



**Saraswat  
Bank**



**Saraswat Co-operative Bank Ltd.**  
(Scheduled Bank)

**DEPOSIT POLICY**  
**FY 2018-2019**

<b>INDEX</b>		
<b>Sr No.</b>	<b>Particulars</b>	<b>Page No.</b>
I	Preamble	3
II	Objectives	3
III	Ownership	3
IV	Scope of the Policy	3
V	Applicability of Policy	4
VI	Validity of Policy	4
VII	Types of Deposit Accounts	4-6
VIII	Product Approval Process	6-7
IX	Key features on operation of different types of accounts	7- 11
X	Account opening of different categories of individuals	11- 14
XI	Opening /operation of an Account under RERA ,2016	14
XII	Tab Banking	14
XIII	Directives on interest payment on deposits	15-16
XIV	Addition or Deletion of the names of joint account holders	16
XV	Customer information	16
XVI	Secrecy of Customers Accounts	16
XVII	Premature withdrawal of Term Deposits	16-18
XVIII	Premature renewal of Term Deposit	18
XIX	Auto renewal of matured term deposits	18-19
XX	Advances against Deposits	19
XXI	Insurance cover for Deposits	19
XXII	Stop payment facility	19-20
XXIII	Safe Deposit Lockers	20
XXIV	Restrictions on opening of certain types of Deposit Accounts	20-21
XXV	Dormant accounts	21
XXVI	Settlement of claims in respect of deceased Depositors	22-23
XXVII	Unclaimed Deposits in Banks	23
XXVIII	Redressal of Complaints and Grievances	24
XXIX	Deposit Mobilization	24-25
XXX	Receipt of Foreign Contributions by various Associations /Organizations in India under Foreign Contribution (Regulation) Act,1976.	25-27
XXXI	Greater Co-Ordination Between Banking System And Income Tax Authorities	27

# **DEPOSIT POLICY**

**2018-2019**

## **I. PREAMBLE**

- One of the important functions of the Bank is to accept deposits from the public for the purpose of lending.
- Depositors are the major stakeholders of the Banking system. 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.
- 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 Deposit Policy has been drawn up within the broad guidelines issued by the Reserve Bank of India vide its Master Circular RBI/2015-16/5 DCBR.BPD. (PCB).MC.No: 6 /13.01.000/2015-16 July 1, 2015/BCSBI /IBA.

## **II. OBJECTIVES**

- This Policy document on deposits outlines the guiding principles based on which the Bank formulates the various deposit products offered by the Bank and the terms and conditions governing the conduct of the account.
- The document recognizes the rights of depositors and aims at dissemination of information with regard to various aspects of acceptance of deposits from the members of the public, conduct and operations of various deposit 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.

## **III. OWNERSHIP**

- The ownership of the Deposit Policy rests with the SBU – Retail Banking. The Policy will be updated, whenever required by the SBU – Retail Banking.

## **IV. SCOPE OF THE POLICY**

This core function, “acceptance of deposits” elucidated in the Policy adopting the principles of Corporate Governance, aims at creating substantial customer awareness.

- The Policy aims to educate the employees and public in general about the various methods adopted by the Bank for handling deposit accounts under various circumstances. 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 the Bankers' Fair Practice Code of the Indian Bank' Association. This document is a broad framework under which the rights of common depositors are recognized and all the guidelines under the Banking Codes and Standards Board of India for individual customers are taken note of.

## **V. APPLICABILITY OF THE POLICY**

- The Policy is applicable to all customers of the Bank and outlines the principles for identification of all customers across the Bank within the framework specified by Reserve Bank of India (RBI). It is intended to be read, understood and practiced by all the employees who directly or indirectly service the customers.

## **VI. VALIDITY OF THE POLICY**

- The Deposit Policy was last approved by the Board in its meeting held on 19<sup>th</sup> August 2017.
- The Deposit policy for FY 2018-19 will be valid up to date of approval of next policy.
- The Policy will be reviewed and modifications, if any, will be reported to the Board and will be incorporated in the Policy before circulating it to the branches and website.

## **VII. TYPES OF DEPOSIT ACCOUNTS**

While various deposit products offered by the Bank are assigned different names, the deposit products can be broadly categorized into the following two types: **Demand Deposits and Time Deposits. Definition of major schemes are as under:**

- **“Demand deposit”** means a deposit received by the bank which is withdrawable on demand;
- **“Savings deposit”** means a form of demand deposit which is subject to restrictions as to the number of withdrawals as also the amount of withdrawals permitted by the bank during any specified period;

- **“Term deposit”** means a deposit received by the bank for a fixed period withdrawable normally after the expiry of the fixed period and includes deposits such as Recurring / Short Deposits / Fixed Deposits /Monthly Income Certificate /Quarterly Income Certificate/Double Benefit Deposits etc.
- **“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.

## **(A) DEMAND DEPOSITS**

Demand deposits are further categorized into Savings Deposits and Current Deposits. The Bank will provide various products to suit the needs of the customers, under Savings and Current Deposit accounts which are mentioned below.

### **(i)Savings Account Products:**

Currently, the Bank is providing the following Schemes for various segments of customers under the savings account category:

- a) Regular Savings Account
- b) Elite Savings Account
- c) Elite Silver Savings Account
- d) Elite Gold Savings Account
- e) Campus Account
- f) Easy Deposit Savings Account
- g) CUBS Account
- h) Akshay Salary Account
- i) Janhit Savings Account (Small savings a/c)
- j) Suvidha Savings Account (BSBDA)
- k) My Money Savings Account
- l) Pradhan Mantri Jan-Dhan Yojana Savings Account

## **(ii) Current Account Products:**

Currently, the Bank is providing the following Schemes for various segments of customers under the current account category:

- a) Regular Current Account
- b) Elite Current Account
- c) Platinum Current Account
- d) Premium Current Account

Any new product introduced during the year will be approved by the concerned authority and will be updated under the product list wherever applicable. Bank is providing various technology products like Debit Card, Internet Banking, Mobile Banking, UPI, SMS Banking, Credit cards to various Savings and Current Account holders. Bank will not offer Debit Card facility to Overdraft and Cash Credit Accounts.

