



Policy on Bank Deposits

THE NAINITAL BANK LIMITED
Regd. Office: G.B. Pant Road, Nainital.
Uttarakhand

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1. Preamble

One of the important functions of the bank is to accept deposits from the public for the purpose of lending and investment. The depositors and their interests form the key area of the regulatory framework for banking in India and this has been enshrined in the Banking Regulation Act, 1949. The Reserve Bank of India is empowered to issue directives / advices on interest rates on deposits and other aspects regarding conduct of deposit accounts from time to time. With liberalization in the financial system and deregulation of interest rates, banks are now free to formulate deposit products within the broad guidelines issued by RBI.

While adopting this policy, the Bank reiterates its commitments to individual customers outlined in the code of Banks Commitment to Customer adopted by the Bank. This document is broad framework under which the rights of common depositors are recognized. Detailed operational instructions on various deposit schemes and related services will be issued from time to time.

2. Objective

The document recognizes the rights of depositors and aims at dissemination of information with regard to various aspects of acceptance of deposits from the members of the public, conduct and operations of various deposits accounts, payment of interest on various deposit accounts, closure of deposit accounts, method of disposal of deposits of deceased depositors, etc. for the benefit of customers. It is expected that this document will impart greater transparency in dealing with the individual customers and create awareness among customers of their rights. The ultimate objective is that the customers get services they are rightfully entitled to receive without demand.

3. Scope

This policy document on deposits outlines the guiding principles in respect of formulation of various deposit products offered by the Bank and terms and conditions governing the conduct of the account.

4. Policy

Types of Deposit Accounts

While various deposit products offered by the Bank are assigned different names. The deposit products can be categorized broadly into the following types.

"Demand deposits" means a deposit received by the Bank which is withdrawable on demand;

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"Savings deposits" means a form of demand deposit which is subject to restrictions as to the number of withdrawals as also the amounts of withdrawals permitted by the Bank during any specified period

"Term deposit" generally means a deposit received by the Bank for a fixed period (minimum 7 days to maximum 10 years) and withdrawable only after the expiry of the fixed period and includes deposits such as Recurring Deposit/Short Deposits/Fixed Deposits/Monthly Income/ Quarterly income/Non-Callable/Sweep-in Deposits (held in units) or any other form of Fixed Deposits.

"Deposit at Notice" means Term Deposit for specific period but withdrawable on giving at least one complete Banking days' notice.

"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;

"Bulk Deposit" means a single Rupee Term Deposits of Rs. 2 Crore and above (RBI/2018-19/128, DBR.DIR.BC.N0.27/13.03.OO/2018-19 dated.22.02.2019). In case multiple deposits are created on same day aggregating Rs.2.00 Crores and more, but the same mature on different dates, then it will not tantamount to splitting of Bulk Deposit . Also multiple deposits created on same day aggregating Rs.2.00 Crores and more with same maturity period but for different specific purposes will not tantamount to splitting of Bulk Deposit, provided the customer submits supportive documents for the same.

"Basic Saving Bank Deposit Accounts" means a type of savings account which would offer certain minimum facilities, free of charge, to the holders of such accounts (RBI/2018-19/206 DBR.LEG.BC.No.47/09.07.005/2018-19 dated June 10, 2019). Such accounts contain the following basic minimum facilities free of charge, without any requirement of minimum balance.

- a) Deposit of cash at bank branch as well as ATMs/CDMs.
- b) Receipt/ credit of money through any electronic channel or by means of deposit /collection of cheques drawn by Central/State Government agencies and departments.
- c) No limit on number and value of deposits that can be made in a month.
- d) Minimum of four withdrawals in a month from ATM.
- e) Free ATM Card or ATM-cum-Debit Card.
- f) Free First Cheque book of 20 leaves for 6 months and second Cheque book of 20 leaves issued after 6 months.

The availment of such additional services shall be at the option of the customers. However, while offering such additional services, branches shall not require the customer to maintain a minimum balance. Offering such additional services will not make it a non-BSBD Account, so long as the prescribed minimum services are provided free of charge.

