

# POLICY ON BANK DEPOSITS

## 1. PREAMBLE

One of the important functions of the Bank is to accept deposits from the public for the purpose of lending. In fact, depositors are the major stakeholders of the Banking System. The depositors and their interests form the key area of the regulatory framework for banking in India and this has been enshrined in the Banking Regulation Act, 1949. The Reserve Bank of India is empowered to issue directives / advices on interest rates on deposits and other aspects regarding conduct of deposit accounts from time to time. With liberalization in the financial system and deregulation of interest rates, banks are now free to formulate their on Policy on Deposits and to offer 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 deposit 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 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 **Code of Bank's Commitment to Customers**. 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

## 2. TYPES OF DEPOSIT ACCOUNTS

The deposit products/services offered by the Bank, though may be under different names, can be categorised broadly into the following types:

**"Demand deposits"** means a deposit (other than savings deposit) received by the Bank, which is withdrawable on demand; "Current Account" is 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 deposits nor term deposits.

**"Savings deposits"** means a form of demand deposit, which is subject to restrictions as to the number and amount of withdrawals permitted by the Bank during any specified period as also restrictions on the eligibility to open such accounts.

**"Recurring Deposits"** means a form of deposit, which stipulates remittance of regular installments for a pre-fixed period at pre-fixed intervals by the customer. It forms part of term deposits.

**"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 in which interest is reinvested. Notice Deposit is a term deposit for specific period but withdrawable on giving at least one complete banking day's notice.

### **3. ACCOUNT OPENING**

- a. Savings Bank Accounts can be opened by eligible person / persons and certain organizations / agencies (as advised by Reserve Bank of India (RBI) from time to time)

Current Accounts can be opened by individuals / partnership firms / Private and Public Limited Companies / HUFs / Specified Associates / Societies / Trusts, Departments of Authority created by Government (Central or State ), Limited Liability Partnership etc.

Term Deposits Accounts including recurring deposits can be opened by individuals / partnership firms / Private and Public Limited Companies / HUFs/ Specified Associates / Societies / Trusts, Departments of Authority created by Government (Central or State ), Limited Liability Partnership etc.

- b. The Bank before opening any deposit account will carry out due diligence as required under the KYC/AML policy of the Bank and under various guidelines issued by RBI and Government. 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 him and the final decision of the Bank will be conveyed at the earliest to him
- c. 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. Bank will call for necessary documents for verifying these details.
- d. Obtaining introduction of the prospective depositor from a person acceptable to the Bank (normally an account holder with more than 6 months' connections with the Bank) and obtaining recent photograph of the person/s opening/operating the account are part of due diligence process. Introduction is not a mere formality, but should be properly obtained to ensure prospective customer's identity and to get protection under sec.131 of Negotiable Instrument Act. Customers should be educated to realise the implications of introducing an account without knowing the new parties. However the Bank shall use its discretion to waive the requirement of introduction in cases where it is fully satisfied with the KYC compliance of the applicant.
- e. The bank shall obtain photographs of the depositors/account holders and those who are authorised to operate the accounts at the time of opening of all new accounts. The photographs should be recent. Bank may not insist for photographs in case of accounts of staff members (Single/Joint).
- f. In the Core Banking platform, bank is allotting a customer id for each individual customer on the basis of Customer Information Form (CIF-C.111A) and his/her photograph is also obtained. So when new accounts are opened in his/her name (single or joint), new CIF and photograph need not be obtained from him/her, unless there are other compelling reasons.