## **(B) TIME DEPOSITS**

Presently, the Bank is offering the following types of Time Deposits:

- (i)** Fixed Deposit (FD), with option of payment of interest on monthly, quarterly or on due date option.
  - (ii)** Kalpataru Deposit (KD), wherein interest on the deposit is reinvested on a quarterly cumulative basis and repaid on due date along with the principal amount.
  - (iii)** Recurring Deposit (RD), wherein a fixed amount is invested on a monthly basis for a fixed period for a fixed maturity value.
- In addition to the above, Bank will also launch special period specific products, from time to time depending upon market conditions.
  - The salient features of various deposit schemes (under demand / time deposits) are given more precisely on the website and employee portal.

## **VIII. PRODUCT APPROVAL PROCESS:**

New deposit products will be introduced and existing products will be modified by the Bank after a thorough study is made of the product, market study of similar products available in the market and customer expectation for such products.

- The views and opinions of customers received through branches/ Zonal Offices will be taken into account while designing new products and modifying existing products. While formulating new products, the guidelines issued by Reserve Bank of India and Indian Banks' Association will be taken into account.

- All new products and modifications of existing products will be approved by the Board of Directors before being implemented.

## **IX. KEY FEATURES ON OPERATION OF DIFFERENT TYPES OF ACCOUNTS:**

### **(i) Account Opening and Operation of Deposit Accounts**

**a)** The Bank has Centralized Deposit Service Centre in Mumbai and Pune for opening of saving and Current Accounts.

**b)** The Bank, before opening any deposit account, will carry out due diligence as required under “Know Your Customer” (KYC) and Anti-money Laundering guidelines issued by RBI, Government of India and or such other policy norms or procedures adopted by the Bank.

**c)** The due diligence process, while opening a deposit account will involve satisfying the Bank about the identity of the person, verification of address, satisfying about his occupation , source of income and obtaining recent photographs of the person/s opening / operating the account will be part of the due diligence process.

**d)** In addition to the due diligence requirements, under KYC norms, the bank is required by law to obtain AADHAAR number/ Virtual ID through biometric/OTP authentication, Permanent Account number (PAN) or alternatively declaration in Form No 60 or 61 as specified under the Income Tax Act /Rules and PMLA Rules amended vide notification dated 1<sup>st</sup> June 2017 and subsequent amendment (and thereafter subject to the final judgement of the Hon’ble Supreme Court)

**e)** The account opening forms and other required information will 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 by the customer. The Bank official opening the account will also explain the procedural formalities and provide necessary clarifications sought by the prospective depositor when he approaches the Bank for opening a deposit account.

**f)** The bank is committed to provide basic banking services to disadvantaged sections of the society. Banking services will be offered to them through Basic Savings Bank Deposit Accounts (BSBDA) and Small Savings accounts will be opened with relaxed customer acceptance norms as per regulatory guidelines. According our Bank has introduced Suidha Account for the benefit of unbanked segment of the society and Janhit accounts with relaxed kyc norms. The details of which are provided in KYC and AML policy of the Bank and also on website.

**g)** The regulatory guidelines requires banks to categorize 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 bank not opening an account. Inability of an existing customer to furnish details required by the bank to fulfill statutory obligations will result in partial freezing and subsequently total freezing of the account after due notice is provided to the customer.

**h)** For deposit products like Savings Bank Accounts and Current Accounts, the Bank will normally stipulate certain minimum balances to be maintained as part of the terms and conditions governing operation of such accounts. Failure to maintain minimum balance in the account will attract charges as specified by the Bank from time to time. The charges for non-maintenance of minimum balance to be maintained by customer will be proportionate to the extent of shortfall observed. The shortfall from the stipulated average quarterly balance will be calculated for first two months and in case of default, SMS about non-maintenance of minimum balance will be sent on 1<sup>st</sup> day of third month of every quarter advising the customer to restore the balance in the account.

If the minimum balance is not restored within one month, penal charges will be recovered as per existing practice (3 days before the end of 3<sup>rd</sup> month of every quarter) from the account ensuring that the balance in the savings account does not turn into negative balance solely on account of levy of charges for non-maintenance of minimum balance. SMS will be sent on the same day the penal charges are levied to the account. The minimum balance charges will be applied after the completion of a stipulated quarter end from the date of opening of the account. However, in case, the account is to be closed or revived, bank will not seek payment of unpaid charges levied due to non-maintenance of minimum balance. Any change in minimum balance will be intimated to the customer 30 days in advance. During this notice period customer will not be charged for non-maintenance of higher minimum balance.

**i)** If customer is not happy about the choice of current / savings account, they may within 14 days of opening the account, approach branch to switch to any of our other account / products offered by us. Alternatively, customer may ask for closure of the account along with any interest it may have earned. No penal charges will be applied in such cases.

**j)** Similarly, the Bank will also specify charges for issue of cheque 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 will be given to the prospective depositor while opening the account. This data will also be available with the Bank on the Customer Information Desk and also on the website. Any change in service charges & fees will be communicated one month in advance to all customers before effecting the change.



**k)** The Customer should inform any change of address or change in profile to the Bank with supporting KYC documents to make necessary modification in the system.

**l)** When a depositor wishes to withdraw from his account through a withdrawal slip the Bank will insist on his passbook for verification.

