/Branches shall not mark any type of lien, direct or indirect, against NRE saving deposits.

**2.16.3 Penalty on premature withdrawal of NRE deposits:**

Subject to the following:

- a. The components of penalty shall be clearly brought to the notice of the depositors at the time of acceptance of the deposits.
- b. No penalty shall be levied for premature withdrawal of NRE term deposits for conversion into Resident Foreign Currency (RFC) Account.
- c. Penalties for premature withdrawal shall be levied for conversion of NRE deposit into FCNR (B) deposit and vice versa.

**2.16.4 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

**2.17. Interest rate on Foreign Currency(Non-resident) Accounts(Banks) Scheme**

**2.17.1** Interest on deposits of money accepted or renewed under the Foreign Currency (Non-Resident) Accounts (Banks) Scheme shall be in accordance with the terms and conditions specified in the ensuing paragraphs:

- (a) Interest rates on term deposits under the FCNR (B) scheme shall vary only on account of one or more of the following reasons:
- (i) Tenor of deposits

The maturity period for term deposits under the FCNR (B) scheme shall be as under:

- a. One year and above but less than two years
- b. Two years and above but less than three years
- c. Three years and above but less than four years
- d. Four years and above but less than five years
- e. Five years only

Provided that, acceptance or renewal of FCNR (B) deposits over five years and acceptance of recurring deposits under the FCNR (B) Scheme shall not be permitted by the Bank.

- (ii) Size of Deposits

Bank shall, at its discretion, will decide the currency-wise minimum quantum on which differential rates of interest may be offered.

- (b) The interest rates on all deposits, including where differential rates of interest are offered, shall be subject to the overall ceiling prescribed at (f) below.
- (c) Interest on floating rate deposits shall be paid within the ceiling of swap rates for the respective currency/ maturity and in case of fixed rate deposits, interest shall be paid within the ceiling of Overnight Alternative Reference Rate for the respective currency / maturity.
- (d) The interest reset period shall be six months for all floating rate deposits.
- (e) The Overnight Alternative Reference Rate for the respective currency /SWAP rates as on the last working day of the preceding month shall form the base for fixing ceiling rates for the interest rates offered effective in the following month
- (f) The interest rates ceiling on FCNR (B) deposits shall be as under:

<b>Period of deposit</b>	<b>Ceiling rate</b>
1 year to less than 3 years	Overnight Alternative Reference Rate for the respective currency/ Swap plus 400 basis points
3 years and above upto and including 5 years	Overnight Alternative Reference Rate <sup>2</sup> for the respective currency / Swap plus 500 basis points

- (g) The Overnight Alternative Reference Rate for the respective currency / Swap rates quoted/displayed by Financial Benchmarks India Pvt Ltd (FBIL) shall be used as the reference for arriving at the interest rates on FCNR (B) deposits.

### **2.17.2 Manner of calculation of interest on FCNR(B) deposits:**

- a) Interest on the deposits accepted under the scheme shall be calculated on the basis of 360 days to a year.
- b) The interest on FCNR (B) deposits shall be calculated and paid at intervals of 180 days each and thereafter for the remaining actual number of days.



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Provided that the option to receive the interest on maturity with compounding effect shall vest with the depositor.

### **2.17.3 Calculation of interest on renewal of FCNR (B) deposits:**

Interest calculation on renewal of FCNR(B) deposits shall be as under:

- a) If the period from the date of maturity till the date of renewal (both days inclusive) does not exceed 14 days, the rate of interest payable on the amount of the deposit so renewed shall be the appropriate rate of interest for the period of renewal as prevailing on the date of maturity or on the date when the depositor seeks renewal, whichever is lower.
- b) In all other cases of renewal, interest rates for the overdue period on the renewed amount shall be determined by treating it as a fresh term deposit.
- c) If, after renewal, the deposit is withdrawn before completion of the minimum stipulated period under the scheme, scheduled commercial banks may, at their discretion, recover the interest paid for the overdue period i.e. period beyond the original date of maturity.

