



### Sub: Deposit Policy

#### INDEX

No	Topics	Pg. No.
1	Introduction	3
2	Categories of account	3
3	Deposits	4
4	Withdrawals	5
5	Account opening and Operation	6
6	Senior Citizen Deposit Scheme	11
7	Resident Foreign Currency Accounts Scheme	11
8	Minors	11
9	Accounts of disabled persons with autism. Cerebral palsy, Mental retardation and multiple disabilities	12
10	Accounts for illiterate Persons	12
11	Facility to visually challenged persons	13
12	The Depositor Education and Awareness Fund(DEAF) Scheme	14
13	Transfer of accounts	14
14	Closure of accounts	15
15	Nomination facility	15
16	Payment of interest	16
17	Premature withdrawal of term deposit	19
18	Tax Saver Deposits	21
19	Conversion of a term deposit for reinvestment	21
20	Renewal of overdue term deposit	21
21	Renewal of FCNR (B) deposits	22
22	Interest on overdue deposits	22
23	Payment of interest on deposits maturing on holiday	23
24	Loan against deposit	23
25	Advances against FCNR (B) deposits - Manner of charging interest	24
26	Settlement of dues in deceased deposit account	24

27	Interest payable on the NRE term deposit account of deceased depositor	25
28	Interest payable on the deposit of a deceased FCNR(B) depositor	25
29	Payment of interest on FCNR (B) deposits of NRIs on return to India	26
30	Conversion of FCNR (B) Accounts of Returning Indians into RFC Accounts/Resident Rupee Accounts- Payment of interest	26
31	Prohibition on payment of additional interest on deposits of Senior Citizens	26
32	Prohibitions on FCNR Deposits	27
33	Addition or deletion of name/s of joint account holders	27
34	Customer information	28
35	Secrecy of customers account	28
36	Insurance cover for deposits	28
37	Stop payment Facility	28
38	Dormant/Inoperative accounts	29
39	Redressal of complaints and grievances	29
40	Force Majeure	29
41	Right to alter or add Rules	30
42	Power to repeal	30

## 1. Introduction

Traditionally, banking is defined as acceptance of deposits from the public for the purpose of lending. The depositors and their interests form the key area of the regulatory framework for banking in India as stated in the Banking Regulation Act, 1949. The Reserve Bank of India (RBI) is empowered to issue directives / advices on interest rates on deposits and other aspects regarding conduct of deposit accounts from time to time. With liberalization in the financial system and deregulation of interest rates, banks are now free to formulate their own 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 the terms and conditions governing the conduct of 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 deposit accounts, payment of interest on various deposit accounts, closure of deposit accounts, methods 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 individual customers and create awareness among customers of their rights. The ultimate objective is that customers should get services they are rightfully entitled to receive, without demand.

While adopting this policy, the bank reiterates its commitment 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 are issued to branches from time to time.

## 2. Categories of Accounts

The deposit products/services offered by the Bank, can be categorized broadly into the following types:

1. **"Demand deposits"** means a deposit received by the Bank, which can be withdrawn on demand;
- a) **"Current Account"** is a form of demand deposit where from withdrawals are allowed any number of times to the extent of the balance available and the terms and conditions applicable for the product and shall also be deemed to include other deposit accounts which are neither Savings Deposit nor Term Deposit.

b) **"Savings deposits"** means a form of demand deposit, which is subject to restrictions as to the number of withdrawals permitted by the Bank during any specified period as also restrictions on the eligibility to open such accounts by individuals or certain organisations and others as permitted by RBI from time to time.

c) **"Basic Savings Bank Deposit Account"** means a demand deposit account opened for greater financial inclusion. Such accounts are subject to RBI instructions on Know Your Customer (KYC)/Anti-Money Laundering (AML) norms. If such account is opened on the basis of simplified KYC norms or no KYC, the account would additionally be treated as a **'Small Account'**, and would be subject to conditions stipulated for such accounts as indicated in paragraph 5(n) & 5(o)

II. **"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. **"Recurring Deposits"** is a form of term deposit, which stipulates remittance in regular/variable installments and such other terms the Bank may stipulate for a pre-fixed period at pre-fixed/variable intervals by the customer.

III. **"Bulk Deposit"** means single Rupee term deposits of **Rs. 2 Crores and above**, which includes term deposits from resident as well as non-residents. The permission to offer differential rates of interest for deposits of the same maturity will be applicable only to single rupee deposits of Rs. 2 Crores and above. The rates offered by the Bank on such deposits will be as per the interest rate chart displayed in the bank's website, and available in branches.

IV. **"FCNR (B) Deposits"** FCNR (B) account means a Foreign Currency Non-Resident (Bank) account referred to in Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time.

### 3. Deposits

Deposits to an account can be made by way of cash, cheques, electronic transfers, ECS, or through any other means which may come into usage after giving due notice on the Bank's website.

However, cash deposit is subject to regulatory guidance/ restrictions (example: Requirement of PAN/Form 60 for cash remittance of Rs. 50000.00 and above). Cash Deposits at non-base branches are subject to certain restrictions and may also attract charges.

#### a) **Tenor of Term Deposits**

Tenors for Term Deposit schemes offered by the bank will be in line with regulatory guidelines. Domestic and NRO term deposits are offered in various tenors, ranging from a minimum tenor of 7 days to a maximum of 10 years. Similarly, FCNR (B) deposits are accepted under the following maturity periods:

- i) One year and above but less than two years
- ii) Two years and above but less than three years
- iii) Three years and above but less than four years
- iv) Four years and above but less than five years
- v) Five years only

**Note:** FCNR (B) deposits shall not be accepted or renewed over five years and no recurring deposits shall be accepted under the FCNR (B) Scheme.

#### b) **Size of deposits**

- i) The Bank may offer differential rate or higher rate of interest as compared to normal deposits on the basis of various maturities or size of deposits. However, the permission to offer differential rates of interest for deposits of the same maturity will be applicable only to single Rupee deposits of Rs. 2 Crores and above. Single Rupee term deposits of Rs. 2 Crores and above including domestic term deposits as well as NRO and NRE term deposits are termed as “bulk deposits”.
- ii) For bulk deposits, the bank may offer the differential rate of interest as compared to normal deposits, on the basis of various maturities or size of deposits.
- iii) Single FCNR (B) deposits of US\$ 200,000 (US Dollar Two Hundred Thousand) or its equivalent in any of the currencies in which the bank accepts FCNR (B) deposits shall be eligible for differential or higher rates of interest, within the overall ceilings prescribed by RBI. Presently, we accept FCNR (B) deposits in 8 currencies namely, USD, GBP, EUR, AUD, CAD, CHF, JPY, and SGD. These are subject to change from time to time. As per RBI Master Circular, Scheduled Commercial Banks shall, at their discretion, decide the currency-wise minimum quantum on which differential rates of interest may be offered.