**m)** Cheques, Dividend warrants in the same name as that mentioned in the account only will be accepted for the credit of saving/current account.

**n)** Savings Bank Accounts will be opened for eligible person / persons and certain organizations / agencies (as advised by Reserve Bank India of from time to time). Current Accounts will be opened for Individuals / Partnership firms / Private and Public Limited Companies / HUFs / Specified Associates / Societies / Trusts/Limited Liability Partnership, etc. Term Deposits Accounts will be opened for Individuals / Partnership firms / Private and Public Limited Companies / HUFs/ Specified Associates / Societies / Trusts/ Limited Liability Partnership, etc.

**o)** Deposit accounts will be opened for an individual in his own name (known as account in single name) or for more than one individual in their own names (known as joint account). Savings Bank and Term Deposit Accounts will also be opened for a minor jointly with the natural guardian or with the mother as the guardian.

**p) Operation of Joint Account** – The Joint Account opened by more than one Customer can be operated singly or jointly. The mandate for operating the account can be modified only 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.

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

- **Either or Survivor**: If the account is in the name of two individuals say, A & B, the final balance along with interest, if applicable, will be paid to either of account holders i.e. A or B, on date of maturity or to the survivor on death of any one of the account holders without seeking concurrence of legal heirs of the deceased deposit holder.
- **Anyone or Survivor(s)**: If the account is in the name of two or more individuals say, A, B & C, the final balance along with interest if applicable, will be paid to any of accountholders i.e. A or B or C, on the date of maturity. On the death of any one of account holder say A, the final balance along with interest if applicable, will be paid to any two of the surviving accountholders i.e. B or C. On the death of any two of account

Holder say A and B, the final balance along with interest if applicable, will be paid to surviving account holder i.e. C without seeking concurrence of legal heirs of the deceased deposit holder.

- **Former or Survivor**: If the account is in the name of two individuals say, A & B, the final balance along with interest, if applicable, will be paid to the former i.e. A on date of maturity and to the survivor on death of anyone of the account holders without seeking concurrence of legal heirs of the deceased deposit holder.
- **All Jointly** : If the account is in the name of two individuals say, A & B, the final balance along with interest, if applicable, will be paid to both the applicants jointly. On the death of any one of the account holders, the final balance along with the interest if applicable will be paid to the legal heirs of deceased customer and survivor jointly
- Option to select mode of operation other than mentioned above are also available to customer.
- At the request of the depositor, the Bank will register mandate / power of attorney given by him authorizing mandate holder or POA holder to operate the deposit account on his behalf.
- The Bank will obtain recent photographs of the customer and the same should be affixed on the account opening form. Photographs will be obtained for all the account holder/s for all accounts except minor.
- The Bank will follow all the prescribed KYC guidelines. A detailed checklist of all the essential documents is made available at the branches and displayed on the website. Similarly the various service charges associated with the savings and current accounts is displayed at the branches and on the website.

**(ii) Nomination facility:**

- Nomination facility is available on all deposit accounts opened by the individuals. It is available to a Sole Proprietary Concern Account and also for articles kept in safe custody and safe deposit lockers.
- Nomination can be made in favor of one individual only. Hence nomination is not permitted in favor of Company, Firm, Trust, HUF, etc.
- Nomination so made can be cancelled or modified by the A/c Holder/s at any time. In case of Joint accounts, nomination or modifications of nomination should be made by all depositors, jointly.
- Nomination can be made in favor of a minor also. The depositor (s) while making the nomination should appoint another individual not being a minor to receive the amount of deposit on behalf of minor nominee in the event of death of depositor(s) during the minority of the nominee.
- Attestation of two witnesses on the nomination forms would be required only if the form carries the thumb impression of the account holder. Attestation by the witness is not required in case the form is signed by the account holder.

- Bank recommends that all depositors avail the nomination facility. The depositor will be informed of the advantages of the nomination facility while opening a Deposit A/c .The depositor has the discretion of putting nominee's name on passbook/Deposit confirmation advice. If any person opening the account doesn't want to give nomination, Bank will record the fact on the account opening form and proceed with account opening.
- The nominee, in the event of death of the depositor/s, would receive the balance outstanding in the account of the deceased as a trustee of legal Heirs.

### **(iii) Introduction not mandatory for opening accounts**

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

### **(iv) Other Safeguards**

- a) Bank will also obtain PAN/GIR number of a depositor opening an account with an initial deposit of Rs 50,000/-and above. In case, the prospective customer is not able to submit PAN Card, account may be opened with official valid KYC documents and Form 60. However, in case of current accounts, the PAN Card has to be compulsorily obtained.
- b) FATCA Declaration
- c) BO (beneficiary ownership) declaration wherever applicable.
- d) Bank offers various choice of electronic channels to customer for Conducting their banking transactions which includes-ATM, Internet Banking, mobile banking, SMS banking, etc. Wherever such electronic Facilities are offered as a part of the basic account/product, bank will obtain specific consent of the customers after explaining the risk associated for availing the facility.
- e) Standing instructions can be given to the Bank for transfer/remittance of funds from one account to other account(s) maintained in the same branch or any other branch of the bank.

## **(X) ACCOUNT OPENING OF DIFFERENT CATEGORIES OF INDIVIDUALS:**

### **a) Accounts Of Illiterate persons**

- The Bank will open deposit accounts, other than Current Accounts, of illiterate persons. The accounts of such persons will 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 the deposit amount and / or interest, the account holder should affix his / her thumb impression or

mark in the presence of the authorized officer who will 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 will explain the terms and conditions governing the account to the illiterate person.

