

POLICY ON BANK DEPOSITS

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 the 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 the Bank during the specified period;
- III. “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 Deposit/Fixed Deposit/Social Security Deposit/ Senior Citizens Security Deposit/Syndicate Suvidha Deposit/Syndicate Floating Rate Deposit/Vikas Cash Certificate 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 wherefrom 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. (A) (i) Savings Bank Accounts can be opened for eligible person/ persons and certain organizations / agencies (as advised by Reserve Bank of India from time to time).
- (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.

(B) KYC GUIDELINES:

- D) 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 introduction of the prospective depositor from an acceptable person and obtaining recent photograph of the person/s opening / operating the account are part of due diligence process.
- iii) 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.
- iv) The regulatory guidelines require banks to categorise 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.

- v) 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. The periodicity of such updating should not be less than once in 5 years in the case of Low Risk category customers and not less than once in 2 years in case of High & Medium Risk category customers.

- vi) 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.

(C) 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.

(D) 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.

(E) 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.

(F) 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.

(G) 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 “Either or Survivor” or “Anyone or Survivor/s” 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

(H) 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.
- i. The Bank will indicate the name of the nominee in the passbook / statement of account / FDR if so requested by the customer.

(J) STATEMENT OF ACCOUNT/PASSBOOK:

A statement of account will be provided to Savings Bank as well as Current Account Holders periodically as per terms and conditions of opening of the account. Alternatively, a Passbook may be issued for these accounts.

(K) TRANSFER OF DEPOSIT ACCOUNTS:

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

(L) 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. Charges, as specified, will be recovered.

(M) DORMANT/INOPERATIVE ACCOUNTS:

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.

The depositor will be informed of charges, which will be levied on dormant/ inoperative accounts. The depositor can request the Bank to activate the account for operating it.

(N) INTEREST PAYMENT:

Interest on Saving Bank Account is paid at the rate specified by RBI from time to time. 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.

(O) 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.

(P) ACCOUNT OF ILLITERATE / VISUALLY IMPAIRED PERSONS:

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.

Visually impaired persons:

1. All banking products offered by the Bank should be made available to visually impaired persons.
 2. The branches must follow the same procedure for opening the account of a visually impaired person as they do for their other customers.
 3. Branches should not equate visually impaired customers with illiterate customers.
 4. Branches should extend services to visually impaired customers including those among them who use their thumb impression for operating the bank account.
 5. A visually impaired person may be allowed to open account either singly or jointly with others, including person(s) who is/are visually impaired.
 6. The documentation requirements for a visually impaired customer must be the same as for any other customer.
 7. Visually impaired persons shall be allowed to open an account with chequebook facility and all procedures pertaining to the use of such chequebooks must be in accordance with those for the other customers.
- (Q) Changes, if any, with regard to the Deposit Schemes and other related services shall be communicated upfront and shall be prominently displayed.

II. 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 “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. 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, provided the deposit is renewed for a period longer than the balance period of the original deposit. While prematurely closing a deposit for the purpose of renewal, interest on the deposit for the period it has remained with the bank will be paid at the rate applicable to such period ruling on the date of deposit and not at the contracted rate.

(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:

When a term deposit is renewed on maturity, interest rate on renewed deposit for the period specified by the depositor as applicable on the date of maturity would be applied. 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 applicable rate as per Bank’s policy from time to time.

(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.

- (a) 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.
- (b) 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 .
- (c) 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.

III. 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 "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.

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

V. 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.

VI. 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.

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