

POLICY ON DEPOSITS

BANK DEPOSITS

This policy document on deposits outlines the guiding principles in respect of formulation of various deposit products offered by Bank and terms and conditions governing the conduct of the accounts. 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 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 that they are rightfully entitled to receive, without demand.

The policy document is only a broad framework under which the rights of common depositors are recognized. All branches/offices shall follow the detailed operational instructions on various deposit schemes and related services as per the Manual of Instructions and the relevant circulars issued from time to time.

Before opening any deposit account, due diligence shall be carried out by branches as required under "Know Your Customer" (KYC) **policy framed by Bank based on the regulatory guidelines issued by RBI** and/or such other norms or procedures in force in the Bank.

1. 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.

I. **"Demand Deposits"** means a deposit received by Bank, which is withdrawable on demand.

II. **"Savings Deposits"** means a form of demand deposit which is subject to restrictions as to the number of withdrawals as also the amounts of withdrawals permitted by Bank during the specified period;

III. **"Term Deposit "** means a deposit received by Bank for a fixed period withdrawable only after the expiry of the fixed period and includes deposits such as Recurring Deposit/Fixed Deposit/Social Security Deposit/ Senior Citizens Security Deposit/Syndicate Suvidha Deposit/Syndicate Floating Rate Deposit/Vikas Cash Certificate, Synd Smart She, Synd Smart gen and Synd Junior Millionaire etc.

IV. **Notice Deposit** means a term deposit for a specific period but withdrawable on giving at least one complete banking day's notice

V. **"Current Account"** means a form of demand deposit where from 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.

2. ACCOUNT OPENING AND OPERATION OF DEPOSIT ACCOUNTS

i) Savings Bank Accounts can be opened by eligible person/ persons and certain organizations / agencies (as advised by Reserve Bank of India from time to time) and not in the name of business concerns.

(ii) Current Accounts can be opened by individuals / partnership firms/ Private and Public Limited Companies/ HUFs/ Specified Associates/ Societies/ Trusts,

Department of Authority created by Government (Central or State), Limited Liability Partnership etc

While opening New Current account, Branches are advised to obtain the information regarding lender bank invariably in the account opening form DF 181(R) under page No.2 - point no.2.b and obtain NOC if the party is enjoying credit facilities with other Banks/Branches.

In view of the amendments to company Act, 2013, Banks are requested not to insist on a company's seal, unless there is a provision to that effect in the Memorandum and Articles of Association of the company. As per the provisions of Prevention of Money Laundering (PML) Act and Rules, there is no requirement of seeking 'company seal' while opening the account of a company.

3. a) KYC GUIDELINES:

- i) Before opening any deposit account, due diligence will be carried out as required under "Know Your Customer" (KYC) policy framed by the bank based on the regulatory guidelines issued by the rBi and/or such other norms or procedures in force in the Bank. If the decision to open an account of a prospective depositor requires clearance at a higher level, reasons for any delay in opening of the account will be informed and the final decision shall be conveyed at the earliest to the prospective depositor.
- ii) The due diligence process, while opening a deposit account will involve the Bank satisfying itself about the acceptability of the prospective customer in terms of the Customer Acceptance Policy framed by it and verifying his/her identity, address, occupation and source of income etc. in terms of the Customer Identification Procedures laid down under the "Know Your Customer" (KYC) Policy of the Bank, by using reliable and independent documents, data or information. Obtaining recent photograph of the person/s opening / operating the account is a part of due diligence process. Further, obtention of introduction of prospective depositors, from an acceptable person is also a part of the due diligence process. However, as per recent RBI guidelines, introduction is not mandatory for opening of accounts and all accounts opened are to be ensured that they are KYC compliant.

In addition to the due diligence requirements under KYC norms it 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

- iii) The regulatory guidelines require banks to categorize customers based on the risk perception and prepare profiles of customers for the purpose of transaction monitoring. Inability or unwillingness of a prospective customer to provide necessary information / details could result in the bank not opening an account. Inability of existing customer to furnish details required by the bank to fulfill statutory obligations could also result in closure of the account after due notice(s) is provided to the customer.
- iv) The process of confirming and updating identity and address, and collection of additional KYC information shall be ongoing process. The system of periodical updation of customer identification data (including photograph/s) after the account is opened will be done by the branches.