#### **4. Withdrawals**

Withdrawals in CASA accounts will be as per Banks's prescribed methods, processes and formats like cheques, ATM's, POS machines, by means of electronic transfer through Internet, etc. The Bank does not carry out any financial transactions requested by customers through

e-mail even if the request is made through registered email and such request is made by a letter scanned as an attachment.

## **5. Account Opening and Operation**

a) Savings Bank Accounts can be opened by eligible person / persons and certain organizations / agencies, Government departments/bodies/agencies in respect of grants/subsidies released for implementation of various programmes/schemes sponsored by Central Government/State Governments subject to production of an authorization from the respective Central/State Government departments to open savings bank account. (as directed in Schedule I of RBI Master Direction on Interest Rates on Advances dated 22<sup>nd</sup> Feb 2019.

Current Accounts can be opened by individuals / partnership firms / Private and Public Limited Companies / HUFs / Specified Associates / Societies / Limited Liability Partnerships / Trusts, etc.

Term Deposit Accounts including recurring deposits can be opened by individuals / Partnership firms / Private and Public Limited Companies / HUFs/ Specified Associates / Societies / Limited Liability Partnerships/Government Departments/ Trusts, etc.

b) The account opening forms, customer profile 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 record. The Bank official opening the account shall explain the procedural formalities and provide necessary clarifications sought by the prospective depositor when he approaches for opening a deposit account.

c) Product offered to members of staff (hereafter referred to as "staff") will be assigned under an exclusive product code, since CBS currently does not have the provision to define "staff". Thus, a staff account is opened in the specific product, in order to enable availing additional interest benefits of, as detailed in this policy.

d) 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, Government and other regulatory authorities. The status of KYC details in accounts will be updated periodically depending upon the Risk Category of customers.

e) Before implementation of the system of document-based verification of identity, introduction from an existing customer of the bank was considered necessary for opening of bank accounts. In the present scenario, as laid down in the Prevention of Money Laundering Act/rules, Reserve Bank of India has announced that introduction is not necessary for opening of accounts. Hence, at the time of opening an account, usual KYC

norms are to be observed which establish the identity and address of the prospective customer, including that of the authorized operator and mandate / power of attorney holder, if any.

- f) The due diligence process, while opening a deposit account will involve satisfying about the identity of the person, verification of address, satisfying about his / her occupation, annual income, source of income, annual gross receipts in case of trusts, societies and clubs, and annual sales turnover in case of other non-individuals/entities. The bank will request for necessary original documents for verifying these details.
- g) 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 the latest, and not older than 3 months prior the date of requests for opening an account.
- h) In addition to the due diligence requirements, under KYC norms the Bank is required by law to obtain Permanent Account Number (PAN) under the Income Tax Act/Rules and as per the directives issued by IT authorities from time to time or alternatively declaration in Form No. 60 or 61 as specified under the Income Tax Act / Rules and as per the directives issued by IT authorities from time to time.
- i) KYC once done by one branch of the bank will be valid on transfer of the account within the Bank as long as full KYC has been done for the concerned account. Customers are allowed to transfer their account from one branch to another branch without insisting on fresh proof of address and on the basis of a self-declaration from the account holder about his / her current address, subject to submitting proof of address within a period of six months. Based on the Risk Category of the customer, updated/recent KYC documents are required to be submitted by the customer for updating by the bank at the prescribed periodicity.
- j) The regulatory guidelines require 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 the bank not opening an account.
- k) In the Core Banking platform, the bank shall allot a customer ID for each individual customer on the basis of information provided by customers on the Customer Profile Form.
- l) 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.
- m) In the case of Financial inclusion, KYC and AML guidelines for Basic Savings Bank Deposit Accounts are on par with other regular Savings products.

- n) Holders of 'Basic Savings Bank Deposit Account' will not be eligible for opening any other savings bank deposit account in the bank. If a customer has any other existing savings bank deposit account in the bank, he/she will be required to close it within 30 days from the date of opening a 'Basic Savings Bank Deposit Account'.
- o) Individual customer who does not have any Officially Valid document (OVD) as KYC and desires to open a bank account, shall open a 'Small Account', subject to the following:
- i) Bank shall obtain a self-attested photograph from the customer.
  - ii) The designated officer of the bank branch certifies under his signature that the person opening the account has affixed his signature or thumb impression in his presence.
  - iii) The stipulated monthly and annual limits on aggregate of transactions and balance requirements in such accounts shall not be breached, before a transaction is allowed to take place.
  - iv) Foreign inward remittances will not be permitted into these accounts.
  - v) The account shall remain operational initially for a period of twelve months which can be extended for a further period of twelve months, provided the account holder applies and furnishes evidence of having applied for any of the OVDs during the first twelve months of the opening of the said account.
  - vi) The entire relaxation provisions shall be reviewed after twenty-four months. If OVD is not submitted within twenty-four months, the account shall be put under Total Freeze and no further transaction is permitted.
- p) A 'Small Account' means a savings account in which:
- i) The aggregate of all credits in a financial year does not exceed Rupees one lakh;
  - ii) The aggregate of all withdrawals and transfers in a month does not exceed Rupees ten thousand; and
  - iii) The balance at any point of time does not exceed rupees fifty thousand. Provided, that this limit on balance shall not be considered while making deposits through Government grants, welfare benefits and payment against procurements.
- q) 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), if so the bank shall also seek No-objection certificate from such banks. However, in case no response is received from the applicant's 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.

For deposit products like Savings Bank Account and Current Deposit Account, the Bank will normally stipulate certain minimum balances/average balances to be maintained based on specific product features, as part of terms and conditions governing operation of such accounts. At the time of opening the accounts, the bank will inform all customers in a transparent manner regarding the requirement of maintaining minimum balance and levying of charges, etc., if the minimum balance is not maintained.

