

## Deposit Policy

### 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 (RBI) 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 recognises 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.

While adopting this policy, the bank reiterates its commitments to individual customers outlined in Bankers' Fair Practice Code of Indian Banks' Association. 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.

### Types of deposit accounts

The deposit products can be categorised broadly into the following types. Definitions of major deposits schemes are as under: -

- **“Term deposit”** means a deposit received by the Bank for a fixed period withdrawable only after the expiry of the fixed period and includes deposits such as Recurring/Fixed Deposits etc.

- **“Demand deposits”** means a deposit received by the Bank which is withdrawable on demand;
- **“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 the Bank during any specified period;
- **“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

### **Key features on operation of different types of accounts**

#### **i. 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 Anti-Money Laundering rules and regulations and or such other norms or procedures adopted by the Bank/as per the Customer Acceptance Policy of 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 to the customer and the final decision of the Bank will be conveyed at the earliest to the customer.
- B) 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 accounts will be opened with relaxed customer acceptance norms as per regulatory guidelines.
- C) The regulatory guidelines require banks to categorise customers based on risk perception and prepare profiles of customers for the purpose of transaction monitoring. Inability or unwillingness of a prospective customer to provide necessary information/details could result in the bank not opening an account.
- D) Inability of an existing customer to furnish details required by the Bank to fulfill statutory obligations could also result in closure of the account after due notice(s) is provided to the customer.
- E) 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.

- F) For deposit products like Savings Bank Account and Current Deposit Account, the Bank will normally stipulate certain minimum balances to be maintained as part of terms and conditions governing operation of such accounts. Failure to maintain minimum balance in the account will attract levy of charges as specified by the Bank from time to time. 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 cheques books, additional statement of accounts, duplicate passbook, folio charges, 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 or from time to time as the case may be.
- G) Savings Bank Accounts can be opened for eligible person/persons and certain organizations/agencies (as advised by RBI) from time to time).
- H) Current Accounts can be opened by individuals/partnership firms/Private and Public Limited Companies/Hindu Undivided Family (HUFs)/Specified Associates/Societies/ Trusts etc.
- I) Term Deposits Accounts can be opened by individuals/partnership firms/Private and Public Limited Companies/HUFs/Specified Associates/Societies/Trusts etc.
- J) The due diligence process, while opening a deposit account will involve satisfying about the identity of the person, verification of address, satisfying about his occupation and source of income. Obtaining recent photograph of the person/s opening/operating the account is part of due diligence process.
- K) 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.
- L) 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). Savings Bank Account can also be opened by a minor under guardianship of guardian, either natural or court appointed (Status: known as Minor's Account). Minor above the age of 7 years can be issued a debit card on specific request from guardian, with a preset withdrawal limit. Minors above 10 years of age can also open a saving account and operate independently.

**Operation of joint account:**

M) The Joint Account opened by more than one individual can be operated by single individual or by more than one individual jointly. The mandate for operating the account can be modified with the consent of all account holders. In case of Minor's account, guardian can operate the account till the minor attains majority. Minors above age of 10 years have an option to operate the account themselves.

The joint account holders can give any of the following mandates for the disposal of balance in the above accounts:

N) 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 survivor on death of anyone of the account holders.

O) 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 the survivor on death of any two account holders.

P) The above mandates will be applicable to or become operational during the tenure of the term deposit and on or after the date of maturity of term deposits. This mandate can be modified by the consent of all the account holders.

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

**Nomination facility:**

- a) Nomination facility is available on all deposit accounts opened by individuals including joint deposit accounts opened with or without 'Either or Survivor' mandate. 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 modified by the account holder/s any time.
  - While creating, modifying or canceling a nomination, *forms* DA1, DA2 and DA3 for bank deposit accounts, forms SC1, SC2 and SC3 for articles left in safe custody, forms SL1, SL1A, SL2, SL3 and SL3A for safety lockers prescribed under Banking Companies Nomination Rules, 1985, attestation by two witnesses is required only if the form carries thumb impression of the account holder. Attestation by witness is not required in case the form is signed by the account holder.
  - Nomination can be made in favour of a minor also.

- Bank recommends that all depositors avail nomination facility. The nominee, in the event of death of the depositor/s, would receive the balance outstanding in the account as a trustee of legal heirs. The depositor will be informed of the advantages of the nomination facility while opening a deposit account.

**Statement of account:**

- A statement of account will be provided by the Bank to Savings Bank as well as Current Deposit Account Holders periodically as per terms and conditions of opening of the account. Pass book facility will also be available to the account holder on request.
- The deposit accounts may be transferred to any other branch of the Bank at the request of the depositor.

**ii. Minors' accounts**

- Minor's Savings Bank Account can be opened and operated by guardian. Cheques in such accounts can be issued only by guardian.
- Minors above the age of 10 years can open and operate the account independently. For such accounts, minor himself can issue the cheques.
- Below are the common processes for under guardianship as well as minor operated account.
  - One month prior to attaining majority, intimation shall be sent to the minor for submission of the fresh account opening form along with KYC documents to be kept on record and for all operational and regulatory purposes.
  - No overdraft will be granted to Minors.