### **(b) Account of Visually Challenged Persons**

- Bank will facilitate opening of Saving Bank accounts as well as Term Deposit accounts of persons with visual impairment. Such accounts will be operated by the accountholder personally.
- Such accountholders will have to be present before the branch official and affix thumb impression and they will be identified through their photograph to facilitate operations.
- Digital banking facilities via ATM and Internet banking are made available to enable visually challenged persons to operate their accounts. Other banking facilities such as cheque book facility, safe deposit lockers, retail loans, credit cards etc are also offered to visually challenged persons without any discrimination.

### **(c) Accounts of persons with autism, cerebral palsy, mental retardation & multiple disabilities**

- Savings bank and term deposits can also be opened in the name of persons with autism, cerebral palsy, mental retardation and multiple disabilities by the legal guardian appointed by the District Court/ Collector of District under Mental Health Act, 1987 or by the Local Level Committees set up under the National Trust for welfare of persons with autism, cerebral palsy, mental retardation and multiple disabilities under Disabilities Act, 1999.
- Hence a legal guardian so appointed can open and operate the bank account as long as he remains the legal guardian.
- Legal guardian, so appointed, will furnish an indemnity-cum-undertaking bond duly stamped as per the local law in force along with Guardianship Certificate.

### **(d) Accounts of Transgender persons:**

In case of a person claiming to be transgender and needs to open account or to do any banking transaction, the person will be recognized as “Third Gender” and the details shall be accepted in the AOFs/ or other applicable forms as such. The salutation of such person shall be “Mx”. All transgender customers shall be treated equally to other male/ female customers without any discrimination and all kinds of banking services/products will be made available to them.

### **(e) Operation of Bank Accounts by Old/Sick/ Incapacitated Customers**

The old / sick / incapacitated account holder falls in the following two categories:

- a) An account holder is too ill to sign a cheque and is unable to be physically present at the branch to do transactions but can put his/her thumb impression on the cheque/withdrawal form- in such case, thumb or toe impression of the sick/old/incapacitated account holder is obtained, it will be identified by two independent witnesses known to the branch, one of whom will be a responsible bank official.
- b) An account holder who is not only able to be physically present at the branch but also is unable to put his/her thumb impression on the cheque/withdrawal form due to certain physical defect/incapacity- in such cases a mark will be obtained on the cheque/withdrawal form which will be identified by two independent witnesses, one of whom will be a responsible bank official. The customer will be asked to indicate to the branch as to who would withdraw the amount from the Bank on the basis of cheque/withdrawal form as obtained above and that person should be identified by two independent witnesses. The person who would be actually drawing the money from the branch will be asked to furnish his signature to the branch. In case, a person who has lost his both hands, the signature can be by means of a mark. This mark may be placed by the person in any manner. It could be toe impression also. It can be by means of mark which anybody can put on behalf of the person who has to sign, the mark being put by an instrument which has had a physical contact with the person who has to sign.

### **(f) Accounts of Senior citizen and differently abled persons:**

The Bank with the permission of its Board may offer a higher rate of interest on Fixed Deposits to Senior Citizens. All kinds of term deposits accounts attracting special rates for senior citizen can be opened jointly with any other person. In all the cases, the senior citizen must be the first holder.

Bank will render all possible assistance to senior citizens in carrying out banking transactions by providing personalized services, ensuring proper seating arrangement in banking hall, services through single window mechanism, submission of Life certificates at any of the branches, ease in filing Form 15G/H, permitting withdrawal of funds and issue of cheque book by persons authorized by senior citizens on production of authorization letter and passbook.

Doorstep banking may be provided on specific requests for senior citizens more than 70 years of age and differently abled or infirm persons ( having medically certified chronic illness or disability) including those who are visually impaired, for pickup of cash and instruments against receipt, delivery of demand drafts, submission of KYC documents , Life certificates at the premises /residences of such customers .

**(g) Opening of NRE/NRO accounts:**

Banks registered in States that have entered into a Memorandum of Understanding (MOU) with Reserve Bank of India (Reserve Bank) for supervisory and regulatory co-ordination and those registered under the Multi State Co-operative Societies Act, 2002 and complying with the various norms as mentioned in the Act are eligible for authorization to maintain NRE accounts.

- Accordingly, the Bank will allow opening banking accounts of Non Resident Indians under the directives / regulations / notifications of the Foreign Exchange Management Act (FEMA) 1999.
- The Bank allows opening of NRO account of foreign students studying in India. The detailed guidelines for opening of such accounts are given in the KYC Manual.
- The Bank will offer the following types of accounts for the NRIs:
  - NRE Account
  - FCNR Account
  - NRO Account
  - RFC Account

**(XI) OPENING/ OPERATION OF AN ACCOUNT UNDER THE REAL ESTATE (REGULATION AND DEVELOPMENT)ACT, (RERA)2016 -**

As per RERA Act, 2016 the promoter is required to deposit seventy per cent of the amount realized for the real estate project from the allottees /buyers in a separate account to be maintained in a scheduled bank to cover the cost of construction and the land cost and to be used only for that purpose.

The detail guidelines regarding the opening and operations of the account are given in AML and KYC policy of the Bank.

**(XII) TAB BANKING :** Bank on tab is a unique concept wherein an Android application is installed in a tablet by which banking services viz: Account opening, financial transactions ,non-financial transactions ,etc can be facilitated in a paperless and secure manner by authenticating customers AADHAAR number and his/her biometric. Another plus point of tab banking is IRIS (Eye retina scan) technology is used for authentication purpose especially in cases where biometric data doesn't match .KYC documents and photographs of the

customers is electronically stored in DMS(document management system) and thus reduction in paper work and storage.