Any charges levied subsequently will be transparently made known to all depositors in advance with one months' notice. The bank will inform, at least one month in advance, the existing account holders of any change in the prescribed minimum balance and the charges that may be levied if the prescribed minimum balance is not maintained. Failure to maintain minimum balance in the account will attract levy of charges as specified by the Bank from time to time. For Savings Bank Account, the Bank may also place restrictions on the number of transactions, cash withdrawals, etc., for a given period. Similarly, the Bank may specify charges for issue of cheques books, 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 available in bank's website/ communicated to the prospective depositor while opening the account. Bank will not mark any type of lien, direct or indirect against NRE Savings deposits.

- r) **Pass Book/ Statement of accounts** - A statement of account will be provided by the Bank to Current Account depositors periodically as per terms and conditions of opening of the account. The Bank will issue a Pass Book to Savings Bank account holders. E-mail statements will be sent to the customers who have registered their e-mail, on a monthly basis.
- s) 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). If the customer requests for opening of an account without initials, such request can be considered, provided ID proof or address proof is available in similar fashion. Savings Bank Account also known as Minor's Account can also be opened by a minor jointly with natural guardian or with mother as the legal guardian. Minors, who are literate, above the age of 10 will also be allowed to open and operate Savings Bank account independently. Deposits in the account of minors/minors with natural guardian will have restrictions as per Government/RBI guidelines.
- t) 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. Except, The Savings Bank Account opened by minor jointly with natural guardian/guardian, can be operated by natural guardian / guardian only and NRE/NRO account opened jointly with resident on Former or Survivor basis only.

- u) In the case of savings accounts, and term deposits by individual customers, a maximum of 5 depositors can open a joint account, with clear mandate on account operations. However, in the case of Current Accounts, this will depend on the mandate received through the appropriate document of the firm/entity, such as board resolution with signatures of the authorized signatories.
- v) 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. However, the name of one of the original account holder must be retained after addition/deletion of name(s).
- w) The joint account holders can give any of the following mandates for the disposal of balance in their accounts:
  - i) **Either or Survivor:** If the account is held by two individuals say, A and 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 along with interest, if applicable, will be paid to the survivor on death of any one/two account holders.
  - iii) **Former or Survivor:** If the account is held by two individuals say, A and B, the final balance along with interest, if applicable, will be paid to A on death of B. Similarly, in case of death of A, it will be paid to B.

The above mandates for opening joint accounts/disposal of balances become operational from the date deposit account is opened. This mandate can be modified by the consent of all the account holders. In case of joint accounts, the depositors jointly at the time of opening the term deposit or at any time subsequently during the term/ tenure of deposit, may give a mandate declaring that in the event of death of any depositor, the bank is permitted to make premature payment to the surviving depositor without seeking the concurrence of the legal heirs of the deceased joint deposit holder. If such a mandate has been obtained, premature withdrawal of term deposits by the surviving depositor is allowed without seeking the concurrence of the legal heirs of the deceased joint deposit holder.

- x) The term deposit account holders at the time of placing their deposits can give instructions with regard to closure of deposit account or renewal of deposit for further period from the

date of maturity. If no mandate is received till the date of maturity, the amount will be reinvested for the same period i.e. the period of original deposit, at the rate of interest prevalent on the date of maturity.

- y) 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.
- z) In the case of operative accounts, viz. Savings Bank and Current accounts, photographs of persons authorised to operate the account are obtained. In case of other deposits, viz., Fixed, Recurring, Cumulative, etc., photographs of all depositors in whose names the deposit receipt stands may be obtained except in the case of deposits in the name of minors where guardians' photographs should be obtained. Fresh photographs are not obtained when an additional account is desired to be opened by the account holder.
- aa) **Senior Citizen Deposit scheme** - The Bank may offer a higher rate of interest on Term Deposits, including Recurring Deposits, within RBI guidelines for senior citizens, from time to time. In the case of a term deposit which is opened in the name of an HUF, higher rate of interest cannot be offered to the Karta of the Hindu Undivided Family (HUF) even if he is a resident Indian senior citizen, as the beneficial owner of the deposit is the HUF and not the Karta in his individual capacity. This benefit will not be extended to Non- Resident deposits.

**Note:** Senior Citizen and Retired Staff Senior Citizen higher rate of interest will not be applicable for non-resident deposits.

- bb) **Resident Foreign Currency Accounts Scheme-** RFC deposits are applicable for Non-Resident Indians/PIOs returning to India permanently, wherein their status changes from non-resident to resident. The bank shall determine interest on deposits of money accepted by it or renewed by it under the Resident Foreign Currency Account Scheme (if eligible), in accordance with the interest rates on deposits approved by the Board/ The Assets and Liabilities Committee (ALCO). The balances in the Non-Resident External (NRE) Account and/or Foreign Currency Non-Resident Bank [FCNR (B)] Account can be credited to the RFC account (if eligible) at the option of the account holder when the residential status of the non-resident Indian (NRI) changes to that of a resident.

cc) **Minors**

- i) A savings /fixed / recurring bank deposit account can be opened by a minor of any age through his/her natural or legally appointed guardian.

- ii) Minors, having attained the age of 10 years and able to read and write, are allowed to open savings accounts independently, if they so desire, but no cheque-book will be issued. Net banking (Non-financial transactions) and debit card with ATM operations (Cash withdrawal, balance enquiry & mini statement) may be allowed. No overdraft facility or loans/advances will be provided to minors.
- iii) On attaining majority, the erstwhile minor should confirm the balance in his/her account, submit KYC documents as per extant guidelines, including a fresh specimen signature, recent photograph, and PAN (Form 60/61 as applicable). He/she also needs to provide a declaration, with proof of majority for conversion of account as a regular account. In absence of completion of these formalities, debits in the accounts are not permitted.
- iv) In case of minor's account operated by the guardian, the right of the guardian to operate the account will cease upon the minor attaining majority. Any balance in the account will be deemed to be the exclusive property of the minor who has attained majority; and further withdrawals from the account will be allowed to the erstwhile minor alone after completing procedural formalities.

dd) **Accounts of Disabled Persons with Autism, Cerebral Palsy, Mental Retardation And Multiple Disabilities**

Guardianship certificate issued either by the District Court under Mental Health Act, 1987 or by the Local Level committees under the National Trust for the welfare of persons with Autism, Cerebral Palsy, Mental retardation and Multiple Disabilities Act, 1999 is required for the purpose of opening / operating accounts of such disabled persons. Branches shall share:

- i) essential details about the facilities under the enactment (Mental Disabilities Act);
- ii) The fact that the parties can approach the Local Level Committees for the purpose of issuance of the certificate and that the certificate issued under the Mental Disabilities Act is acceptable; and
- iii) The details of the Local Level Committees in that area branches should give proper guidance to the guardians/managers of disabled persons with autism, cerebral palsy, mental retardation and multiple disabilities so that they do not face any difficulties in opening of an account.

ee) **Accounts for Illiterate Persons –**

- i) The account of an illiterate 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.