Periodic updation shall be carried out at least once in every two years for high risk customers, once in every eight years for medium risk customers and once in every ten years for low risk customers

- v) The Bank is committed to providing basic banking services to disadvantaged sections of the society. Banking services will be offered to them through no-frill accounts and these accounts will be opened with relaxed customer acceptance norms as per regulatory guidelines.

b) Simplification of KYC

With a view to ease the difficulties faced by common persons while opening bank accounts and during periodic updating, guidelines on 'Know Your Customer' (KYC) will be further simplified with immediate effect so that banks:

- i) Do not insist on physical presence of the customer at the time of periodic updating; do not seek fresh proof of identity and address at the time of periodic updating in case of no change in status for 'low risk' customers; allow selfcertification; accept a certified copy of the document by mail/post etc; and do not seek fresh documents if an existing KYC compliant customer of a bank desires to open another account in the bank.
- ii) **Proof of address:** Hence forth, customers may submit only one documentary proof of address (either current or permanent) while opening a Bank account or while undergoing periodic updation. In case the address mentioned as per 'proof of address' undergoes a change fresh proof of address may be submitted to the branch within a period of six month.

All the above simplified norms on KYC have been communicated to Branches /Offices vide our Circular No. 380/2014/BC/122 dated 18.11.2014.

iii) KYC of Proprietary concerns:

RBI's new direction vide their letter No.RBI/2014-15/498 DBR.AML.BC.No.77/14.01.001/2014-15 dated 13.03.2015 states that instead of submitting two documents, as a proof of activity, by the proprietary concerns, one proof of activity is sufficient. This has been communicated to Branches/Offices vide Circular No.122-2015-BC-P&D-044 Date: 27-03-2015.

iv) KYC for SHGs:

As per RBI directives which is reproduced in our BC circular No 380/2014/BC, KYC verification of all the members of Self Help Groups (SHGs) is not required while opening the savings bank account of the SHG. KYC verification of the office bearers of the SHGs only would suffice. However, KYC documents are to be obtained for all the SHG members.

v) KYC for Foreign Students:

Foreign students have been allowed a time of one month for furnishing the proof of local address.

vi) KYC for Low Risk Customers:

In case a customer categorised as low risk is unable to submit the KYC documents due to genuine reasons, she/he may submit the documents to the bank within a period of six months from the date of opening account.

4. INTRODUCTION NOT MANDATORY FOR OPENING ACCOUNTS

Before implementation of the system of document-based verification of identity, as laid down in PML Act/ Rules, introduction from an existing customer of the bank was considered necessary for opening of bank accounts. In many banks including our Bank, obtaining of introduction for opening of accounts is a mandatory part of customer acceptance policy, which poses difficulties for prospective customers in opening accounts.

Now, RBI has revised this guideline vide their letter No.RBI/2012-13/322 DBOD.AML.BC.No.65/14.01.001/2012-13 dated 10.12.2012. We have communicated vide our Circular No. 356-2012-BC-P&D-107 Date: 21-12-2012.

"Since introduction is not necessary for opening of accounts under PML Act and Rules or Reserve Bank's extant KYC instructions, banks should not insist on introduction for opening bank accounts of customers"

5. REVISED GUIDELINES - OFFICIALLY VALID DOCUMENT:

i) Now, RBI has clarified vide their letter no RBI /214-15/131 DBOD AML.BC No 26/14.01.001/2014-15 dated 17.07.2014 .that the discretion given to the Banks in the Clause "Any document notified by Central Govt." Stands withdrawn and it should be "officially valid document". Further, RBI has clarified the list of officially valid documents as 1) Passport 2) PAN card 3) Driving license 4) Voter's Identity Card 5) Job Card issued by NREGA and 6) Letter issued by Unique Identification Authority of India (UIAI)

The above guidelines regarding Officially Valid Documents have been communicated to all Branches/Offices vide our Circular No.280-2014-BC-P&D-87 Date: 08-09-2014.

ii) Relaxation regarding officially valid documents (OVDs) for low risk Customers
If a person does not have any of the 'officially valid documents' mentioned above, but if she/he is categorised as 'low risk' by the banks, then she/he can open a bank account by submitting any one of the following documents:

* identity card with applicant's photograph issued by Central/State Government Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, and Public Financial Institutions.