### **(XIII) DIRECTIVES ON INTEREST PAYMENT ON DEPOSITS:**

#### **(i) Interest Payments in Savings Account:**

Interest will be paid at quarterly rests on saving accounts at the rate decided by the Bank within the general guidelines specified by Reserve Bank of India from time to time.

In case of Savings Deposits, interest will be calculated on the minimum closing balance to the credit of the deposit account on a daily basis and credited to the account only when it is Rs 1/- or more. Interest will be credited on quarterly basis on 31<sup>st</sup> May, 31<sup>st</sup> August, 30<sup>th</sup> November and 28<sup>th</sup> February every year. Interest will be calculated on the last day of the quarters and will be applied within 4 days of the following month. 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.

Bank pays interest to its NRE and NRO Deposit holders as per the rates decided by the Bank but in no case the interest rates offered on NRE and NRO deposit holders will be higher than those offered on comparable domestic rupee deposits.

#### **(ii) Interest Payments for Term Deposit Accounts:**

As per Reserve Bank of India directives, interest will be calculated at quarterly intervals (30<sup>th</sup> June, 30<sup>th</sup> September, 31<sup>st</sup> December and 31<sup>st</sup> March), on term deposits and paid at the rate contracted depending upon the period of the deposits. In case of Monthly Deposit Scheme, the interest will be calculated for the quarter and paid monthly at discounted value. The interest on term deposits will be calculated by the Bank in accordance with the formulae and conventions advised by the RBI and Indian Banks' Association. The rate of Interest on Deposits will be prominently displayed in the branch premises/on Bank's Website from time to time. Changes in rates, if any, with regard to the deposit schemes and other related services shall also be communicated upfront and shall be prominently displayed from time to time. The bank has statutory obligation to deduct tax at source if the total interest paid/payable on all the term deposits held by a person exceed the amount specified under the Income Tax Act. The bank will issue 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 (ie before 24 th April )

**(iii) Payment of interest on Term Deposit maturing on Sunday/Holiday/Non- Business Working Day-**

- a) If a term deposit is maturing for payment on a Sunday / holiday / non-business working day, bank shall pay interest at the originally contracted rate on the original principal deposit amount for the Sunday / holiday / 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.
- b) In case of reinvestment deposits and recurring deposits, bank shall pay interest for the intervening non-business working day on the maturity value.

**XIV. ADDITION OR DELETION OF THE NAMES OF JOINT ACCOUNT HOLDERS:**

The Bank, at the request of all the joint account holders will allow addition or deletion of name/s of joint account holder/s if the circumstances so warrant or will allow an individual depositor to add the name of another person as a joint account holder.

**XV. CUSTOMER INFORMATION:**

- As per RBI guidelines, the customer information collected from the customers while opening the account will not be used for cross selling other services or products of the Bank. Prior consent of the account holder will be obtained before using the customer information for marketing.
- The Account opening form for all accounts seeks such permission.

**XVI. SECRECY OF CUSTOMERS ACCOUNTS:**

- The Bank will not disclose details / particulars of the customers' accounts 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 Bank's duty to the public to disclose the information and where interest of the Bank requires disclosure of information.

**XVII. PREMATURE WITHDRAWAL OF TERM DEPOSITS:**

- The Bank on request from the depositor, at its discretion will allow withdrawal of term deposit before completion of the period of the deposit agreed upon at the time of placing the deposit. The Bank will inform the applicable penal interest rates for premature



Withdrawal of term deposits, to make depositors aware of the applicable rate along with the deposit rate. The penal charges for premature withdrawal will be applicable on the rate of interest applicable at the time of contract for the period for which the deposit remained with the Bank.

- If fixed/term deposit accounts are opened with operating instructions 'Either or Survivor'/Former or Survivor/ Anyone or survivor, etc the signature of all the depositors will be obtained, in case the deposit is to be paid before maturity.

#### **XVII A) Premature withdrawal of term deposit in case of death of account holder:**

- In case, any of the depositors expires before the maturity, pre-payment of the fixed/term deposit will be allowed without the concurrence of the legal heir of the deceased joint deposit holder, only if there is a joint mandate from the joint depositors to this effect either at the time of opening the account or a written communication from the joint depositors subsequently. The premature withdrawal will be allowed at the rate of interest applicable on the date of deposit for the period the deposit remained with us and without any penalty.
- Premature withdrawal on death of the depositor is allowed for all type of Fixed Deposit account without any penal interest.
- The Bank will allow closure of a RD only after 30 days from the last installment paid although the date of payment of last installment of the RD falls prior to the same, since otherwise such transaction would be considered as a premature closure.
- The Bank will charge RD penalty for each delayed installment @1.50% (flat rate) of the installment amount through the system.

#### **XVII B) Interest Payable on Term Deposit in Deceased Account**

In the event of death of the depositor before or after the date of maturity of the deposit and the amount of the deposit is claimed after the date of maturity, the Bank will pay interest at the contracted rate till the date of maturity. From the date of maturity to the date of payment, the Bank will pay interest at savings deposit rate for the period for which the deposit remained with the Bank beyond the date of maturity.

In the event of the death of the depositor/s, the amount of deposit is claimed before the date of maturity, interest at the rate applicable to the period for which the deposit has remained with the bank will be paid and there will not be levy of penal interest.

In case of NRE deposits when the claimants are residents, the deposit on maturity will be treated as Domestic Rupee deposit and interest will be paid for the subsequent period at a rate applicable to the domestic deposit of a similar maturity.

#### **XVIII ) 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 bank will permit the renewal 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 on the date of deposit to the period for which the deposit remained with the bank and not at the contracted rate. Further, the bank may levy penalty for premature closure of an existing deposit at such rates as may be decided by the bank from time to time.