**iii. Account of illiterate/ blind person**

- On satisfying itself of KYC requirements the Bank may open deposit accounts other than Current Accounts of illiterate person. 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. At the time of withdrawal/ repayment of deposit amount and/or interest, the account holder should affix his/her thumb impression or mark in the presence of the authorized officer who should verify the identity of the person. The Bank will explain the need for proper care and safe keeping of the passbook etc. given to the account holder. The Bank official shall explain the terms and conditions governing the account to the illiterate/ blind person.
- The Bank shall not discriminate while opening such accounts for blind and follow the guidelines of RBI from time to time

**iv. 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.

**v. Inactive Accounts**

- Accounts which are not operated for one year will be tagged as inactive accounts in the interest of depositor as well as the Bank. An intimation letter shall be sent to the depositor on account turning inactive. Customer can activate the account by performing a financial transaction in the account.

**vi. Dormant accounts**

- Accounts which are not operated for two years will be transferred to a separate dormant/inoperative account status in the interest of the depositor as well as the Bank. The depositor will be intimated 3 months in advance of categorising the account as dormant. The depositor will also be informed of charges, if any, which the Bank will levy on dormant/inoperative accounts. The depositor can request the Bank to activate the account for operating it.

**vii. Unclaimed Deposits / Inoperative accounts in Banks:**

- "Inoperative Accounts - savings as well as current account will be treated as inoperative/dormant if there are no transactions in the account for over a period of two years.
- "Unclaimed deposit accounts" means accounts, which have not been operated upon for ten years (in the case of money deposited for a fixed period the said term of ten years shall be reckoned from the date of the expiry of such fixed period).
- In an effort to play a more pro-active role in finding the whereabouts of the account holders of unclaimed deposits/inoperative accounts, the list of such accounts which are inoperative for ten years or more has been displayed on our Bank's website. For Individual Customers, the list so displayed on the website contains the names of the account holder(s) and his/her address in respect of unclaimed deposits/ inoperative accounts. For Non Individual Customers, the list so displayed on the website contains the names of the Entity and its address in respect of unclaimed deposits/inoperative accounts.

## **Directives on interest payment and term deposits**

**a) Interest payments:** Interest shall be paid on saving account at the rate as decided by Bank within the general guidelines issued by the RBI from time to time. Term deposit interest rates are decided by the ALCO within the general guidelines issued by the RBI from time to time.

The interest for savings bank account shall be calculated as per method specified by RBI from time to time.

For Interest on Term Deposits, RBI has permitted banks to formulate fixed deposit schemes specifically meant for senior citizens offering higher and fixed rate of interest as compared to normal deposits of any size. Accordingly, the Bank will pay additional interest at the rates to be decided from time to time by the ALCO.

Interest on fixed deposit is payable at such periodicity as contracted at the time of opening an account and at specified rates from time to time within the parameters laid down by RBI/IBA.

The method of calculation of interest on a fixed deposit, both Traditional and Cumulative Deposits is as follows: For Traditional Fixed Deposits with quarterly payouts interest is calculated based on annual rates (Simple Interest). However, in case of monthly payouts, interest is paid at a discounted rate. For traditional fixed deposits, interest is calculated on the principal amount for completed quarters and then for the balance period, interest is calculated for completed months and further for incomplete month on actual number of days. For Reinvestment Deposits/Cumulative Fixed Deposits, interest is compounded quarterly on completion of each quarter. For the broken period beyond completed quarter, simple interest is calculated on the cumulated deposit amount for the actual number of days. Reinvestment Deposits are not issued for less than 6 months.

For the purpose of interest calculation for actual number of days (in case interest is calculated for incomplete month), the denominator is always taken as 365 days irrespective of whether it is a leap year.

Interest on overdue deposits will be paid at savings bank rate of interest from maturity date as per RBI guideline dated August 22, 2008.

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 by prominently displaying it at branch premises and on the website.

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.

- b) Premature withdrawal of term deposit and differential rate of interest on term deposits without premature withdrawal facility :** For term deposits of ₹ 1.50 million and below, the Bank on request from the depositor shall allow withdrawal of deposit before completion of the period of the deposit agreed upon at the time of placing the deposit.

In the term deposit buckets where Bank offers both, deposits with/without premature withdrawal facility, customer shall be given the option to choose between the two facilities. For term deposits without premature withdrawal facility, the Bank may offer differential rate of interest. The Bank, shall, however disclose in advance the schedule of interest rate payable on term deposits.

The Bank shall declare their penal interest rates policy for premature withdrawal of term deposit. While prematurely closing the existing deposit, interest will be paid for the period the deposit has remained with the Bank. The Bank shall make depositors aware of the applicable rate along with the deposit rate.

- c) Premature renewal of term deposit:** If the depositor having an existing Term Deposit applies for re-investment into another scheme of Fixed Deposit, the existing deposit would be closed prematurely after charging penalty as per the existing penalty rates.

Interest will be paid for the period the deposit has remained with the bank.