- ii) The identity of the witness has to be established by the Branch by obtaining an identity proof, in adherence with the extant KYC norms of the Bank.
- iii) Current Accounts cannot be opened for such customers.
- iv) Normally, cheque book facility is not provided for such Savings Bank Account.
- v) If the customer wishes to have a debit card, the same should be requested for and shall be issued by the bank, as per the process for debit card and PIN.
- vi) In such a case, the customer should be educated about the ATM Debit Card, ATM PIN and risks associated with it, by the branch official, in the presence of the witness accompanying the customer for account opening.
- vii) A letter to this effect should be taken with the customer's thumb impression, and the signature of the witness.
- viii) However, the customer may choose not to have a debit card. In such a case, the branch shall not force debit cards on such customers. 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.

ff) **Facilities to Visually Challenged Persons**

- i) In order to facilitate access to banking by visually challenged persons, bank shall offer banking facilities such as cheque book, including third party cheques, operation of ATM, safe deposit locker, Net Banking, retail loans, credit cards etc., as visually challenged persons are legally competent to enter into contracts.
- ii) All such banking facilities shall be extended to the visually challenged without any discrimination, if they agree to take the risks associated with availing these facilities of, and assume full responsibility for the losses, if any, suffered by him/her as well as the bank on account of his/her availing such facilities of.
- iii) Opening and operation of such accounts shall be subject to norms framed by the bank to protect the interests of the visually challenged customers.
- iv) The bank will 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 an exception to this rule, the bank may depute a duly authorized official to verify the particulars and to obtain the account opening forms duly completed along with photograph and other documents.

gg) **The Depositor Education and Awareness Fund (DEAF) Scheme**

Pursuant to the amendment of the Banking Regulation Act, 1949, section 26A has been inserted in that Act, empowering the Reserve Bank of India to establish **The Depositor Education and Awareness Fund (the Fund)**. Under the provisions of this section, the amount to the credit of any account in India with any bank which has not been operated upon for a period of 10 years or any deposit or any amount remaining unclaimed for more than 10 years shall be credited to the Fund within a period of 3 months from the expiry of the said period of 10 years.

The fund shall be utilized for promotion of depositors' interest and for such other purposes which may be necessary for the promotion of depositors' interests as specified by RBI from time to time. The depositor would, however, be entitled to claim from the bank his/her deposit or any other unclaimed amount or operate his/her account after the expiry of 10 years, even after such amount has been transferred to the Fund. The bank would be liable to pay the amount to the depositor/claimant and claim refund of such amount from the Fund.

The amounts to be credited to the Fund shall be the credit balance in any deposit account maintained with the bank which have not been operated upon for 10 years or more, or any amount remaining unclaimed for 10 years or more. Some of these deposits, among others are-

- i) savings accounts;
- ii) fixed or term deposit accounts;
- iii) cumulative/recurring deposit accounts;
- iv) current accounts;
- v) other deposit accounts in any form or with any name;
- vi) cash credit accounts;
- vii) Loan accounts after due appropriation by the banks;
- viii) margin money against issue of Letter of Credit/Guarantee etc., or any security deposit

hh) **Transfer of Accounts:**

The deposit accounts may be transferred to any other branch of the Bank at the request of the depositor. At the time of transfer of accounts, the account holder has to provide address proof, if there is a change in the permanent address and submit self-declaration for the current address and undertaking to provide the new address proof within six months at the transferee branch, if the transfer is at a different centre.



ii) **Closure of Accounts:**

- i) Accounts can be closed on written request of the depositor. The pass book, unused cheque leaves and ATM cum Debit card (after cutting into two pieces) must accompany such request. Joint accounts can be closed only at the request of all such joint signatories.
- ii) The Bank reserves the right to close a Current, Savings, or any demand deposit account by giving at least 30 days' notice indicating the reasons for such closure. In such cases, account holder will be required to make alternate arrangements for cheques / other payment / credit instructions already issued and should not issue further cheques on such account.
- iii) If the customers are not happy about the choice of current / savings account, they may, within 14 days of making their first payment into the account, approach the bank to switch to any other product or alternatively, if the customer asks for refund of the amount, it will be given back to him/them with applicable interest, if any in the product in which the account was held. In such cases, the bank will not levy any service charges for closure of the account.

If the customers decide to close their current/savings account, the bank will do so within three working days of receiving their instructions, subject to completion of all formalities and submission all required documents.

jj) **Nomination Facility**

- i) Bank recommends that all depositors avail nomination facility. The depositor will be informed of the advantages of the nomination facility while opening a savings account or a fixed deposit account. If depositors do not wish to nominate, the same shall be appropriately recorded/marked in the Account Opening Form.
- ii) An acknowledgment of nomination details will be issued to the depositor(s).
- iii) The legend "**Nomination Registered**" shall be incorporated in the passbooks and FDRs so that in case of death of an account holder, his relatives can know from the pass book that the nomination facility has been availed of by the deceased depositor and take suitable action. NOTE: **This is to be done if the customer is agreeable to the same.**
- iv) Nomination facility is available on all deposit accounts opened by the individuals in their individual capacity.
- v) Nomination facility is available in respect of deposits held in the name of a sole proprietary concern.