#### **XIX). AUTO RENEWAL OF MATURED TERM DEPOSITS:**

- The term deposit account holders at the time of placing their deposits can give instructions with regard to closure of term deposit account or renewal of term deposit for further period on the date of maturity. In absence of such instructions, the Bank will automatically renew the deposit for a similar period as that of matured deposit.
- The auto renewal process is not applicable to certain type of deposits i.e. deposit kept by NRE/NRO,FCNR, RD (Recurring deposit) Madhukar Deposit and Deposits lien marked for term loan/overdraft , TD receipts in the name of a minor who has attained majority on or before maturity date.
- Under the auto renewal process the matured deposit will be renewed for the same period as that of the original deposit at the rate applicable on the date of maturity.
- In case any depositor wishes to renew the overdue deposit which is not renewed under auto renewal process and if the request is received upto 14 days from the date of maturity such deposit will be renewed with effect from the date of maturity for the period as desired by the customer at interest rate applicable as on the maturity date. The same rule will be applied in case any depositor wishes to break the deposit confirmation advice created under auto renewal process and desires to keep the same in different products or get the payment of such renewed deposit confirmation advice.
- In respect of overdue deposits (not renewed under auto renewal process) received after 14 days from the date of maturity, interest

for the overdue period will be paid at the rates applicable to Savings Bank deposit rate. The term deposit will be renewed from that day and not from the date of maturity.

- As a matter of courtesy and to maintain good customer relations, the Bank will follow the practice of sending maturity intimation through SMS to all the T.D. holders 15 days in advance. However, it is expected that the depositor will take necessary care to renew the deposit on due date to avoid loss of interest.
- If the maturity deposit amount of Recurring Deposit and Madhukar Deposit is claimed after the maturity date by the depositor than in such case saving interest rate to be paid for the intervening period.

## **XX. ADVANCES AGAINST DEPOSITS:**

- The Bank will accept the request of the depositor/s for loan / overdraft facility against term deposits [unless prohibited under the respective deposit scheme] duly discharged by the depositor/s on execution of necessary security documents.
- The Bank will provide loans against deposits standing in the name of minors, however, a suitable declaration stating that the loan is for the benefit of the minor, is to be furnished by the guardian.
- The Bank will extend advance against term deposits subject to margin and interest spread stipulated from time to time.
- The Bank will grant an advance against term deposit at a margin of 10% irrespective of the amount of the deposit and at an interest spread of 1% over and above the applicable term deposit rate irrespective of the amount of advance and type of deposit (cumulative or non-cumulative). In exceptional cases the higher authorities may be authorized to decide on the margin and interest spread for advance against deposits.

## **XXI. INSURANCE COVER FOR DEPOSITS:**

All deposits of our Bank will be 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 as and when requested.

## **XXII. STOP PAYMENT FACILITY:**

The Bank will accept stop payment instructions for the cheques issued by the account holders. Such instructions should be submitted in writing by the accountholder. Bank has also introduced stop payment facility on various delivery channels like Internet Banking,

Mobile Banking and SMS Banking. Charges, as specified from time to time, will be recovered by the Bank from the accountholder.

### **XXIII. SAFE DEPOSIT LOCKERS:**

The Bank has provided Safe Deposit Lockers at many of its 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 (not being 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. If a locker is hired by two or more persons to be operated “jointly by all”, such hirers may nominate one or more persons to whom in the event of death of any one hirer or hirers, the Bank may give nominee/s, jointly with surviving joint hirer or joint hirers, as the case may be, access to the locker and liberty to remove the contents of such lockers. In case of lockers hired jointly with another person and with mode of operation as “Either or Survivor” [E or S], nomination would be permissible. However, such nomination would be in favor of only one person. In the absence of nomination or mandate for disposal of contents of lockers, with a view to avoid hardships to common persons, the Bank will release the contents of locker to the legal heirs of the deceased for making an inventory of the contents of the locker against indemnity after due diligence, viz: Obtaining the death certificate, checking for restraining order from the competent court, etc on the lines as applicable to deposit accounts.

### **XXIV.RESTRICTIONS ON OPENING OF CERTAIN TYPES OF DEPOSIT ACCOUNTS**

#### **(i) Deposit schemes with lock-in period**

In the Finance Bill of 2006, the government had announced Tax benefits to Bank Term Deposits which are of 5 year tenure u/s 80C of IT Act, 1961. The Bank’s Madhukar Tax Savings Deposit Scheme which is as per the prescribed sections of the IT Act, 1961 has a lock-in period of five years.

#### **(ii) Opening of Bank Accounts in the Names of Minors**

In order to promote the objective of financial inclusion, RBI has given certain relaxations in opening and operations of minors’ accounts which are given below.

On the basis of the relaxation provided by RBI, the Bank has launched “My Money” Savings Account.

- a) A savings / fixed / recurring bank deposit account can be opened by a minor of any age through his/her natural or legally appointed guardian.
- b) Minors above the age of 10 years will be allowed to open and operate savings bank account independently, if they so desire. The Bank keeping in mind the risk management systems, has fixed limits in terms of age and amount up to which the minors will be allowed to operate their deposit accounts independently. The Bank has also prescribed the minimum documents required for opening of accounts by minors.
- c) On attaining majority, the erstwhile minor will confirm the balance in his/her account and if the account is operated by the natural/legal guardian, fresh operating instructions and specimen signature of the erstwhile minor will be obtained and kept on record for all operational purposes.
- d) The Bank will offer free additional banking facilities like internet banking, mobile banking, etc., keeping the safeguards that minor accounts will not be allowed to be overdrawn and will always remain in credit.