### **2.17.4 Interest payable on the deposit of a deceased FCNR(B) depositor:**

Bank shall pay interest on the term deposits standing in the name(s) of a deceased FCNR(B) individual depositor or two or more joint depositors where one of the depositors has died, as under:-

- a) If paid on the maturity of the deposit, interest shall be paid at the contracted rate;
- b) If the deposit is claimed before the maturity date, interest shall be paid not at the contracted rate but at the rate applicable to the period for which the deposit remained with the bank and without charging penalty for pre-payment;
- c) In case the depositor dies before the date of maturity of the deposit but the amount of the deposit is claimed after the date of maturity, interest shall be paid at the contracted rate till the date of maturity and simple interest at the applicable rate operative on the date of maturity for the period for which the deposit remained with the bank beyond the date of maturity.
- d) In case of death of the depositor after the date of maturity of the deposit, the interest rate operative on the date of maturity in respect of savings deposits held under Resident Foreign Currency (RFC) Account Scheme shall be paid from the date of maturity till the date of payment.
- e) In case the claimants are residents, the maturity proceeds shall be converted into Indian Rupees on the date of maturity and interest shall be paid for the subsequent period at the rate applicable to a domestic term deposit of similar maturity.

### **2.17.5 Payment of interest on FCNR (B) deposits of NRIs on return to India:**

Bank may, at their discretion, on receipt of the request from the depositor, allow FCNR (B) deposits of persons of Indian nationality/origin who return to India for permanent settlement to continue till maturity at the contracted rate of interest subject to the conditions that:

- a) The rate of interest as applicable to FCNR(B) deposits shall continue.
- b) Such deposits shall be treated as resident deposits from the date of return of the account holder to India.
- c) The FCNR (B) deposits on maturity shall be converted into Resident Rupee Deposit Account or RFC Account (if eligible) at the option of the account holder.

- d) The rate of interest on the new deposit (Rupee account or RFC Account) shall be the relevant rate applicable for such deposit account.

#### **2.17.6 Conversion of FCNR (B) Accounts of Returning Indians into RFC Accounts/Resident Rupee Accounts- Payment of interest :**

Subject to conditions of RBI directions and FEMA guidelines, Bank shall pay interest at the time of conversion of FCNR(B) Account into RFC/Resident Rupee Account even if the deposit has not completed the minimum maturity period mentioned in section 2.17.1(a) above.

Provided that the rate of interest shall not exceed the rate payable on savings bank deposits held under RFC Account Scheme.

#### **2.17.7 Premature withdrawal of deposits :**

- a) Bank shall, on request from the depositor, permit premature withdrawal of deposits under the FCNR(B) Scheme.
- b) If the premature withdrawal of FCNR(B) deposits takes place before completion of the minimum stipulated period as mentioned in section 2.17.1(a) above, no interest shall be paid.

#### **2.17.8 Penalty on Premature Withdrawal of deposits:**

Subject to the following –

- a) The components of penalty shall be clearly brought to the notice of the depositors at the time of acceptance of the deposits. If not, the exchange loss arising out of premature withdrawal shall be borne by the Bank.
- b) Penalty shall be levied on premature withdrawal of FCNR(B) deposits
- i) when the depositors return to India for permanent settlement.
  - ii) for conversion of FCNR (B) deposits into NRE deposits or vice-versa.
- c) In case of splitting of the amount of term deposit at the request from the claimant/s, 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.
- d) Bank shall, at their discretion, levy penalty to recover the swap cost in the case of premature withdrawal of FCNR(B) deposits.
- e) No penalties shall be levied in the case of premature conversion of balances held in FCNR (B) deposits into RFC Accounts by Non-Resident Indians on their return to India.

#### **2.18. Acknowledgement by banks at the time of submission of Form 15-G / 15-H**

The depositor, if entitled to exemption from TDS can submit declaration in form of 15G/H in the prescribed format at the beginning of every financial year. Bank shall give an acknowledgement at the time of receipt of Form 15 G/15 H.

- (i) In accordance with Income Tax guidelines, where ever PAN details are not available on our records, the Bank would be deducting TDS at 20% or the TDS rate as applicable per the Income Tax Act, 1961, whichever is higher.

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- (ii) In case of premature withdrawals, any tax already deducted on interest will not be refunded by the bank.
  - (iii) NRIs are not eligible to submit 15 G/15 H form.

### 3. 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 includes ATM, Internet banking, mobile banking including SMS banking facility and phone banking. Bank should obtain specific consent of the customers for availing the facility.

### 4. Premature Withdrawal / Closure of Term Deposits / Non-Callable Term Deposits

The Bank on request from the depositor, shall allow withdrawal of term deposit before completion of the period of the deposit agreed upon at the time of placing the deposit. Interest rate applicable on premature withdrawal of term deposit is mentioned as under:

- a) **Irrespective of amount and tenor:** While prematurely withdrawing/ closing a deposit the applicable rate of interest shall be 1.00% below the applicable card rate, for the actual period for which the deposit has remained with the bank, as prevailing on the date of deposit and payable for the period for which the deposit actually remained with the Bank.
- b) Premature withdrawal of deposit in case of death of one depositor would not attract any penal charges.
- c) In case of NRE/FCNR deposits, no interest shall be paid if deposit is prematurely closed before the minimum period of one year.
- d) No interest will be paid for premature withdrawal within 7 days of opening the deposit.