The interest rate prevailing on date of re-investment of term deposit will be applicable for the new term deposit.

- d) Intimation before maturity date:** The Bank will intimate depositors of term deposits that do not have any disposal instructions at maturity, by post, courier, email or sms at the registered contact details of the depositor, 15 days prior to the date of maturity of the deposit.

- e) Payment of fixed deposits on due date:** Term deposits are due for repayment on due date, as per the period mentioned at the time of acceptance of deposits. If due date falls on a holiday or a Sunday, payment is due on the next working day.

If fixed deposit receipt has been issued to the depositor, such fixed deposit receipt should be presented for payment duly discharged by the person(s) in whose favour the receipt was issued. If payment is needed in cash, the discharge shall be over a revenue stamp of ₹ 1 (minimum) for amounts over ₹ 500. In case of credit to depositor's account with the Bank, the discharge over revenue stamp is not required. The fixed deposit receipt itself, duly discharged, shall be treated as a debit voucher.

If a memorandum of deposit/advice has been issued to the depositor, the depositor can give a discharge instruction either on the memorandum of Deposit/advice or fill up a separate form for withdrawal of deposit.

**f) Renewal of Term deposits:** All existing as well as new fixed deposits shall be placed under auto renewal mode, for the original period of the deposit, unless contrary instructions such as auto closure are provided by the depositors any time prior to the date of maturity and as per the mode of operation of the account.

Exceptions to the above are:

- Non individual deposits
- Deposits of ₹ 10.0 million & above
- Deposits where Fixed Deposit Receipt has been issued and are jointly held
- Tax Saver Fixed Deposits
- Recurring Deposits

In case of auto renewal, as the case may be, interest rate prevailing on the date of auto renewal shall be applicable. For traditional fixed deposit, the principal deposit amount shall be renewed, while for cumulative fixed deposit the entire maturity proceeds shall be renewed.

On June 29, 2011 all existing domestic fixed deposits, against which a fixed deposit receipt has been issued as on that date, were converted to auto renewal mode. Subsequently, new accounts will be opened as per customer instructions.

**g) Overdue Term deposits:** The deposits which are not renewed/discharged on or before maturity date are termed as overdue deposits. Such overdue deposits will be renewed with effect from the date of maturity at interest rate applicable as on the due date, provided such renewal request is received within 30 days from the date of maturity. For the renewal request received after 30 days from the date of maturity, no value dating will be permitted. Such deposits shall be renewed from the date of instruction at such terms and conditions as may be specified by bank.

Fixed deposits which are already lying in overdue status have been auto renewed from February 15, 2010 at the interest rate prevailing on that date. In case of such overdue deposits, savings bank rate of interest will be payable from maturity date or August 22, 2008 i.e. the date of the RBI circular stipulating such payment of interest, whichever is later upto the date of auto renewal. However, fixed deposit for non-individuals, fixed deposit amounting to ₹ 10.0 million & above and such deposits where fixed deposit receipt is issued, auto renewal option shall not be exercised and such deposits shall be renewed as per the customer instruction at such terms and conditions as may be specified by bank.

- h) 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. No advance will be given against Tax Saver Fixed Deposits.
- i) Tax Deducted at Source:** Tax is deducted at source at prevailing rate when interest on term deposit held by the depositor paid or payable by the Bank for the financial year exceeds the threshold limit as defined by Income Tax Act, 1961 and amended from time to time. Valid PAN is required to be submitted for all customers whose tax needs to be deducted. In the absence of a valid PAN, tax will be deducted at the prevailing rate or 20% whichever is higher.

As per the new provisions under income tax laws, interest on recurring deposits is subject to tax deduction at source w.e.f. June 1, 2015.

For exemption from tax deduction at source, Customers will have to submit Form 15G/H for fixed/recurring deposits including renewed fixed deposits. The benefit of Form 15G/H shall be granted only on furnishing of valid PAN.

## **Deceased account handling**

### **a) Settlement of dues in deceased deposit account**

- If the depositor has registered nomination with the Bank, the balance outstanding in the account of the deceased depositor will be transferred to the account of/ paid to the nominee after the Bank satisfies about the identity of the nominee, etc.
- The above procedure will be followed even in respect of a joint account where nomination is registered with the Bank.

- 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.
- 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 management. This is to ensure that the common depositors are not put to hardship on account of delays in completing legal formalities.

#### **b) Interest payable on term deposit in deceased account**

- 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 applicable rate obtaining on the date of maturity, for the period for which the deposit remained with the Bank beyond the date of maturity; as per the Bank's policy in this regard.
- However, in the case of death of the depositor after the date of maturity of the deposit, the bank shall pay interest at savings deposit rate obtaining on the date of maturity from the date of maturity till the date of payment.

#### **Facilitation of other banking services**

**a) 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.

**b) 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, single 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.

### **Safeguarding customer interests**

- **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 will be strictly with the consent of the account holder, obtained at the time of account opening or subsequently.
- **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.
- **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.
- **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 RBI.

### **Policy Revision**

This policy is subject to revision based on the extant RBI guideline from time to time.