**XXV. DORMANT ACCOUNTS:** Accounts which are not operated for a period of two years will be classified as Dormant / Inoperative in the interest of the depositor as well as the Bank. For classifying an account as inoperative, both the types of transactions, i.e., debit as well as credit transactions induced at the instance of customers as well as third parties would be considered. The customer can request the bank to activate the account for operating it after complying with the regulatory guidelines and after carrying out due diligence as per risk category of the customer.

Bank notifies such account holder/s by sending letters 3 months in advance before classifying an account as inoperative/dormant.

The Bank will not levy penal charges for non-maintenance of minimum balance in inoperative accounts. There will not be any charge for activation of inoperative account. Interest on savings bank accounts shall be credited on regular basis even though it is inoperative account. If a Fixed Deposit Receipt matures and proceeds are unpaid, the amount left unclaimed with the bank will attract savings bank rate of interest.

## **XXVI. SETTLEMENT OF CLAIMS IN RESPECT OF DECEASED DEPOSITORS**

The Bank will facilitate expeditious and hassle-free settlement of claims on the death of a depositor. The claims in respect of deceased depositors and release of payments to survivor(s)/nominees will be made within a period not exceeding 15 days from the date of receipt of the claim subject to the production of proof of death of the depositor and suitable identification of the claimant(s) to the bank's satisfaction.

If the depositor has registered a 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 itself about the identity of the nominee, etc.

The above procedure will be followed even in respect of a joint account where a nomination is registered with the Bank.(In case of death of all joint holders)

In a joint deposit account, when one of the joint account holders dies, the Bank will 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 at the time of account opening for disposal of the balance in the account in the forms such as "either or survivor, former / later or survivor, anyone of survivors or survivor; etc., the payment will be made as per the mandate given by deceased account holder, provided:

- the identity of the survivor(s) / nominee and the fact of the death of the account holder, is established through appropriate documentary evidence.
- there is no order from the competent court restraining the bank from making the payment from the account of the deceased.
- In such cases, payment to the survivor(s) / nominee of the deceased depositors will be made without insisting on production of succession certificate, letter of administration or probate, etc. or obtaining any bond of indemnity or surety from the survivor(s) / nominee, irrespective of the amount standing to the credit of the deceased account holder.
- The survivor(s) / nominee would be receiving the payment from the bank as a trustee of the legal heirs of the deceased depositor, i.e., such payment shall not affect the right or claim which any person may have against the survivor(s) / nominee to whom the payment is made.
- In the case of balances lying in current account standing in the name of a deceased individual depositor/sole proprietorship concern, interest should be paid 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.

**A) 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 the deceased person against joint application by all legal heirs or the person mandated by the legal heirs to receive the payment on their behalf along with an indemnity (as per stamp act of the state) without insisting on legal documents up to the limit approved by the Bank's Board. This is to ensure that the common depositors are not put to hardship on account of delays in completing legal formalities.

In addition to the above all other documents such as Deposit Pass Books and cheque books, Deposit Confirmation Advice ,copy of the Death Certificate duly verified form the original, Death claim application in Bank's format, Affidavit ( as per stamp act of the state) duly executed by the claimant, kyc documents of the claimant / sureties etc will be obtained irrespective of any amount involved in the settlement of the death claim.

**(B) Settlement of Claims In Respect of Missing Persons**

The system which will be followed at Bank in case a claim is received from a nominee / legal heirs for settlement of claim in respect of missing persons is as under:

The settlement of claims in respect of missing persons is governed by the provisions of Section 107 / 108 of the Indian Evidence Act, 1872. Section 107 deals with presumption of continuance and Section 108 deals with presumption of death. As per the provisions of Section 108 of the Indian Evidence Act, presumption of death can be raised only after a lapse of seven years from the date of his/her being reported missing. As such, the nominee / legal heirs have to raise an express presumption of death of the subscriber under Section 107/108 of the Indian Evidence Act before a competent court. If the court presumes that he/she is dead, then the claim in respect of a missing person can be settled on the basis of the same.

**XXVII. UNCLAIMED DEPOSITS IN BANKS:**

Reserve Bank of India has established a Scheme "The Depositor Education Awareness Fund (DEAF)" in pursuant to the amendment of the Banking Regulation Act, 1949.

As per the Scheme, banks shall calculate the cumulative balances in all accounts along with interest accrued, as on the day prior to the effective date i.e. May 23 ,2014 and Bank shall transfer the credit balances in any deposit account maintained with the Bank which have not been operated or have remained unclaimed for ten years or more to the "Depositor Education Awareness Fund" on the last working day of the subsequent month.

In an effort to play a more pro-active role in finding the whereabouts of the account holders of unclaimed deposits, the list of such accounts which are inoperative for ten years or more will be displayed on our Bank's website. For Individual Customers, the list displayed on the website will contain the names of the account holder(s) and his/her address in respect of unclaimed deposits. For Non Individual Customers, the list so displayed on the website will contain the names of the Entity and its address in respect of unclaimed deposits.

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

Depositors having any complaint / grievance with regard to services rendered by the Bank have a right to approach the authority (ies) designated by the Bank for handling customer complaints / grievances. The details of the internal set up for redressal of complaints / grievances are displayed in the branch premises. The Bank has set in place a structure for redressal of complaints both in terms of the authorities as well as the time norms for resolving the complaints.

These details have been spelt out in the Grievance Redressal Policy of the Bank which is displayed on the Bank's website and available with the Branch Manager for ready reference.

## **XXIX. DEPOSIT MOBILISATION**

### **(i) Deposit Collection Agents**

The Bank will not pay any brokerage on deposits in any form to any individual, firm, company, association, institution or any other person.

The Bank will not employ/engage any outside persons through firms/ companies for collection of deposits including Non-Resident deposits or for selling any other deposit linked products on payment of fees/ commission in any form or manner, except to the extent permitted vide Reserve Bank's Interest Rate Directives.