- g. In addition to the due diligence requirements, under KYC norms the Bank is required by law to obtain Permanent Account Number (PAN) or General Index Register (GIR) Number or alternatively declaration in Form No. 60 or 61 as specified under the Income Tax Act / Rules.
- h. While opening current accounts, Bank shall obtain a declaration from the prospective account-holder to the effect that he is not enjoying any credit facility with any other bank or obtain a declaration giving particulars of credit facilities enjoyed by him with any other bank(s). The bank shall also seek No-objection certificate from such banks. However, in case no response is received from the existing bankers after a minimum period of a fortnight, bank may open current accounts of prospective customers. Further, where the due diligence is carried out on the request of a prospective customer who is a corporate customer or a large borrower enjoying credit facilities from more than one bank, the bank may inform the consortium leader, if under consortium, and the concerned banks, if under multiple banking arrangement.
- i. 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.
- j. 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 pass book, folio charges, etc. All such details, regarding terms and conditions for operation of the accounts and schedule of charges for various services provided, which are in force, will be communicated to the prospective depositor while opening the account.
- k. Minors can open Savings Bank Account and the same can be operated by the natural guardian or by minor himself / herself, if he/she is above the age of 10 years. Savings Bank Account can also be opened by a minor jointly with natural guardian or with mother as the guardian (Status: known as Minor's Account). (Due to restrictions placed for Mother to act as natural guardian of a Hindu minor under section 6 of Hindu Minority and Guardianship Act, it is advisable to ensure that such accounts are always kept in credit). 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. No cheque will be provided wherever minors are operating the account by himself/herself.
- l. The Bank may at its discretion 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. Normally, no cheque book facility is provided for such Savings Bank Account. At the time of withdrawal/ repayment of deposit amount and/or interest, the account holder should affix his

/ her thumb impression or mark in the presence of the authorized officer who should verify the identity of the person. The Bank should explain the need for proper care and safe keeping of the passbook etc. given to the account holder. The Bank official shall explain the terms and conditions governing the account to the illiterate person.

- m. 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 jointly with natural guardian or with mother as the guardian (Status: known as Minor's Account). (Due to restrictions placed for Mother to act as natural guardian of a Hindu minor under section 6 of Hindu Minority and Guardianship Act, it is advisable to ensure that such accounts are always kept in credit). Minors above the age of 10 will also be allowed to open and operate savings bank account independently. However, no overdraft will be granted to the minors.
- n. In order to facilitate access to banking facilities by visually challenged persons, bank shall offer banking facilities including cheque book facility / operation of ATM/ locker etc., to the visually challenged as they are legally competent to enter into contracts. Bank shall offer all the banking facilities such as cheque book facility including third party cheques, ATM facility, Net Banking facility, locker facility, retail loans, credit cards etc., to the visually challenged without any discrimination, if they agree to take the risks associated with availing these facilities and assumes full responsibility for the losses, if any suffered by him/her as well as the bank on account of his/her availing such facilities. Opening and operation of such accounts shall be subject to special rules framed by the bank to protect the interests of the visually challenged customers.
- o. The opening of new accounts should be authorised only by the Branch Manager or by the Officer-in-Charge of the concerned deposit accounts section at bigger branches. If accounts are sourced through a separate marketing wing, the opening of such accounts can be authorized by the officers of Central Processing Centre, if all the prescribed documents/information are provided by the duly authorized officials of the marketing wing.
- p. The bank should ensure that all account opening formalities are undertaken at the bank's premises and no document is allowed to be taken out for execution. Where it is necessary to make exception of the above rule, bank may depute a duly authorized official (of the branch, marketing wing, admin.office etc) to verify the particulars and to obtain the account opening forms duly completed along with photograph and other documents.
- q. Nomination facility is available on all deposit accounts opened by the individuals. Nomination is also available to a sole proprietary concern account. Nomination can be made in favour of one individual only. Nomination so made can be cancelled or changed by the account holder/s any time. While making nomination, cancellation or change thereof, it is required to be witnessed by a third party. Nomination can be modified by the consent of account holder/s. Nomination can be made in favour of a minor also. 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. **Unless the customer prefers not to nominate, (this may be recorded, without giving scope for conjecture of non-compliance) nomination should be a rule, to cover all existing and new accounts.**

- r. To enable the lowest strata of the society to have access to banking services, as part of Bank's programme for financial inclusion and to provide them hassle free account opening and operating process, bank has designed 'No-Frills Savings Account" scheme. Details can be had from the branches.
- s. 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 willingness of a prospective customer to provide necessary information /details could result in the bank not in opening an account.
- t. 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.