*letter issued by a gazetted officer, with a duly attested photograph of the person.

6. SMALL ACCOUNTS

RBI, vide their circular No.RBI/2010-11/389 DBOD AML.No.77/14.01.001/2010-11 dated January 27, 2011 has circulated guidelines regarding "Small Accounts". We have issued BC Circular No. 51/2011/BC/P&D/15 Dated 15.02.2011. Further , latest guidelines regarding Small Accounts , as per RBI directions have been communicated vide our Circular No. 138/2014/BC/P&D/35 dated 24.04.2014 and Circular No.380-2014-BC-P&D-122 Date: 18-11-2014

RBI vide their letter No. 6-23-2012-FI (vol II) (C-56563) dated 16.02.2015 has reiterated the differences between a small account and BSBD account on the pretext that the common man is being harassed by the bankers when he approaches banks for opening of account.

Those persons who do not have any of the 'officially valid documents' can open "Small

accounts” with banks. A ‘small account’ can be opened on the basis of a selfattested photograph and putting her/his signature or thumb print in the presence of an official of the bank.

Such accounts have limitations regarding the aggregate credits (not more than Rupees one lakh in a year), aggregate withdrawals (not more than Rupees ten thousand in a month) and balance in the accounts (not more than Rupees fifty thousand at any point in time).

These small accounts would be valid normally for a period of twelve months. Thereafter, such accounts would be allowed to continue for a further period of twelve more months, if the account holder provides a document showing that she/he has applied for any of the officially valid document, within twelve months of opening the small account.

Further, RBI has reiterated that seeking of KYC documents from the customer who open small accounts before the completion of 12 months as per RBI directives is to be avoided. The KYC norms are to be followed for each account as given elsewhere in this circular.

7. BASIC SAVINGS BANK DEPOSIT ACCOUNT (BSBD)

- i) Basic Savings Bank Deposit Account (BSBDA) would be subject to RBI instructions on Know Your Customers (KYC) / Anti Money Laundering (AML) for opening of bank accounts issued from time to time.
- ii) It is evident from the above that BSBD Accounts are opened after complying with KYC/AML guidelines. It is therefore requested that those customers who have opened their BSBD Accounts are not asked to produce KYC documents again like customers of small accounts

In respect of BSBD Accounts, as they are already KYC compliant, the Branches/Offices are advised not to insist for Officially Valid Documents as in the case of Small Accounts. Since Small Accounts are opened with a self attested photograph of the customers and as per RBI norms, he/she is given time up to 12 months for producing any of the officially valid documents in support of ID/Address proof.

8. PROHIBITION OF DISPLAY OF AADHAAR NUMBER OF RESIDENTS IN PUBLIC DOMAIN:

IBA vide their letter No PS&BT/Govt/2006 dated 05.02.2016 have informed that;

It is the responsibility of agencies to;

- a. Protect the identity of Aadhaar Card holder by maintaining the necessary confidentiality of his Aadhaar number.
- b. To ensure that Aadhaar numbers are not posted, displayed or made available in public domain such as Internet, Web, Public Notices etc. In case there is requirement to publish a list of individuals by any department or any agencies through public notice, such list shall not contain Aadhaar number.

9. OPENING OF NRO CURRENT ACCOUNT IN THE NAME OF PROPRIETORSHIP CONCERN/PARTNERSHIP FIRM/ COMPANY/ LLP REGISTERED OR INCORPORATED IN INDIA:

Reserve Bank of India vide their letter No.F.E.CO.NRFAD.1051/22.13.019/2015-16 dated 05.01.2016 has advised as follows:

In terms of Schedule 3 of Notification No. FEMA 5/2000-RB dated May 3, 2000, as amended from time to time, any person resident outside India may open NRO account with an AD Bank. Besides, resident Power of Attorney holder is also allowed to operate NRO accounts of Non-Residents in terms of **FEMA *ibid***. All such permissions are subject to terms and conditions mentioned therein.

However, in terms of Section 2 (u) read with Section 2(v) of FEMA, 1999, proprietorship concern/partnership firm/company/LLP registered or incorporated in India means persons resident in India and hence cannot open NRO account.