The holders of BSBD Account will not be eligible for opening any other savings bank deposit account in the bank. If a customer has any existing savings bank deposit account in the bank, he/she will be required to

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close it within 30 days from the date of opening a BSBD Account. Further, before opening a BSBD account, the branches should obtain a declaration from the customer that he/she is not having a BSBD account in any other bank. The BSBD Account shall be subject to RBI instructions on KYC/AML for opening of bank accounts issued vide Master Direction DBR.AML.BC. No.81/14.01.001/2015-16 dated February 25, 2016 on 'Master Direction - Know Your Customer (KYC) Direction, 2016', as amended from time to time which include following conditions:

- a) The branches shall obtain a self-attested photograph from the customer.
- b) The designated officer of the branch certifies under his signature that the person opening the account has affixed his signature or thumb impression in his presence.
 - Provided that where the individual is a prisoner in a jail, the signature or thumb print shall be affixed in presence of the officer in-charge of the jail and the said officer shall certify the same under his signature and the account shall remain operational on annual submission of certificate of proof of address issued by the officer in-charge of the jail.
- c) Such accounts are opened only at Core Banking Solution (CBS) linked branches.
- d) Bank shall ensure that the stipulated monthly and annual limits on aggregate of transactions and balance requirements in such accounts are not breached, before a transaction is allowed to take place.
- e) 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.
- f) The entire relaxation provisions shall be reviewed after twenty-four months.
- g) The account shall be monitored and when there is suspicion of money laundering or financing of terrorism activities or other high risk scenarios, the identity of the customer shall be established as per Section 16.
- h) Foreign remittance shall not be allowed to be credited into the account unless the identity of the customer is fully established.

Conditions stipulated for accounts which are additionally to be treated as 'BSBDA-Small Account':

As notified in Govt. of India notification dated December 16, 2010, BSBDA-Small Accounts would be subject to the following conditions:

- i. Total credits in such accounts should not exceed one lakh rupees in a year.
- ii. Maximum balance in the account should not exceed fifty thousand rupees at any time
- iii. The total of debits by way of cash withdrawals and transfers will not exceed ten thousand rupees in a month
- iv. Remittances from abroad cannot be credited to Small Accounts without completing normal KYC formalities
- v. Small accounts are valid for a period of 12 months initially which may be extended by another 12 months if the person
- vi. provides proof of having applied for an Officially Valid Document.

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- vii. Small Accounts can only be opened at CBS linked branches of banks or at such branches where it is possible to manually monitor the fulfilment of the conditions.

The branches shall Open such “Small Accounts” under product SBKYC and SBSAC.

Modes of Deposits

Deposits in account can be made by way of cash, cheques, electronic transfers (RTGS, IMPS, UPI), ECS, or through any other means such as Internet/Mobile Banking which may come into usage after giving due notice by the Bank on its web-site. Cash Deposits transactions at non home branches are subject to certain restrictions and may also involve payment of service charges.

Modes of Withdrawal.

Withdrawals in account can be by way of Cheques, Withdrawal forms, through the use of ATM's, POS machines, by means of electronic transfer through Internet, by use of biometric cards, by giving Standing Instructions to the Bank, ECS Instructions or through any other means which may come into usage after giving due notice by the Bank on its web-site. Bank does not carry out any financial transactions requested by the Customers through e-mail even if the request is made by a letter scanned as an attachment.

Account Opening and Operation of Deposit Accounts

The Bank will provide its customers with details of various types of accounts that they may open with the Bank. Customers can make a choice on what type of account best suits them, based on their requirements and applicable guidelines.

- i. The Bank before opening any deposit account will carry out due diligence as required under "Know Your Customer" (KYC) guidelines issued by RBI, Anti Money Laundering rules and regulations and or such other norms or procedures as per the Customer Acceptance Policy of the bank. If the decision to open an account of a prospective depositor requires clearance at a higher level, reasons for any delay in opening of the account will be informed to him/her and the final decision of the Bank will be conveyed at the earliest.
- ii. The bank is committed to providing basic banking services to unbanked and underprivileged sections of the society. Banking services will be offered to them through “Basic Savings Bank Deposit Account”. If such accounts are opened on the basis of simplified “KYC” norms the account would additionally be treated as “Small Account” and would be subject to conditions stipulated for such accounts under KYC norms/ AML standards.
- iii. BSBD and PMJDY Savings Bank account holders may be provided with overdraft facilities as per regulatory norms and guidelines provided by regulators from time to time. As per regulatory guidelines, a customer can have only one BSBD / PMJDY account and is not allowed to have any other Savings Bank Account.