- vi) Nomination can be made in favour of individuals only. Nomination is not available in the name of an institution or society or in any representative capacity as the holder of an office or otherwise. e.g. M.D. of a company, Secretary of an Association, partner of a firm, Karta of HUF etc.
- vii) In view thereof, any nomination other than in favour of an individual will not be valid.
- viii) There cannot be more than one nominee in respect of a joint deposit account.
- ix) Nomination so made can be cancelled or changed by the account holder(s) at any time.
- x) In the case of depositors putting his/her thumb impressions on the prescribed forms for making nomination, cancellation or change thereof, the form is required to be attested by two witnesses.
- xi) The identity of the witness has to be established by the Branch by obtaining an identity proof, in adherence with the extant KYC norms of the Bank. Nomination can be made in favour of a minor also.
- xii) Nomination facility is available for joint deposit accounts with operating instructions as "Either or Survivor" also. In the case of joint accounts, the nominee's right arises only after the death of all the depositors.
- xiii) The branch shall do the needful to verify the death of the depositor(s) before proceeding with settlement of claims in favor of the nominee.

Bank recommends that all depositors avail the nomination facility of for smooth settlement of claims by the legal heirs in unforeseen circumstances. 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 of the deceased depositor.

## **6. Payment of Interest**

- a) No interest shall be paid on deposits held in current accounts.  
Provided that balances lying in current account standing in the name of a deceased individual depositor or sole proprietorship concern shall attract interest from the date of death of the depositor till the date of repayment to the claimant/s at the rate of interest applicable to savings deposit as on the date of payment.
- b) Savings Bank as well as Term deposit interest rates (including NRE, NRO & FCNR (B)) are decided by the Bank within the general guidelines issued by the Reserve Bank of India from time to time.



- c) Interest shall be calculated on daily basis on term deposits and paid at predefined frequency, 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 as advised Indian Banks' Association. The calculation of interest on domestic term deposits repayable in less than three months or where the terminal quarter is incomplete, interest will be paid proportionately for the actual number of days reckoning the year at 365 days.
- d) Interest rates on bulk deposits will be decided by the ALCO sub-committee on Differential Rates of Interest. The rates offered for such category for various maturities can be lesser or equal or more than the rates offered for various maturities for deposits below Rs. 2 Crores
- e) Based on the market conditions and liquidity position, ALCO / ALCO sub-committee shall decide the rates for Bulk deposits.
- f) All these interest rates will be updated in the CBS and communicated to Branches, Regional Offices, and updated in the bank's website for the information of customers.
- g) Customers are requested to contact the nearest branch for the interest rate on Bulk Deposits.
- h) For **FCNR (B) deposits** the interest is calculated and paid at intervals of 180 days each and thereafter for the remaining actual number of days, on the basis of 360 days to a year. The depositor also has the option to receive interest on maturity with compounding effect.
- i) The interest rates on FCNR (B) deposits, including where differential rates of interest are offered, shall be approved by ALCO, and subject to the overall ceiling prescribed by RBI.

**NOTE:** The bank does not offer floating rates of interest on FCNR (B) deposits.

- j) **Rounding off of interest on FCNR(B) deposits:** In order to have uniformity and for the sake of operational convenience, the interest rates FCNR(B) deposits are rounded off to the nearest two decimal points.
- k) Bank shall disclose in advance the schedule of interest rates payable on deposits, including deposits on which differential rates of interest will be paid. The schedule of rates offered shall be available with branches, and in the website of the bank.
- l) Interest rates paid by the bank shall be as per the schedule and are not subject to negotiation between the depositor and the bank.
- m) The interest on savings bank accounts is calculated on a daily product basis and paid on quarterly intervals.

- n) Renewal of overdue FCNR (B) deposits shall be in conformity with the policy of the Bank, and regulatory guidelines issued from time to time.
- o) The bank will offer interest rates on NRE/FCNR (B) Deposits in conformity with the directions given by RBI, from time to time.
- p) The rate of interest on deposits will be prominently displayed in the branch premises. Changes, if any, with regard to the deposit schemes and other related services shall also be communicated upfront by available means and shall be prominently displayed. All these details will be available in the Bank's website also.
- q) 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. Auto renewal concept is introduced in the bank to facilitate the customers to avoid interest loss. If the depositor fails to exercise the option, such deposits, by default will get auto renewed for similar period at the prevailing rate of interest. If the depositor opts not to auto-renew the deposit, the customer shall mandatorily provide the maturity pay-out instructions.
- r) The bank has 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 TDS will be deducted based on the projected interest for the financial year, and deducted on the amount which has been paid in respect of all the deposits, including Recurring Deposit under the customer ID, across the Bank. The bank will issue a tax deduction certificate (TDS certificate) for the amount of tax deducted. The individual depositor, if entitled to exemption from TDS, must submit the declaration in the prescribed format viz., Form 15G/ 15 H at the time of opening the deposit and before 15<sup>th</sup> April of the ensuing financial year, along with PAN copy. Section 139A(5A) of the Income Tax Act and rule 114B of the Income Tax Rules make it mandatory for furnishing of PERMANENT ACCOUNT NUMBER (PAN) for opening term deposits exceeding Rs.50,000/-.
- s) It shall be mandatory for deductees (Customers) to furnish PAN details to deductors (Lakshmi Vilas Bank Ltd.) failing which Tax on interest on resident deposits shall be deducted at source at higher rate of 20% instead of 10% or at the rate advised by the Govt. of India from time to time. Declaration in Form 15G/15H, if submitted, shall be invalid unless the correct PAN is furnished in the declaration and consequently interest payable to such customer shall be liable for deduction of tax at source at higher rate.
- t) If the PAN provided to the bank is invalid or does not belong to the customer, it will be ignored, and the higher rate of TDS shall be applicable.
- u) The interest earned by a Non Resident Indian (NRI) from the NRO deposits is taxable in India as per the provisions of Sec 9(1)(V) of the Income Tax Act, 1961 and TDS has to be effected

as mentioned in the Finance Act. However, tax will be deducted at source depending upon the country of residence of the depositors and based on Double Taxation Avoidance Agreement (DTAA) entered into by the Government of that country with the Government of India. Customers may check with branches on the TDS applicable on their NRO deposits basis their country of residence.

**Note:** Rate of TDS and other related procedures are subject to the modifications/changes announced by IT authorities, from time to time. In respect of auto-renewed deposits and other deposits, if TDS has been deducted and if the depositor approaches for pre-closure, TDS certificate will be issued for the entire amount of TDS deducted to enable the depositor to claim refund, and no reversal of TDS will be entertained.