10. CUSTOMER INFORMATION:

The customer information collected from the customers will be used for cross selling of services or products by the Bank/ subsidiaries/ affiliates only with the consent of the account holder

11. SECRECY OF CUSTOMER'S ACCOUNTS:

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

12. LIST OF DOCUMENTS/DETAILS OF REQUIRED INFORMATION:

The account opening forms and other material containing details of information to be furnished and documents to be produced for verification and/or for record would be provided to the prospective depositor. The official/staff opening the account will explain the procedural formalities and provide necessary clarifications sought by the prospective depositor when he/she approaches for opening a deposit account.

13. MAINTENANCE OF MINIMUM BALANCE & LEVY OF CHARGES:

For products like Savings Bank and Current Account, maintenance of stipulated minimum balance forms part of terms and conditions governing operation of such accounts and failure in this regard will attract levy of charges as specified from time to time. For SB Account, the number of transactions, cash withdrawals, etc., for a given period is as per the restrictions communicated from time to time. Issue of cheques books, additional statement of accounts; duplicate passbook, folio charges, etc. are subject to charges specified from time to time. All such details, regarding terms and conditions for operation of the accounts and schedule of charges for various services provided shall be intimated to the prospective depositor while opening the account.

RBI vide letter No. RBI / 2013-14/580 DBOD Dir. BC. No. 109/13.03.00/2013-14 dated 6.5.14 has advised Public Sector Banks not to charge any penalty for non maintenance of minimum balance in respect of inoperative/dormant accounts. BC Circular No.427-2014-BC-P&D-143 Date: 11-12-2014 issued in this regard.

14) JOINT ACCOUNTS:

- a. Deposit accounts can be opened by an individual in his own name or by more than one individual in their own names (Joint Account).
- b. Operation of Joint Account -The Joint Account opened by more than one individual (other than minor's account) can be operated by single individual or by more than one individual jointly. The mandate for operating the account can be modified with the consent of all account holders.

c. The joint account holders can give mandates like "Jointly" "Either or Survivor", "Former / Latter or Survivor", "Anyone of Survivors or Survivor" etc for the disposal of balance in their accounts. This mandate can be modified by the consent of all the account holders.

d. 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.

15) OPERATION OF ACCOUNT BY OTHER PERSON:

At the request of depositor/s, the branch will register mandate / power of attorney given by him/them authorizing another person to operate the account on his/their behalf.

(I) NOMINATION:

a. Nomination facility is available on all deposit accounts opened by individuals and sole proprietary concerns. Nomination can be made in favour of one Individual only.

b. Nomination can be made, cancelled or changed by the account holder/s during the currency of deposit, duly witnessed by a third party. Modification to nomination requires consent of all account holder/s.

c. Nomination can be made in favour of a minor also.

d. It is recommended that all depositors avail of nomination facility. The depositor will be informed of the advantages of the nomination facility while opening a deposit account.

e. The nominee, in the event of death of the depositor/s, would receive the balance outstanding in the account as a trustee of legal heirs.

f. In case a person is not willing to nominate, a specific letter from him/her shall be obtained to this effect. In case he/she declines to give such a letter, this fact shall be recorded on the account opening form.

g. The Bank will indicate the name of the nominee in the passbook / statement of account / FDR if so requested, by the customer. The clause is indicated in the circular No 7/2013/BC/P&D/02 dated 07.01.2013.

16) STATEMENT OF ACCOUNT/PASSBOOK:

A statement of account will be provided to Current Account Holders periodically as per terms and conditions of opening of the account. In respect of Savings Bank Accounts pass book is issued. As per revised code of commitment to customers BCSBI 2014, clause No. 8.1.3.3, providing of statement of account/e-mail statement on a monthly basis (subject to acceptance of the customer) is applicable, wherein the customer has not opted for Pass book.

17) TRANSFER OF DEPOSIT ACCOUNTS:

The Deposit accounts may be transferred to any other branch at the request of the Depositor.

18) STOP PAYMENT FACILITY:

The Bank will accept stop payment instruction from the depositors in respect of cheques issued by them, which are unpaid at the time of receipt of instructions. The stop payment instruction shall contain all details like Cheque no, Date of the Cheque , Payee's Name and Amount of the Cheque etc. Charges, as specified, will be recovered for the stop payment instructions.

19) DORMANT/INOPERATIVE ACCOUNTS:

RBI vide their letter No. RBI/2013-14 /614/DBOD/NO/DEAF CELL/BC/114/30.01.002/2013-14 dated 27.05.2014 has advised all the PSU 8 Banks to transfer the funds lying under inoperative/dormant categories to RBI.