#### **4. OPERATION OF ACCOUNTS**

- a. Accounts can be opened in single names or joint names; they can also be operated singly or jointly as per the instructions given at the time of opening the account or given/amended thereafter from time to time.
- b. The Joint Account opened by more than one individual can be operated by any single individual or jointly by more than one individual. The mandate for operating the account can be modified with the consent of all account holders. The Savings Bank Account opened by minor jointly with natural guardian / guardian can be operated by natural guardian / guardian only.
- c. The joint account holders can give any of the following mandates for the disposal of balance in the above accounts: (i) Either or Survivor: If the account is held by two individuals say, A & B, the final balance along with interest, if applicable, will be paid to survivor on death of anyone of the account holders. (ii) Anyone or Survivor/s : If the account is held by more than two individuals say, A,B and C, the final balance alongwith interest, if applicable, will be paid to the survivor on death of any two accountholders. Similarly operation by 'former or survivor', 'Latter or survivor etc. are also permitted. In the case of term deposits, such mandates will be applicable to or become operational only on or after the date of maturity of term deposits. 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.
- e. At the request of the depositor, the Bank may register mandate / power of attorney given by him authorizing another person to operate the account on his behalf.
- f. Unless otherwise instructed, term deposits will be automatically renewed for an identical period as that of the original deposit on the date of maturity.
- g. 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 the relevant deposit

scheme. Alternatively, the Bank may issue a Pass Book in lieu of statement of account to Savings Bank account holders.

- h. Term deposit accounts may be transferred to any other branch of the Bank at the request of the depositor. Customers can also transfer SB and CD accounts from one branch to another branch. However, since the account number is created based on the solid of the respective base branch, bank will close the existing account and allot a new account number.

## 5. FREQUENT DISHONOUR OF CHEQUES

Settlement of transactions through negotiable instruments have contributed for the flourish of trade and commerce. Cheques should carry certain amount of certainty of payment. That is why dishonour of a cheque for want of sufficient funds has been made an offence punishable under law. Hence it is the duty of every person who draws the cheque to keep sufficient balance to honour the cheque drawn by him. However, there are frequent dishonour of cheques and ECS mandates by a small section of recalcitrant customers. This creates unnecessary strain on the clearing and settlement systems. Such incidents will be treated as detailed below.

| Value of cheque/ECS mandate | No. of times dishonoured in the financial year for insufficient funds for initiating action | Savings Bank and Current Accounts   |
|-----------------------------|---|---|
| Any value                   | 4   | No cheque book will be issued if 4 cheques are returned in a financial year or on the failure of ECS mandate on 4 occasions for the reason of insufficiency of funds. Bank reserves its right to close the account after giving 30 days notice. |

### Advance accounts

| Value of cheque/ECS mandate | No. of times dishonoured in the financial year for insufficient funds for initiating action | Action for Advance Accounts   |
|-----------------------------|---|---|
| Any value                   | 10  | No cheque book will be issued if 10 cheques are returned in a financial year or on the failure of ECS mandate on 10 occasions for the reason of insufficiency of funds. Bank reserves its right to close the account after giving 30 days notice. |

## 6. PAYMENT OF INTEREST

- a. Interest shall be paid on savings account at the rate specified by Reserve Bank of India from time to time. Term deposit interest rates are decided by the Bank within the general guidelines issued by the Reserve Bank of India from time to time.