### **(ii) Acceptance of Deposits by Unincorporated Bodies/ Private Ltd Companies with 'Bank Guarantee'**

The Bank will not accept any deposits at the instance of private financiers or unincorporated bodies under any arrangement, wherein the deposit confirmation advice can be issued in favor of the clients of private financiers. It also will not accept/allow authority by power of attorney, nomination otherwise for such clients receiving such deposits at maturity.



### **(iii) Deposit Collection Schemes floated by Private Organizations**

The Bank will not be associated directly or indirectly with lottery schemes of organizations of any description as per the Chits and Money Circulation Schemes (Banning) Act, 1978 (No. 43 of 1978).

### **(iv) Acceptance of Deposits from other banks by Primary (Urban) Co-operative Banks (UCBs)**

Acceptance of deposits from scheduled UCBs in the nature of placement of deposits for investment purposes is NOT PERMITTED.

However, acceptance of deposits (Current or Term Deposits) from other scheduled UCBs is permitted if our Bank is the Sponsor Bank for providing specific services. Some of the indicative specific services for which deposits can be accepted are as follows :

- Rupay Debit Card
- RTGS/NEFT
- Clearing purposes,
- DD arrangement,
- CSGL facility,
- Foreign exchange transactions,
- Remittance facility
- Non-fund based facilities like bank guarantee (BG), letter of credit (LC), etc.

### **(v) Prohibition on opening of accounts of entities dealing with Virtual Currencies(VCs)**

Bank will not open, maintain accounts(deposits / advances) of individuals /entities associated with Virtual Currencies(VCs) or provide any services for facilitating any person or entity in dealing with or settling VCs since virtual currency does not have legal tender status in any jurisdiction. It is a type of unregulated, digital money, which is issued and usually controlled by a set of people, used and accepted among the members of a specific virtual community. eg of Virtual Currencies are: Bitcoin, Zcash, Dash, Ripple(XRP) , Monero (XMR).

### **XXX Receipt of Foreign Contributions by various Associations /Organizations in India under Foreign Contribution (Regulation) Act, 1976**

a) The Foreign Contribution (Regulation) Act, states that the associations having a definite cultural, economic, educational, religious and social

programme and receiving foreign contribution should get themselves registered with the Ministry of Home Affairs, Government of India and receive foreign contribution only through one of the branches of the bank as an association will specify in its application for registration with the Ministry of Home Affairs.

**b)** The Act also states that every association if not registered with the Central Government, should obtain prior permission of the Central Government before accepting any foreign contributions.

**c)** There are also certain organizations of a political nature, not being political parties specified by the Central Government under Section 5(l) of the Act. These organizations require prior permission of the Central Government for accepting any foreign contribution.

In this regard, Bank will take the following precautions:

- Will afford credit of the proceeds of cheques/drafts representing foreign contribution only if the association is registered with the Ministry of Home Affairs, Government of India.
- Will insist on production of a communication from the Ministry of Home Affairs conveying prior permission of the Central Government for acceptance of specific amount of foreign contribution in case the association is not registered under the Foreign Contribution (Regulation) Act, 1976.
- Will not afford credit to the account of such associations as are not registered with the Ministry of Home Affairs separately for the purpose of accepting foreign contribution under the Foreign Contribution (Regulation) Act, 1976.
- Will not afford credit to the account of such associations as have been directed to receive foreign contributions only after obtaining prior permission of the Central Government.
- Will not allow the credit of the proceeds of the cheques/ demand drafts etc. to the organizations of a political nature, not being political parties (including their branches and units) unless a letter containing the prior permission of the Central Government under the Foreign Contribution (Regulation) Act, 1976 is produced by such organizations.
- Will note the registration number as conveyed by the Ministry of Home Affairs to the various associations in the relevant records particularly the pages of the ledgers in which the foreign contribution accounts of associations are maintained to ensure that no unwanted harassment is caused to such associations.
- In case any cheque/demand draft has been tendered to the Bank for realization of its proceeds and credit to the account of the association /organization by an association or organization which is

not registered or which requires prior permission, as the case may be, the Bank will approach the Ministry of Home Affairs for further instructions. In no case the Bank will credit the account of association/organization of a political nature, not being a political party, as specified by the Central Government and of an unregistered association, unless the association/ organization produces a letter of the Ministry of Home Affairs conveying permission of the Central Government to accept the foreign contribution.

- Where prior permission has been granted, such permission is to accept only the specific amount of the foreign contribution which would be mentioned in the relevant letter. The Ministry of Home Affairs is invariably endorsing a copy of the order of registration or prior permission for each association/organization to the concerned branch of the bank through which the foreign contributions are to be received for credit to the Associations/ Organizations deposit account.
- The Ministry of Home Affairs (MHA), Government of India has developed a software for submission of online reports of receipt of foreign contribution by banks. MHA has advised that submitting reports online through software would be optional till October 31, 2013. However, from November 1, 2013 onwards, online submission of report would be compulsory. In accordance with RBI's directive, the Bank will access <http://mha1.nic.in/fcra.htm> website for all the details on FCRA reporting and the user guide will be accessed at <http://mha1.nic.in/pdfs/USERGuideBank270813.pdf>
- Non-adherence to these instructions will tantamount to violation of the provisions of the said Act. Even non-submission of the prescribed Return in time to the Government of India would be viewed very seriously and therefore the Bank will comply with the above directives.

### **XXXI. GREATER CO-ORDINATION BETWEEN BANKING SYSTEM AND INCOME TAX AUTHORITIES:**

#### **(i) Co-ordination with Officers of Central Board of Direct Taxes**

- Bank will extend necessary help/co-ordination to the tax officials whenever required.

#### **Policy Revision:**

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