### **7. Premature withdrawal of Term Deposit**

- a) The Bank on request from the depositor, at its discretion, may allow withdrawal of term deposits before completion of the period of the deposit agreed upon at the time of placing the deposit. The applicable penalty, as prescribed by the Bank, from time to time, will be disclosed to the customer at the time of opening the deposit. ALCO shall decide the penalty rate to be applied in case of such premature withdrawal of deposits. ALCO shall also decide, within the Regulatory framework provided by RBI, the deposits on which such penalty shall be applicable, and those on which premature penalty shall not be applicable.
- b) Interest shall be paid at the rate applicable to the amount and period for which the deposit remained with the bank and not at the contracted rate.
- c) The components of penalty shall be clearly brought to the notice of the depositors at the time of acceptance of the deposits, including such notification in the bank's website.

Penalty of 1% for premature withdrawal/closure of all Retail & Bulk irrespective of the amount and tenor will be levied, except in the following cases:

Deposits closed for reinvestment purposes will be exempted subject to:

- The deposit must have run for the minimum stipulated tenor, below which no interest will be payable for the deposit being closed for reinvestment into another term deposit.
- Such a term deposit closed before its maturity date must be reinvested in another term deposit of the bank on the same day.
- The tenor of the term deposit into which the proceeds are being reinvested must be longer than the remaining tenor of the deposit being closed before maturity.
- Such a term deposit must be reinvested in the same name.

**For all other deposits including Bulk deposits, penalty of 1% will be levied for pre closures. Revision of 1% penalty will be effective from 1st April 2020.**

- d) No interest is payable, where premature withdrawal of deposits takes place before completion of the minimum period prescribed.
- i) The minimum period for Domestic and NRO term deposits is 7 days.
  - ii) For NRE and FCNR (B) term deposits, the minimum tenor prescribed is 1 year.
  - iii) For FCNR (B) deposits, the bank will levy appropriate penalty to recover any swap costs incurred in such premature closure.
- e) In the case of premature withdrawal of NRE term deposits for conversion into Resident Foreign Currency (RFC) Account, the bank will not levy any penalty for premature withdrawal.
- f) If an NRE account holder, immediately on return to India, requests for conversion of the NRE term deposit into Resident Foreign Currency Account (RFC), interest shall be paid as under:
- i) If the NRE deposit has not run for a minimum period of one year, interest shall be paid at a rate not exceeding the rate payable on savings deposits held in RFC accounts.
  - ii) In all other cases, interest shall be paid at the contracted rate.
- g) If such an NRE deposit has not run for a minimum period of 1 year, the bank may, at its discretion, pay interest at a rate not exceeding the rate payable on savings deposits held in RFC accounts, provided the request for such a conversion is made by the NRE account holder immediately on return to India.
- h) Penalty shall be levied on premature withdrawal of FCNR(B) deposits:
- (i) When the depositors return to India for permanent settlement.
  - (ii) For conversion of FCNR (B) deposits into NRE deposits or vice-versa.
- i) No penalties shall be levied in the case of premature conversion of balances held in FCNR (B) deposits into RFC Accounts by Non-Resident Indians on their return to India.
- j) Conversion of NRE deposit into FCNR (B) deposit and vice versa before maturity, are subject to the respective penal provisions relating to premature withdrawal.
- k) In case of splitting of the amount of term deposit at the request from the claimant/s of deceased depositors or Joint account holders, no penalty for premature withdrawal of the term deposit shall be levied if the period and aggregate amount of the deposit do not undergo any change.

## 8. Tax Saver Deposits:

- The maturity period of a term deposit receipt of any denomination shall be five years commencing from the date of the receipt.
- No term deposit shall be encashed before the expiry of five years from the date of its receipt
- No loan will be given against Tax saver deposit.

However, in the event of death of the first holder of the deposit in case of a joint holder type deposit, the other holder of the deposit shall be entitled to encash the term deposit before its maturity by making an application to the Branch, supported by proof of death of the first holder of the deposit.

**9. Conversion of a term deposit for reinvestment:** The bank, on request from a depositor, will allow conversion of a term deposit, to enable the depositor to immediately reinvest the amount lying in the aforesaid deposit with the bank in another term deposit. In case an existing term deposit is closed before the date of maturity of the deposit, premature closure penalty will not be levied subject to the following conditions:

- a) The deposit must have run for the minimum stipulated tenor, below which no interest will be payable for the deposit being closed for reinvestment into another term deposit.
- b) Such a term deposit closed before its maturity date must be reinvested in another term deposit of the bank on the same day; else such closure shall be liable for premature withdrawal penalty as stipulated by the bank.
- c) The tenor of the term deposit into which the proceeds are being reinvested MUST BE longer than the remaining tenor of the deposit being closed before maturity.

**NOTE:** This is not applicable in the case of FCNR (B) and RFC deposits. In the case of all other term deposits, payment of interest is subject to minimum stipulated tenors. The ALCO is authorised to make changes to the above conditions pertaining to conversion of a term deposit for reinvestment, as seen appropriate, within regulatory guidelines prescribed by RBI.

## 10. Renewal of Overdue Term Deposits:

- The branch can pre-close the matured/auto renewed deposits (Domestic, NRE & NRO) and open a fresh Deposit from the current date or at the maximum 6 days back dated, at the interest rate prevailing on the value date of the deposits.
- Similarly, for FCNR (B), branch can back value date at the maximum of 14 days.

- For IRF beyond 6 days for Domestic, NRE & NRO deposits, Head-RB or Head-Business are empowered to decide on a case to case basis for a maximum of 30 days.

**11. Renewal of FCNR (B) 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.

Auto renewal concept is introduced in the bank to facilitate the customers to avoid interest loss. If the depositor exercises the option, such deposits, by default will get auto renewed for similar period at the prevailing rate of interest. If the depositor does not opt to auto-renew the deposit, the customer shall mandatorily provide the maturity pay-out instruction. If request for renewal of an overdue FCNR (B) deposit (i.e., matured term deposit and not auto-renewed) is received after the date of maturity, within 14 days from the date of maturity, branches may renew such overdue deposits, with effect from the date of maturity at interest rate applicable as on the due date or on the date when the depositor seeks renewal, whichever is lower. In all other cases of renewal, interest rates for the overdue period on the renewed amount shall be determined by treating it as a fresh term deposit. If, after renewal, the deposit is withdrawn before completion of the minimum stipulated period under the scheme, bank may, recover the interest paid for the overdue period i.e. period beyond the original date of maturity.