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- iv. The account opening forms and other material would be provided to the prospective depositor by the Bank. The same will contain details of information to be furnished and documents to be produced for verification and or for record, the Bank official opening the account will explain the procedural formalities and provide necessary clarification sought by the prospective depositor when he approaches for opening a deposit account. The regulatory guidelines require banks to categories 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.
- v. For Deposit products like Savings Bank Account and Current Deposit Account, the bank will normally stipulate certain minimum balances to be maintained as part of terms and conditions governing operation of such accounts. Failure to maintain minimum balance in the account will attract levy of charges as specified by the Bank from time to time. For Saving Bank Account the Bank may also place restrictions on number of transactions, cash withdrawals, etc, for given period. Similarly, the Bank may specify charges for issue of cheque books, additional statement of accounts, duplicate passbook, folio charges, etc. All such details, regarding terms and conditions for operation of the account and schedule of charges for various services provided will be communicated to the prospective depositor by way of public notice/on Bank's Website while opening the account. Any changes in the schedule of charges or the terms and conditions will be displayed by the Bank on it's website to the customers 30 days in advance. During the notice period, the bank will not charge for non-maintenance of higher minimum balance prescribed.
- vi. 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.

Eligibility for Account Opening

Saving Bank Accounts

Savings Bank Accounts can be opened for eligible person/persons other entities as per RBI instructions.

As per Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016, Scheduled commercial banks shall not Open a Savings deposit account in the name of entities other than individuals, Karta of HUF and organizations/agencies listed by RBI in Schedule -I.

Schedule -I

- i. Primary Co-operative Credit Society which is being financed by the bank.
- ii. Khadi and Village Industries Boards.
- iii. Agriculture Produce Market Committees.
- iv. Societies registered under the Societies Registration Act, 1860 or any other corresponding law in force in a State or a Union Territory except societies registered under the State Co-operative Societies Acts and specific state enactment creating Land Mortgage Banks.

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- v. Companies licensed by the Central Government under Section 8 of Companies Act, 2013 or Section 25 of Companies Act, 1956 or under the corresponding provision in the Indian Companies Act, 1913 and permitted not to add to their names the words 'Limited' or the words 'Private Limited' .
- vi. Institutions other than those mentioned in section 28(h) and whose entire income is exempt from payment of Income-tax under the Income-Tax Act,1961 .
- vii. Government departments / bodies / agencies in respect of grants/ subsidies released for implementation of various programs / 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.
- viii. Development of Women and Children in Rural Areas (DWCRA).
- ix. Self-help Groups (SHGs), registered or unregistered, which are engaged in promoting savings habits among their members.
- x. Farmers' Clubs — Vikas Volunteer Vahini- VVV .

Current Accounts

Current accounts can be opened by individuals /partnership firms/private and public limited companies/ specified associates/societies/trusts/departments of authority created by the government (central or state) limited liability partnership, etc. The guidelines on Opening of current accounts by Banks- Need for discipline is detailed in **Annexure-I**.

Term Deposits

Term Deposits, also known as Fixed Deposits or Time Deposits are deposits accepted by the bank for fixed period and are repayable on expiry of the fixed period. Interest is paid at quarterly rests to the depositor or compounded quarterly. At special request of the depositor, interest could be paid at monthly rests also but at a discounted rate.

Term Deposits Accounts can be opened by Individuals/Partnership Firm/Private and Public Limited Companies/HUFs/Specified Associates/Societies/Trusts, Departments of Authority created by Government (Central or State), Limited Liability Partnership, etc. RBI instructions in place from time to time will be followed.

Type of Term Deposits

- i. **Fixed Deposit-** Interest is periodically paid out-Deposits can be accepted for a period as prescribed by RBI from time to time. Interest shall be payable Quarterly / Monthly (at discounted rate).Interest may be paid by cash (subject to certain conditions of Income Tax Act, 1961) or credited to operative account or by issuance of PO/DD.
- ii. **Cumulative Term Deposit** —Interest accumulated on quarterly compounding basis: - Deposits can

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be accepted for a period as prescribed by RBI from time to time. interest is calculated on quarterly compounding basis. Interest on cumulative deposits is deemed as reinvested. No interest outflow is allowed under this scheme till the maturity of the Term Deposit.