All branches were advised through our Cir No 32/2928/CO:P&D/DEAF/ARS/14 dated 25.06.2014 to transfer the accounts as follows:

- a. Accounts which are lying under Dormant for more than 10 years are to be identified and such amounts after applying interest to be remitted to RBI Account DEAF 161001006009 by HO Operations Dept.
- b. All interest bearing accounts i.e. Dormant, Matured Deposits, Unclaimed Deposits are to be calculated with interest at SB rate of 3.50% from 22.08.2011 to 02.05.2011 and at 4% from 03.05.2011 to the date of transfer and the amount be remitted to RBI.
- c. Inoperative SB Accounts which are earning interest be remitted to RBI after applying interest.
- d. Similarly all non-interest bearing accounts like amounts in CA, cr balances in OD (non operative) etc are to be remitted without applying interest.
- e. Other balances like Stale DDs/PO etc are also be transferred to RBI without interest.

Savings Bank account as well as Current Account will be treated as inoperative/Dormant if there are no transactions in the account for a period over two years. Where interest on Fixed Deposit account is credited to SB account as per the mandate of the customer, the same should be treated as customer induced transaction. As such, the account should be treated as operative account as long as the interest on FD is credited to the Savings Bank account.

All the Branches/Offices were advised to follow the guidelines / instructions as per Circular No. 261/2014/BC/P&D/79 dated 25.08.2014. Guidelines regarding crystallization of inoperative foreign currency accounts are also given in the above circular.

Reserve Bank of India has issued certain clarification vide their Circular No RBI /2014-15/200 DBODNo. Leg.BC.36/09.07.005/2014-15 dated 01.09.2014. The gist of which is as under:

As long as dividend on shares is credited to Savings Bank account as per the mandate of the customer, the same should be treated as a customer induced transaction. As such, the account should be treated as operative account

The depositor can request the Bank to activate the account for operating it further.

20) INTEREST PAYMENT:

Interest on Saving Bank Account is paid at the rate decided by the Bank from time to time within the general guidelines issued by RBI. The rate of interest on SB account will be prominently displayed in the branch premises.

Calculation of interest on Savings Bank account (Domestic/NRE/ NRO) is made by the Bank on a daily product basis w.e.f. 01.04.2010.

Periodicity of payment of Interest on domestic savings deposits

- (a) Interest on savings deposit shall be credited at quarterly intervals.

(b) Interest on savings bank accounts, including those frozen by the enforcement authorities, shall be credited on regular basis irrespective of the operational status of the account.

Interest rate on domestic Current Account: No interest shall be paid on deposits held in current accounts. Provided that balances lying in current account standing in the name of a deceased individual depositor or sole proprietorship concern shall attract interest from the date of death of the depositor till the date of repayment to the claimant/s at the rate of interest applicable to savings deposit as on the date of payment.

(21) MINOR'S ACCOUNTS:

Savings Bank Account can be opened in the name of a minor represented by the natural guardian and operated by the latter. Such accounts of minors may also have another major as joint account holder.

Savings Bank accounts can also be opened independently by minor himself / herself, if he/she is above the age of 10 years. Where such accounts are opened, cheque books will not be issued to the account holder and the transactions in the account will be subject to all the restrictions laid down by the Bank from time to time.

A minor can also open SB Account jointly with natural guardian or with mother as the guardian (known as Minor's Account).

No overdrafts will be granted in the accounts opened in the name of minors.

On attaining majority, the erstwhile minor should confirm the balance in his/her account and if the account is operated by the natural guardian / guardian, fresh specimen signature of erstwhile minor duly verified by the natural guardian would be obtained and kept on record for all operational purposes.

(22) Accounts of Illiterate/ Visually Impaired Persons

a) Illiterate persons:

The bank may at its discretion open deposit accounts other than Current accounts of an illiterate person. The account of an illiterate person may be opened provided he/she visits the Bank personally along with a witness who is known to both the depositor and the Bank. Before accepting the deposits in the names of the illiterate persons, the rules regarding the deposit are to be clearly explained to them. The Photograph of the account holder has to be affixed to the account opening form/pass book.