In case of NRE/FCNR deposits, premature payment after one year shall attract penalty as mentioned in **Annexure-B**. However, no penalty to be levied on premature withdrawal of NRE/FCNR after completion of one year if it is for reinvestment for a period longer than residual maturity period of existing deposit.

Bank may change the penalty clause at any time and the latest interest rate circular shall prevail. The existing provisions governing the premature withdrawal of deposits are given more precisely in **Annexure-B**

However, as regards bulk deposits of Rs. 3 Cr & above, the bank at its discretion may disallow premature withdrawal of such large term deposits of all depositors, including deposits of individuals and HUFs. Bank shall however notify such depositors of its policy of disallowing premature withdrawal in advance i.e. at the time of accepting such deposits.

#### **Premature withdrawal of non-callable term deposits is not allowed.**

However, General Manager, Resource Planning Department is authorized to grant permission for premature withdrawal of non-callable term deposits after assessing the exceptional condition and after being satisfied with the reason. Following are the exceptional conditions, which can be taken into consideration while allowing the branches for premature payments of Non-Callable Term Deposits-

- (a) Death of depositor/first depositor in case of joint account

- (b) Bankruptcy of the depositor/s
- (c) In case of specific order from Government/Regulator
- (d) In case of court order

In case of premature withdrawal of non-callable term deposit, the ROI applicable to non-callable term deposit is not applicable and the deposit will be treated as Normal Term Deposit. Further, 1% penal interest will be applicable for premature payment of non-callable term deposit and ROI applicable will be the Contracted ROI (at time of opening of deposit) or for the period for which the deposit has actually remained with the Bank, whichever is lower.

## **5. Renewal of Term Deposits / Overdue Term Deposits / Non-Callable Term Deposits**

Irrespective of the type of term deposits, when a term deposit will reach its maturity, a SMS will be sent to the customer 15 days prior to maturity date, intimating the customer about the maturity of deposit kept with the bank and date of maturity. Further, post maturity in case of roll over of the proceeds, a SMS will be sent informing the customer about the rollover of the deposit, revised maturity date, and ROI.

The bank offers auto-renewal facility for term deposits. If this facility is opted for by the customer, the term deposit on maturity is auto-renewed for the tenor same as the maturing deposit at the rate prevailing on the date of renewal.

If auto-renewal facility is not opted for by the customer, and the term deposit is renewed by the customer on maturity, interest rate for the period specified by the depositor as applicable on the date of maturity would be applied on the deposit so renewed.

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 rates decided by the Bank from time to time. The latest guidelines are given in **Annexure-C**

Auto renewal option is also not available for non-callable term deposits. (deposits above Rs. 1 Crores)

## **6. Intra-bank term deposits / term deposit account portability**

Banks is allowing unrestricted transfer of intra-bank deposit or term deposit accounts if KYC done by one branch is fully complete. In order to comply with KYC requirements of correct address of the person, fresh address proof may be obtained from him/her upon such transfer by the transferee branch.

## **7. Unclaimed Deposits / Inoperative Accounts**

A savings as well as current account shall be treated as inoperative / dormant if there are no transactions in the account for over a period of two years. Such accounts shall be marked by the CBS system as inoperative accounts.

The depositor can request the Bank to activate the account for operating it after complying with the conditions as per KYC norms. No charge shall be levied during the period for which

the account remained inoperative. Further, no charges will be levied for activation of inoperative accounts.

For the purpose of classifying an account as 'inoperative' both the type of transactions i.e., debit as well as credit transactions induced at the instance of customers as well as third party shall be considered. However, the service charges levied by the bank or interest credited by the bank shall not be considered.

Credit of interest on term deposit account/s of the customers to their Saving Bank accounts as per their mandates shall be treated as customer induced transactions. Though there are no other operations in the Savings Bank accounts, they shall be treated as operative accounts as long as the interest on term deposit/s is credited to the Savings Bank accounts. Such Savings Bank accounts shall be treated as inoperative accounts only after two years from the date of the last credit entry of the interest on term deposit/s.