**12. Interest on overdue deposits:**

- a) If a term deposit matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract rate of interest as applicable to savings deposits.
- b) **Payment of interest on overdue FCNR (B) deposits:** If request for renewal of an overdue FCNR (B) deposit (i.e., matured term deposit and not auto-renewed) is received after the date of maturity, within 14 days from the date of maturity, branches may renew such overdue deposits, with effect from the date of maturity at interest rate applicable as on the date of maturity or on the date when the customer seeks renewal, whichever is lower. If depositor approaches the branch with request for renewal of FCNR (B) deposits after 14 days from the date of maturity, branch has to open a fresh deposit with the FCNR (B) interest rate applicable on the date of opening the deposit. Bank will have freedom to recover the interest so paid for the overdue period, if the deposit is withdrawn before completion of minimum stipulated period under the scheme after renewal.

### 13. Payment of interest on deposits maturing on holiday

If any term deposit is maturing for payment on Saturday/ Sunday or a holiday or non-business working day, the bank will pay interest at the originally contracted rate on the original principal deposit amount for the holiday/non-business working day. Interest will be paid for the intervening period between the date of the maturity of the term deposit and the date of payment of the proceeds of the deposit on the succeeding working day.

In case of reinvestment deposits and recurring deposits, the bank will pay interest for the intervening holidays/non-business working day on the maturity value at rate of interest at which the deposit is rebooked.

To enable this payment of interest, customers must, at the time of booking the deposit select either "auto-renewal" or give clear instructions for payment of maturity proceeds. If customers do not select one of these options, the term deposit will be booked under auto-renewal mode by default. In case a deposit is not booked in "auto-renewal" mode, the customer must present the duly discharged FD receipt to the branch in order to carry out the instructions for payment of maturity proceeds.

**Note:** If interest (or) maturity proceeds amount to INR 20,000/-and above, it shall be credited through electronic mode to the customer's account or issued as a DD in the name of the customer as given in the deposit.

### 14. 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. The Bank reserves the right to stipulate the required margin to be maintained while granting loan against deposit. If the Deposit maturity proceeds is just sufficient to meet the obligation under the loan availed along with interest accrued/ debited, the Bank can exercise the right of set off and close both deposit and deposit loan, under due intimation to the depositor.



## 15. Advances against FCNR (B) deposits - Manner of charging interest

### a) Rupee advance against FCNR (B) deposits

When a loan or an advance is granted against an FCNR (B) term deposit which stands in the name of a borrower either singly or jointly, the bank is free to charge a rate of interest without reference to our own MCLR.

### b) Rupee advances against FCNR (B) deposit to a third party or out of the resources mobilised under the scheme

When a loan or advance is granted against the deposit to a third party or out of resources mobilised under the Scheme, interest rate chargeable will be at the rate as prescribed in terms of Reserve Bank of India's directive relating to Interest Rates on Advances, and the credit policy of the bank.

### c) Advances granted in foreign currency out of the resources of FCNR (B) deposits

Loans in foreign currency out of eligible resources are determined by the bank, as part of interest rates on such loans. Banks have the freedom to determine the interest rates on such loans.

**NOTE:** Loans and advances issued against deposits will be in accordance with the board approved policy of the bank.

## 16. 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) If the operating instruction is 'Either/Former/Anyone or Survivor' and one of the depositors expires before the maturity, no **pre-payment** of the fixed/term deposit may be allowed without the concurrence of the legal heirs of the deceased joint holder. This, however, would not stand in the way of making payment to the survivor on maturity.



- d) 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 to hardships 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.
- e) In the event of death of the depositor and if deposit is claimed after the date of maturity, the Bank shall pay interest at the contracted rate till the date of maturity.
- f) 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 applicable on the date of maturity, from the date of maturity till the date of payment.
- g) *The amount due/ payable to non-resident nominee from the account of a deceased account holder, shall be credited to NRO/NRE account of the nominee with an authorized dealer/ authorized bank in India or by remittance through normal banking channels.*

#### **17. Interest payable on the NRE term deposit account of deceased depositor**

In case the claimants of an NRE term deposit account of a deceased depositor are residents, the deposit on maturity shall be treated as a domestic rupee term deposit and interest shall be paid for the subsequent period at a rate applicable to a domestic term deposit of similar maturity

#### **18. Interest payable on the deposit of a deceased FCNR(B) depositor**

The bank shall pay interest on the term deposits standing in the name(s) of a deceased FCNR(B) individual depositor or two or more joint depositors where one of the depositors has died, as under:-

- a) If paid on the maturity of the deposit, interest shall be paid at the contracted rate;
- b) If the deposit is claimed before the maturity date, interest shall be paid not at the contracted rate but at the rate applicable to the period for which the deposit remained with the bank and without charging penalty for pre-payment;
- c) In case the depositor dies before the date of maturity of the deposit, but the amount of the deposit is claimed after the date of maturity, interest shall be paid at the contracted rate till the date of maturity and simple interest at the applicable rate operative on the date of maturity for the period for which the deposit remained with the bank beyond the date of maturity.

- d) In case of death of the depositor after the date of maturity of the deposit, the interest rate operative on the date of maturity in respect of savings deposits held under Resident Foreign Currency (RFC) Account Scheme shall be paid from the date of maturity till the date of payment.
- e) if, on request from the claimant/s, the bank agrees to split the amount of term deposit and issues two or more receipts individually in the name/s of the claimant/s, it should not be construed as premature withdrawal of the term deposit for the purpose of levy of penalty provided the period and aggregate amount of the deposit do not undergo any change.
- f) In case the claimants are residents, the maturity proceeds shall be converted into Indian Rupees on the date of maturity and interest shall be paid for the subsequent period at the rate applicable to a domestic term deposit of similar maturity.

#### **19. Payment of interest on FCNR (B) deposits of NRIs on return to India**

On receipt of the request from the depositor, FCNR (B) deposits of persons of Indian nationality/origin who return to India for permanent settlement shall continue till maturity at the contracted rate of interest subject to the conditions that:

- a) The rate of interest as applicable to FCNR (B) deposits shall continue.
- b) Such deposits shall be treated as resident deposits from the date of return of the account holder to India.
- c) Premature withdrawal of such FCNR (B) deposits shall be subject to penal provisions of the Scheme.
- d) The FCNR (B) deposits on maturity shall be converted into Resident Rupee Deposit Account or RFC Account (if eligible) at the option of the account holder.
- e) The rate of interest on the new deposit (Rupee account or RFC Account) shall be the relevant rate applicable for such deposit account.