Joint accounts of two illiterate persons can be opened. No cheque book shall be issued for accounts of illiterate persons. At the time of withdrawals/repayment of deposit amount and/or interest amount, the account holder should affix his/her thumb impression or mark, in the presence of the authorized officer who should verify the identity of the person.

b) Visually impaired persons:

All banking facilities offered by the Bank should be made available to visually impaired persons like cheque book facility, locker facility, retail loans, credit cards etc.

The branches must follow the same procedure for opening the account of a visually impaired person as they do for their other customers.

- 1 Branches should not equate visually impaired customers with illiterate Customers.
- 2 Branches should extend services to visually impaired customers including those among them who use their thumb impression for operating the bank account.
- 3 A visually impaired person may be allowed to open account either singly or jointly with others, including person(s) who is/are visually impaired.

- 4 The documentation requirements for a visually impaired customer must be the same as for any other customer.
- 5 Visually impaired persons shall be allowed to open an account with Cheque book facility and all procedures pertaining to the use of such cheque books must be in accordance with those for the other customers.

Facilities for persons with visual impairment:

As per the RBI guidelines vide their Cir Ref No. RBI/2014-15/72, DBOD No. Leg BC 21/09.07.006/2014-15 dated 01.07.2014, it is advised that Magnifying glasses should also be provided in all branches for the use of persons with low vision, wherever they require for carrying out banking transactions with ease. The branches should display at a prominent place notice about the availability of magnifying glasses and other facilities available for persons with disabilities.

Transgender persons

RBI vide their circular No. RBI/2014-15/572 DBR.No.Leg.BC.91/09.07.005/2014- 15 dated 23.04.2015 has advised Banks to introduce a column for transgender persons in all applications/forms used in Banks for various purposes. The Supreme Court, in that case, upheld transgender person's right to decide their self-identified gender and directed the Centre and State Government to grant legal recognition of their gender identity such as male, female or as third gender.

TERM DEPOSITS:

(A) OPENING OF ACCOUNTS:

Term Deposit Accounts can be opened by individuals/ partnership firms/ Private & Public Limited Companies/ HUFs/ Specified Associates/ Societies/ Trusts, Departments of Authority created by Government (Central or State), Limited liability partnership etc.

(B) INTEREST PAYMENT:

Interest on term deposits is paid at the rates decided by the Bank within the general guidelines issued by RBI. The interest on term deposits will be calculated at quarterly intervals and in case of monthly interest payment scheme, the interest will be paid monthly at discounted value. The interest on term deposits is calculated in accordance with the formulae and conventions advised by IBA.

The rate of interest on term deposits and the charges, if any, in respect of them will be prominently displayed in the branch premises.

Payment of interest on accounts frozen by banks: The official/staff at branches/ offices shall explain to the customer concerned the procedure for payment of interest on term deposit accounts frozen by banks on the orders of the enforcement authorities.

(C) DISPOSAL OF MATURITY PROCEEDS: The Term Deposit account holders at the time of placing their deposits can give instructions with regard to disposal of proceeds on maturity- on closure of deposit account or renewal of deposit for further period on the date of maturity. In the absence of such mandate, instructions will be sought from the depositor/s as to the disposal of the deposit by sending intimation before at least 15 days of the maturity date of the term deposit. Interest at SB rate is payable w.e.f. 22.08.2008 on all matured deposits/unclaimed deposits/ dormant deposits on account of proceeds of overdue term deposits (maintained at branches as well as at Head Office) as and when the customer approaches for repayment (not renewal) of these deposits.

In the case of term deposit accounts frozen by the Bank on the orders of the enforcement authorities, the depositor is required to indicate the term for which the deposit is to be renewed. In case, the depositor does not exercise his option of choosing the term for renewal, the Bank will renew the deposit for a term equal to the original term.

(D) MANDATE IN CASE OF JOINT ACCOUNTS: In case of term deposits the mandates given by joint account holders like "Jointly" or "Either or Survivor" or "Anyone or Survivor/s" will be applicable or become operational only on or after the date of maturity of term deposits. However this mandate can be modified by the consent of all the account holders as in other deposit accounts subject to however confirming that there is no order from the Competent Court restraining the Bank from making payment from the account of the deceased.