- iii. **Flexi Fixed Deposit (FFD)** — Selective schemes of Savings and Current Accounts have facility of Auto Sweep where balances above a certain threshold are swept out to Flexi Deposits in multiples of a sweep out amount (Threshold amount, sweep out amount and deposit period are scheme specific). Whenever the balance in a savings/current account fall short below (stipulated balance requirement) to clear any debits in the operative account, the FFD can be broken in last In first Out (LIFO) principle (in multiples of sweep out amount specific to scheme) as per the set process of the Bank.
- iv. **Tax Savings Term Deposit** — is a Term Deposit wherein the customer gets a Tax benefit under section 80 C Income Tax Act 1961 on the amount invested, although the interest paid on these deposits is taxable. Deposit can be made under RIRD/MIP/QIP Scheme.
- v. **Call Deposits to Contractors:** Deposit at call receipts can be issued as a special case, to the contractors (tenderers) for amounts earmarked against the earnest money held in current account with them, for submission to Government Departments with tender papers relating to construction contract as per Government or Local Bodies requirements, with the permission of higher authorities.
- vi. **Bulk Deposit:** The Reserve Bank of India has clarified vide its instructions that wholesale single term INR deposit above the minimum of Rs 2.00 Cr may be considered as bulk deposit and RBI has permitted banks to offer differential interest rates for such deposits. Accordingly, the bank shall offer the differential interest rate to bulk deposit if and as decided by competent authorities from time to time. Bulk deposits will be accepted under option i.e. ‘With no pre – maturity’ and ‘With pre- maturity’ payment option.

In respect of bulk deposit accepted ‘with no pre- maturity’ condition; premature withdrawal of bulk deposit will not be permitted in normal circumstances except to ensure compliance with regulatory and statutory requirements. In such circumstances, the MD & CEO shall permit the pre- maturity payment for bulk deposit accepted ‘With no pre-maturity’ condition. At the time of accepting such deposits, the customer shall be made aware of this restriction. Penal interest shall be levied for pre maturity withdrawal of bulk deposit as decided by ALCO. The depositor will be informed of the applicability of penal interest at the time of accepting such deposit Bulk Deposit

Bulk deposit under option ‘With pre-maturity’ payment option shall be opened after seeking permission from the MD & CEO.

Due Diligence

The due diligence process, while opening a deposit account will involve following the guidelines stated in the KYC / AML policy of the bank .

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The Bank will undertake due diligence as per the applicable FATCA/CRS rules as notified by RBI/CBDT. The customer has to declare and agree to disclose the material facts at the time of opening and also in future, failing which Bank would be within its right to put restrictions on the operations in the account or close it or report to any other regulatory and/or any authority designated by GOI/RBI or take any other action as may be deemed appropriate by the Bank if deficiency is not remedied within the stipulated period.

Operations of Deposit Accounts

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).

The Joint Account opened by more than one individual can be operated by single individual or by more than one individual jointly. The mandate for operating the account can be modified with the consent of all account holders. The Saving Bank Account opened by minor jointly with natural guardian/ legal guardian can be operated by such guardian only.

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

- i. **Either or Survivor;** If the account is held by two individuals say, A & B, the account may be operated by any one of them and final balance along with interest, if applicable, shall be paid to survivor on death of anyone of the account holders.
- ii. **Former or Survivor;** This mandate conveys that the account shall be operated by the “former” i.e. A alone, as long as he/she is alive and, after his/her death, by the “survivor” i.e. B. B shall have no authority to operate the account during the lifetime of “A”. If “B” dies first, the account shall be operated solely by A.
- iii. **Anyone or Survivor /s:** If the account is held by more than two individuals say, A, B, and C, the account shall be operated by any one and the final balance along with interest, if applicable, shall be paid to the survivors on death of any one account holder.
- iv. **Latter or Survivor:** If the account is held by two individuals, the final balance along with interest, if applicable, will be paid to latter on maturity and to the survivor on death of the latter.

A joint account opened as “Either Survivor” or “Anyone or Survivor” or “Former or Survivor” or Later or Survivor” will permit the surviving account holder(s) to have unimpeded access to the credit balance in the account for withdrawal if one of the co-account holders’ dies

The above mandates will be applicable to or become operational only on or after the date of maturity in case of term deposits. Above mandate can be modified by the consent of all the account holders.