Similar treatment shall be given where the customer has given a mandate for crediting dividend on shares to Savings Bank account and there are no other operations in the Savings Bank account. Such account shall be treated as inoperative account only after two years from the date of the last credit entry of the dividend, provided there is no other customer induced transaction.

The segregation of the inoperative accounts is from the point of view of reducing risk of frauds etc. However, the customer should not be inconvenienced in any way, just because his account has been rendered inoperative. The classification is there only to bring to the attention of dealing staff, the increased risk in the account. The transaction may be monitored at a higher level from the point of view of preventing fraud. Operation in such accounts may be allowed after due diligence as per risk category of the customer. Due diligence would mean ensuring genuineness of the transaction, verification of the signature and identity etc. However, it has to be ensured that the customer is not inconvenienced as a result of extra care taken by the bank.

Interest on savings bank accounts shall be credited on regular basis whether the account is operative or not. If a Term Deposit Receipt matures and proceeds are unpaid, the amount left unclaimed with the bank will attract savings bank rate of interest or contracted rate of interest on matured term deposit, whichever is lower.

Section 26 of the Banking Regulation Act, 1949 provides, inter alia, that every banking company shall, within 30 days after close of each calendar year submit a return in the prescribed form and manner to the Reserve Bank of India as at the end of each calendar year (i.e., 31st December) of all accounts in India which have not been operated upon for 10 years.

## **8. The Depositor Education & Awareness Fund Scheme – 2014**

As per RBI directives under the provisions of Banking Regulation Act 1949, Section 26 A, any amount to the credit of any account in India with any bank, which has not been operated upon for a period of ten years, or any deposit or any amount remaining unclaimed for more than ten years, shall be credited to the 'The Depositor Education and Awareness Fund' (DEAF) on monthly basis.

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**9. Display of the list of unclaimed accounts on bank's website**

Bank shall display the list of unclaimed deposits / inoperative accounts which are inactive / inoperative for ten years or more on its website.

**10. Suo Moto 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 customer, at address of the customer as per Bank's records / Paper Publication / SMS / email etc. Examples of undesirable and un-remunerative features are –

- a) Drawing cheques without funds.
- b) Fraudulent transactions in account which may expose the Bank to unnecessary risks.
- c) Accounts wherein transactions (such as huge cash transactions) disproportionate to the known profile of customer, are being made.
- d) 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.
- e) Non-compliance of minimum balance requirements for current and saving account as applicable to the relevant scheme / product such as operative / inoperative accounts having zero balance with or without accumulated charges.

**11. Closure of Accounts:**

Accounts can be closed on written request of the depositor. 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.

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**Annexure-A**

**RBI has permitted to open following types of the current accounts without any restriction. An indicative list of such accounts is as given below:**

- i. Inter-bank accounts
- ii. Accounts of All India Financial Institutions (AIFIs), viz., EXIM Bank, NABARD, NHB, and SIDBI
- iii. Accounts opened under specific instructions of Central Government and State Governments
- iv. Accounts attached by orders of Central or State governments/regulatory body/Courts/investigating agencies etc. wherein the customer cannot undertake any discretionary debits
- v. Accounts for real estate projects mandated under Section 4 (2) I (D) of the Real Estate (Regulation and Development) Act, 2016 for the purpose of maintaining 70% of advance payments collected from the home buyers.
- vi. Nodal or escrow accounts of payment aggregators/prepaid payment instrument issuers for specific activities as permitted by Department of Payments and Settlement Systems (DPSS), Reserve Bank of India under Payment and Settlement Systems Act, 2007.
- vii. Accounts for settlement of dues related to debit card/ATM card/credit card issuers/acquirers.
- viii. Accounts permitted under FEMA, 1999.
- ix. Accounts for the purpose of IPO / NFO /FPO/ share buyback /dividend payment / issuance of commercial papers/allotment of debentures/gratuity, etc. which are mandated by respective statutes or regulators and are meant for specific/limited transactions only.
- x. Accounts for payment of taxes, duties, statutory dues, etc. opened with banks authorized to collect the same, for borrowers of such banks which are not authorized to collect such taxes, duties, statutory dues, etc.
- xi. Accounts of White Label ATM Operators and their agents are exempt from the provisions of the Current Account. Since Cash-in-Transit (CIT) Companies/ Cash Replenishment Agencies (CRAs) essentially carry out a similar activity, the exemption would be applicable to these entities as well.