(E) TDS ON INTEREST PAYMENT: It is a 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 branch will issue a tax deduction certificate (TDS Certificate) for the amount of tax deducted. The depositor, if entitled to exemption from TDS shall submit necessary declaration in the prescribed format at the beginning of every financial year to avoid the Bank deducting the tax.

(F) PREMATURE WITHDRAWAL OF TERM DEPOSIT: Where term deposits are repaid before maturity, the rate of interest payable would be the rate applicable to the period for which deposit remained with Bank as on the date of deposit less the prescribed penalty (2% for Rs 5 cr and above and 1% for less than 5 cr). The depositors will be made aware of these provisions at the time of opening of their account.

(G) PREMATURE RENEWAL OF TERM DEPOSIT: In case the depositor desires to renew the deposit by seeking premature closure of an existing term deposit account, the renewal may be permitted at the applicable rate on the date of renewal, irrespective of the period for which the deposits are renewed. While prematurely closing a deposit for the purpose of renewal, interest will be paid on premature renewal of Term Deposits (Domestic / NRE) at the rate applicable for the period the deposit has remained with the Bank or the contracted rate whichever is lower, less the applicable penal interest fixed from time to time. (The present penal rate is

0. 50%) The rate applicable for the period the deposit has remained with the Bank is the rate ruling as on date of original Deposit.

(H) CONVERSION OF DEPOSITS BEFORE MATURITY: Where a deposit under one term deposit scheme i.e. FD, SSD, VCC, Pigmy 1928 scheme, is sought to be converted into a deposit under another term deposit scheme before maturity, it will be treated as premature closure. Accordingly, interest on such deposits will be subject to the penalty applicable to the relevant schemes.

(I) RENEWAL OF OVERDUE TERM DEPOSITS (393/2015)

a) Whenever overdue term deposits are renewed, they must be renewed for a minimum period of 7 days plus overdue period.

b) In case of premature refund of the renewed deposit, which has not completed 7 days from the actual date of renewal, no interest is payable on the deposit for the overdue period even though the deposit was with the bank for more than 7 days.

c) If the deposits are renewed within 7 days from the date of maturity, interest rate prevailing on the date of maturity is payable.

d) Where the overdue period from the date of maturity exceeds 7 days, the rate of interest payable on the overdue term deposits shall be the applicable rate of interest (for the period of renewal) prevailing on the date of maturity or on the date of renewal, whichever is less.

e) If the 7th day falls on a Sunday/holiday, the deposit should be renewed on the previous working day itself.

Interest on overdue domestic deposits: If a Term Deposit matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract rate of interest as applicable to savings deposits.

(J) AUTOMATIC RENEWAL OF TERM DEPOSITS:

A depositor may exercise any of the following options with regard to the renewal of a term deposit on maturity at the time of opening a term deposit account or any time before the maturity of the said deposit.

1. To seek automatic renewal of the deposit on maturity with/without interest for identical period at the interest rate ruling on the date of maturity. This would not apply to the future renewals of the deposit.

2. To seek renewal of the deposit as well as future renewals thereof on maturity with/without interest for identical period at the interest rate ruling on the date of maturity .

3. To request Bank to renew the deposit only after receiving specific instructions to this effect on or after the maturity of the deposit. If the Depositor seeks to prematurely close an automatically renewed deposit or seeks any change in the maturity period thereof after the automatic renewal, the Bank will close the deposit account and pay interest thereon at the rate applicable to the period completed by the deposit less the penalty for premature closure prescribed under the Bank's Policy.

The rate of interest applicable to renewed term deposits shall be as given in item (I) of the Policy. Where term deposits are not renewed on/after maturity, interest shall be payable thereon at the Savings Bank rate ruling on the date of maturity.

(K) ADVANCES AGAINST DEPOSITS: The request of the depositor/s for loan /overdraft facility against term deposits duly discharged by them may be considered on execution of necessary security documents. In respect of loan against deposit standing in the name of minor, a declaration stating that loan is for the benefit of the minor, is to be furnished by the depositor - applicant.

High Value Deposits: It is reported that due to lack of due diligence in customer acceptance and identification procedure, Intermediaries are being used for accepting high value Deposits from the Institutions wherein it has been observed that proper due diligent measures have not been followed. It is reiterated that greater due diligence measures are to be followed in such cases. We have issued a Circular No. 216/2014/BC/P&D/57 dated 14.07.2014, Circular No. 307/2014/BC/P&D/95 dated 26.09.2014 and Circular No. 44/2015/BC/P&D/020 dated 02.02.2015.