- b. In terms of Reserve Bank of India directives, interest shall be calculated at quarterly intervals on term deposits and paid at the rate decided by the Bank depending upon the period of deposits. In case of monthly interest payment scheme, the interest shall be calculated for the quarter and paid monthly at discounted value. The interest on term deposits is calculated by the Bank in accordance with the formulae and conventions, details of which can be had from the branches.
- c. The rate of interest on deposits will be prominently displayed in the branch premises. Changes, if any, with regard to the deposit schemes and other related services shall also be communicated upfront and shall be prominently displayed. All these details will be displayed in the Bank's website also.
- d. 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 the deposit is not renewed automatically for any reason and If request for renewal of such deposit 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 of the original term deposit, the deposit will be treated as fresh deposit from the date of renewal. The interest for the overdue period (from the date of maturity of original term deposit to date of renewal) will be at rate applicable for the relevant period ruling on the date of maturity of original deposit or date of renewal, which ever is less.
- e. 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.
- f. The Bank on request from the depositor, at its discretion may allow withdrawal of term deposit before completion of the period of the deposit agreed upon at the time of placing the deposit, at a penalty prescribed by the Bank from time to time, which will be disclosed to the customer at the time of opening the deposit. As per the present policy, bank will pay the rate applicable for the period the deposit remained with the bank at the time of deposit for deposits upto Rs.15 lakhs. For deposits above Rs.15 lakhs, one percent from this rate will be deducted.
- g. In case the depositor desires to renew the deposit by seeking premature closure of an existing term deposit account, the bank will permit the renewal at the applicable rate on the date of renewal, provided the deposit is renewed for a period longer than or equal to the balance period of the original deposit. If the deposit is renewed in part, the renewal portion only will get the above benefit. 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 the period for which the deposit remained with the bank and not at the contracted rate.

## **7. LOAN 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 and bank is convinced of the bonafides of the request.

## **8. SETTLEMENT OF DUES IN DECEASED DEPOSIT ACCOUNT**

- a. 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.
- b. 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.
- c. 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 banks board. To ensure that the common depositors are not put hardship on account of delays in completing legal formalities, Bank has framed a policy for settlement of claims, details of which can be had from the branches.
- d. 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.
- e. 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.

## **9. OTHER MATTERS**

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

- c. 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.
- d. 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.
- e. Dormant/Inoperative Accounts: A savings as well as current account will be treated as Dormant if there are no transactions in the account for over a period of two years. The bank shall strive to contact the customer to inform the dormant status of the account. In case any reply is given by the account holder giving the reasons for not operating the account, the Bank shall continue classifying the same as an operative account for one more year within which period the account holder will be requested to operate the account. However, in case the account holder still does not operate the same during the extended period, the Bank will classify the same as Dormant account after the expiry of the extended period. For the purpose of classifying an account as 'Dormant' both the type of transactions i.e. debit as well as credit transactions induced at the instance of customers as well as third party shall be considered. However, the service charges levied by the bank shall not be considered. Operation in such accounts will be allowed after due diligence as per risk category of the customer.
- f. Safe Deposit Lockers: This facility is not offered through all bank branches and wherever the facility is offered, allotment of safe deposit vault will be subject to availability and compliance with other terms and conditions attached to the service. Safe deposit lockers may be hired by an individual (being not a minor) singly or jointly with another individual(s), HUFs, firms, limited companies, associates, societies, trusts etc. Nomination facility is available to individual(s) holding the lockers singly or jointly. In respect of lockers held in joint names, up to two nominees can be appointed. Joint locker holders can give mandate for access to the lockers in the event of death of one of the holders on the lines similar to those for deposit accounts. In the absence of nomination or mandate for disposal of contents of lockers, with a view to avoid hardship to common persons, the bank will release the contents of locker to the legal heirs against indemnity on the lines as applicable to deposit accounts

## **10. REDRESSAL OF COMPLAINTS AND GREIVANCES**

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 bank has got a grievance redressal policy, which is published in our website. The details of the internal set up for redressal of complaints//grievances will be available in the branches. 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 30 days from date of complaint or he is not satisfied with the response received from the Bank, he has a right to approach Banking Ombudsman appointed by the Reserve Bank of India.