**Annexure-B****Interest payable on premature payment of term deposits**

<b>Period for which the deposit has remained with the Bank</b>	<b>Procedure</b>
Less than 7 days (Applicable to both Normal and DRI deposits)	No interest is payable
7 Days and Above	<p>The interest rate shall be 1.00% below the applicable card rate for the actual period for which the deposit has remained with the bank as prevailing on the date of deposit and payable for the period for which the deposit actually remained with the Bank.</p> <p><b>Note: However, on case to case basis, with the approval of competent authority [Investment Committee for Bulk Deposit amount up to Rs.500 Crore and MD &amp; CEO for Bulk Deposit Amount above Rs. 500 Crore], the interest shall be paid as per the applicable card rate for the actual period for which the deposit has remained with the bank as prevailing on the date of deposit and payable for the period for which the deposit actually remained with the Bank.</b></p>
<p><u>Other Provisions-</u></p> <p>1) However, as regards bulk deposits of Rs. 3 Cr &amp; above, the bank at its discretion may disallow premature withdrawal of such large term deposits of all depositors, including deposits of individuals and HUFs. Bank shall however notify such depositors of its policy of disallowing premature withdrawal in advance i.e. at the time of accepting such deposits.</p> <p>2) In case the bank decides to adjust term deposit prematurely for the recovery of loans the penal clause will not be applicable and the interest at contractual rate from the date of deposit till the date of adjustment be allowed subject to following conditions-</p> <ol style="list-style-type: none"> <li>a. Such recovery should result either in NPA recovery or preventing the defaulted account from becoming NPA.</li> <li>b. The loan should not be against term deposits.</li> </ol> <p>3) In case of NRE/FCNR/RFC deposit, no interest shall be paid if the deposit is prematurely closed before the stipulated minimum period of one year. Premature payment of NRE/FCNR/RFC deposit after one year shall attract penalty of 1% on the applicable interest rate. However, if the FCNR/RFC deposit is closed before maturity, on or after completion of the stipulated minimum period of deposit of 1 year and the applicable rate of interest for the period run is less than 1%, then the rate of interest payable on such prematurely closed deposit shall be the rate of interest applicable to FCNR/RFC deposit for the period run, ruling as on the date of deposit or on the date of seeking premature withdrawal, whichever is lower.</p>	

Subject to changes from time to time



## Annexure-C

## Procedure for Interest Payable on renewal of Term Deposits

SI No	Overdue period at the time of renewal	Rules for renewal
1	Up to 14 days from the date of maturity	Such deposit can be renewed as on the date of maturity at the rate prevailing on the date of maturity
2	Beyond 14 days up to 6 months	Such deposit can be renewed as on the date of maturity at the rate prevailing on the date of maturity or the date of actual renewal whichever is less.
3	Beyond 6 months up to 10 years	<p>Overdue deposit may be accepted as a fresh deposit (in part or in full) for the further period as specified by the depositor at the rate of interest as ruling on the date on which the fresh deposit is made.</p> <p>Interest for overdue period (i.e. the period between the date of maturity and the date of renewal/ date of acceptance as a fresh deposit) - <u>Simple</u> interest shall paid for the actual overdue period at the rate <u>lowest of the below</u>;</p> <ol style="list-style-type: none"> <li>1) ROI applicable to actual overdue period as prevailing on the date of maturity</li> <li>2) ROI applicable for the actual overdue period as prevailing on the date on which the deposit is renewed as fresh deposit</li> <li>3) ROI applicable for the period for which overdue deposit is renewed as fresh deposit</li> </ol>
4	Exceeds 10 years	<p>Overdue deposit may be accepted as a fresh deposit (in part or in full) for the further period as specified by the depositor at the rate of interest as ruling on the date on which the fresh deposit is made.</p> <p>Interest for overdue period (i.e. the period between the date of maturity and the date of renewal/ date of acceptance as a fresh deposit) - <u>Simple</u> interest shall paid for the actual overdue period at the rate <u>lowest of the below</u>;</p> <ol style="list-style-type: none"> <li>(1) ROIs applicable as at the end of every completed slab of 10 years from the original maturity date, for the tenor of 10 years</li> <li>(2) ROI applicable as at the end of all completed slabs of 10 years from the original maturity date, for the actual tenor from the end of such completed slabs up to the date on which the deposit is renewed as fresh deposit</li> <li>(3) ROI applicable for the period for which overdue deposit is renewed as fresh deposit.</li> </ol>
5	In case term deposit is not renewed	At Savings Bank rate or the contracted rate of interest on matured term deposit whichever is lower.

Note: These provisions will be applicable to existing as well as fresh deposits.

Subject to changes from time to time.