RBI has reiterated that appropriate customer due diligence measures are to be taken and also usage of intermediaries in fiduciary capacities be avoided. Branches/Offices are advised to exercise extreme care/caution while arranging high value loans against bulk deposits and a personal contact or cross verification with the High Value Depositors/Institutions/Government Bodies are desirable to avoid frauds/mis- utilisation of funds.

General conventions for Domestic Deposits:

Deposits maturing on non-business working day:

- (i) If a term deposit is maturing for payment on a non-business working day, Bank shall pay interest at the originally contracted rate on the original principal deposit amount for the non-business working day, intervening between the date of the maturity of the specified term of the deposit and the date of payment of the proceeds of the deposit on the succeeding working day.
- (ii) In case of reinvestment deposits and recurring deposits, Bank shall pay interest for the intervening non-business working day on the maturity value.

Interest rate on domestic term deposits:

Bank can determine the maturity/tenor of the deposit subject to the condition that minimum tenor of the deposit offered shall be seven days.

- (a) The rate of interest on deposits shall be uniform across all branches and for all customers and there shall be no discrimination in the matter of interest paid on the deposits, between one deposit and another of similar amount, accepted on the same date, at any of its offices.
- (b) Interest rates payable on deposits shall be strictly as per the schedule of interest rates disclosed in advance.
- (c) The rates shall not be subject to negotiation between the depositors and the bank.
- (d) The interest rates offered shall be reasonable, consistent, transparent and available for supervisory review/scrutiny as and when required.
- (e) Differential interest rate shall be offered only on bulk deposits.(285/2015) Provided that differential interest shall not be applicable on deposit schemes framed on the basis of the Bank Term Deposit Scheme, 2006 or the deposits received under the Capital Gains Accounts Scheme, 1988.

Payment of Additional Interest on domestic deposits

Banks shall, allow additional interest of one per cent per annum, over and above the rate of interest mentioned in the schedule of interest rates on savings or a term deposits of banks staff and their exclusive associations as well as on deposits of Chairman, Chairman & Managing Director, Executive Director or such other Executives 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 persons taken on deputation for a fixed tenure or on a contract of fixed tenure, the benefit will ceased to accrue on expiry of the term of deputation or contract as the case may be.**

(L) SETTLEMENT OF BALANCE IN ACCOUNTS OF DECEASED DEPOSITORS:

i) If the sole depositor for single deposit has /joint account holders for joint deposits have registered nomination with the Bank, the balance outstanding in the account of the deceased depositor/s will be transferred to the account of /paid to the nominee after the Bank satisfies itself about the identity etc. of the nominee.

ii) 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 "Jointly" or "either or survivor", "former / latter or survivor", "anyone of survivors or survivor", etc., the payment will be made as per the mandate subject to however confirming that there is no order from the Competent Court restraining the Bank from making payment from the account of the deceased.

iii) In the absence of nomination & mandate 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 a specified limit. This is to ensure that the legal heirs are not put to hardship on account of delays in completing legal formalities.

(M) INTEREST PAYABLE ON TERM DEPOSIT OF DECEASED ACCOUNT HOLDERS:

i) In the event of death of the depositor before the date of maturity of deposit and amount of the deposit being claimed after the date of maturity, interest is paid at the contracted rate till the date of maturity. From the date of maturity to the date of payment, simple interest at the applicable rate operative on the date of maturity is paid for the period for which the deposit remained with the Bank beyond the date of maturity; as per the prevailing Bank's policy in this regard.

ii) death of the depositor after the deposit, interest at savings deposit rate operative on the date from the date of maturity till the date of payment. However, in the case of date of maturity of the of maturity will be paid

(N) 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.

(O) COMMUNICATION OF CHANGES IN DEPOSIT

Changes, if any, with regard to the Deposit Schemes and other related services shall be communicated upfront and shall be prominently displayed.

(P) REDRESSAL OF COMPLAINTS AND GRIEVANCES:

Depositor 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. All required information regarding procedure for lodging the complaint would be explained to the depositor/s. 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 reply received from the Bank, he has a right to approach Banking Ombudsman appointed by the Reserve Bank of India.