#### **20. Conversion of FCNR (B) Accounts of Returning Indians into RFC Accounts/Resident Rupee Accounts- Payment of interest**

Bank shall pay interest at the time of conversion of FCNR (B) Account into RFC/Resident Rupee Account even if the deposit has not completed the minimum maturity period of 1 year, provided that the rate of interest shall not exceed the rate payable on savings bank deposits held under RFC Account Scheme.

#### **21. Prohibition on payment of additional interest on deposits of Senior Citizens**

Payment of additional interest on non-resident deposits of senior citizens including FCNR (B) deposits is prohibited.

**22. Prohibitions on FCNR (B) Deposits:** The Bank does not:

- a) Accept or renew a deposit over five years.
- b) Discriminate in the matter of rate of interest paid on the deposits, between one deposit and another accepted on the same date and for the same maturity, whether such deposits are accepted at the same office or at different offices of the bank, except on the size group basis. The permission to offer varying rates of interest based on size of the deposits will be subject to the following conditions:
  - i) There being a clear currency-wise minimum quantum on which differential rates of interest may be offered. For term deposits below the prescribed quantum with the same maturity, the same rate should apply.
  - ii) The differential rates of interest so offered should be subject to the overall ceiling prescribed.
  - iii) Interest rates paid by the bank shall be as per the schedule and not subject to negotiation between the depositor and the bank.
- c) Pay brokerage, commission or incentives on deposits mobilized under FCNR(B) Scheme in any form to any individual, firm, company, association, institution or any other person.
- d) Employ/ engage any individual, firm, company, association, institution or any other person for collection of deposit or for selling any other deposit linked products on payment of remuneration or fees or commission in any form or manner.
- e) Accept interest-free deposit or pay compensation indirectly.

**23. Addition or deletion of name/s of joint account holders**

- a) At the request of the depositor/ all the joint holders, allow the 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 holder.
- b) However, in no case should the amount or duration of the original deposit undergo a change in any manner whatsoever.
- c) The branch should ascertain the reasons from the applicants for doing so and satisfy themselves about the bona fide nature of the request.
- d) Further, opening of FCNR (B) accounts jointly with a resident as well as opening of accounts in the names of Pakistani/Bangladeshi nationals, though of Indian origin, will be subject to the instructions issued by Foreign Exchange Department, Reserve Bank of India from time to time.

## 24. 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 express 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 (with a maximum cap of Rs. 5.00 lac per depositor, at present) 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 can be had from Branches. The DICGC insures all deposits such as savings, fixed, current, recurring, etc. Deposits except the following types of deposits
- i) Deposits of foreign Governments
  - ii) Deposits of Central/State Governments
  - iii) Inter-bank deposits
  - iv) Deposits of the State Land Development Banks with the State co-operative bank
  - v) Any amount due on account of and deposit received outside India
  - vi) Any amount, which has been specifically exempted by the Corporation with the previous approval of Reserve Bank of India
- Each depositor in a bank is insured upto a maximum of Rs.5, 00,000/- (Rupees Five Lakh) for both principal and interest (aggregate) amount held by him in the same right and in the same capacity. For example, if an individual had an account with a principal amount of Rs.4, 55,000/- plus accrued interest of Rs.44, 000/-, the total amount insured by the DICGC would be Rs.4, 99,000/-. If, however, the principal amount in that account was Rs.5, 00,000/- the accrued interest would not be insured, not because it was interest but because that was the amount over the insurance limit.
- d) The deposits kept in different branches of a bank are aggregated for the purpose of insurance cover and a maximum amount upto Rupees Five Lakh is paid.
- e) **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.

## **25. Dormant/Inoperative Accounts:**

A savings as well as current account shall be treated as inoperative if there are no transactions in the account for a period of two years.

The bank shall strive to communicate the customer if the account is not operated for more than 12 months. 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 may be requested to operate the account. However, in case the account holder still does not operate the same during the extended period, the Banks shall classify the same as inoperative account after the expiry of the extended period. For the purpose of classifying an account as 'inoperative' both the type of transactions i.e. debit as well as credit transactions induced at the instance of customers as well as third party should be considered. However, the service charges levied by the bank shall not be counted as a transaction for treating the account operative. The categorization of the inoperative accounts is from the point of view of reducing risk of frauds etc. However, the customer shall not be inconvenienced in any way, just because his account has been rendered inoperative. The classification is mainly to bring to the attention of dealing staff, the increased risk in the account. Operation in such accounts may be allowed after due diligence as per risk category of the customer. Due diligence would mean ensuring genuineness of the transaction, verification of the signature and identity etc.

## **26. 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 designated by the Bank for handling customer complaints / grievances. The bank has got a grievance redressal policy, which is published in the website. The details of the internal set up for redressal of complaints/grievances will be available at the branches. The branch officials shall provide all required information regarding procedure for lodging the complaint. In case the depositor does not get a response from the Bank within 30 days from the 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.

## **27. Force Majeure**

Bank shall not be liable if any transaction does not fructify or may not be completed or for any failure on part of the bank to perform any of its obligations contemplated hereunder

if performance is prevented, hindered or delayed by a force majeure event (defined below), and in such case its obligations shall be suspended for so long as the Force Majeure situation continues. "Force Majeure Event" means any event due to any cause beyond the reasonable control of the Bank, including without limitations, unavailability of any communication systems, breach, or virus in the processes or payment or delivery mechanism, sabotage, fire, flood, explosion, natural disasters or other "Acts of God", war, damage to the bank's facilities or of its correspondent bank(s), civil commotion, strikes or industrial action of any kind, riots, insurrection, war, acts of government, computer hacking, unauthorized access to computer data and storage devices, computer crashes, malfunctioning in the computer terminal or the systems getting affected by any malicious, destructive or corruptive code or program, mechanical or technical errors/failures or power shut down, faults or failures in telecommunication etc., which prevents it from performing its obligations within the specified service delivery parameters.

#### **28. Right to alter or add Rules**

The Bank reserves the right to alter or add to these rules and such alteration and additions shall be binding on the account holder. Such alteration will be made known to the account holder through website.

#### **29. Power to repeal**

Bank's MD & CEO is vested with discretionary powers to repeal any of the provisions of this policy without transgressing the Regulatory guidelines.