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

In normal circumstances premature closure of a joint deposit shall be permitted only if all the deposit holders sign a request to that effect.

Addition or Deletion of the Name/s of Joint Account Holders

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

Nomination facility

Nomination facility is available on all deposit account opened by individuals. Nomination facility is also available to an account opened by a sole proprietor. Nomination can be made in favour of one individual only. Nomination so made can be cancelled or changed by the account holder/s any time. Nomination can be modified by the consent of account holder/s. While making nomination, cancellation, or change thereof; it is required to be witnessed by a third party. Nomination can be made in favour of a minor also for whom the date of birth of the minor and full details of the guardian shall be furnished.

Nomination is not available in accounts 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 a HUF etc.

In 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.

Nomination facility is available for joint deposit accounts with operating instructions as 'E' or 'S' also. In the case of joint accounts, the nominee's right arises only after the death of all the depositors.

Bank recommends that all depositors avail nomination facility. The depositor will be informed of the advantages of the nomination facility while opening a deposit account. If depositors do not want to give nomination, they will give in writing that they do not want nominations in the account.

When an account holder has availed himself of nomination facility, the same shall be recorded on the face of the passbook/term deposit advice with regard "Nomination Registered".

An acknowledgment of Nomination details will be issued to the depositor/s on request.

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Minor's Accounts

Savings Bank account can be opened by a minor represented by a natural guardian /legal Guardian (as appointed by the Court) or mother as a guardian.

Minors above the age of 10 having ability to sign uniformly will also be allowed to open and operate saving bank account independently. However, no cheque books will be issued and no overdraft /loan will be granted to such Minor Accounts.

On attaining majority, i.e.18 years of age and, in case there is a legal guardian, the erstwhile minor should confirm the balance in his/ her account and if the account is operated by the natural guardian/legal guardian, fresh specimen signature of erstwhile minor duly verified by the natural guardian/legal guardian would be obtained and kept on record for all operational purposes.

Term Deposit account can also be opened in the name of minors.

However minors cannot open their accounts through Business Correspondent points and they have to approach a branch for the purpose of account opening.

Accounts of Mentally Challenged

The bank may at its discretion open deposit accounts other than current accounts in the name of a mentally challenged person to be opened or operated only by a guardian or receiver appointed by a competent courts defined under the Mental Health Act ,1987.

Accounts of illiterate/ Blind Persons

The Bank may at its discretion open deposit accounts other than Current Accounts of an illiterate person. The account of such person may be opened provided he/she calls on the Bank personally along with a witness who is known to both the depositor and the Bank. Normally, no cheque book facility is provided for such Saving Bank Account. At the time of withdrawal/repayment of deposit amount and /or interest, the account holder should affix his/ her thumb impression or mark in the presence of the authorized officer who should verify the identity of the person. The Bank will explain the need for proper care and safe keeping of the pass book etc. given to the account holder. The Bank official shall explain the terms and conditions governing the account to the illiterate person.

Bank shall invariably be offering all Banking facilities such as ATM facility, Internet Banking, Lockers, Retail loans etc. to Blind / Visually challenged persons without any discrimination and all possible assistance shall be rendered to these persons for availing these facilities.

Joint account of an illiterate can be opened with a literate close relative i.e. father, son, husband, wife, mother and daughter but not with two cousins.

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Joint account of two or more illiterates can be opened on following terms and conditions. All the joint account holders should be close relatives i.e. spouse, children, parents, brothers and unmarried sisters — Not cousins. The operations in the account should be allowed jointly by all account holders, survivors or survivor. No cheque book facility should be provided in case of illiterate account and all the account holders should come personally to the branch for withdrawals.

Operations of Accounts by Old and Incapacitated Persons

Facility to sick/old/incapacitated Persons

The Bank shall recognize that sick /old/incapacitated account holders may require special attention as they may not be willing to open and operate joint account

Types of sick/old/incapacitated Persons

The following categories of accounts holder shall be recognized as falling under this group:

- i. An account holder who is too ill to sign a cheque / cannot be physically present in the bank to withdraw money from his account but can put his/her thumb impression on the cheque/withdrawal form;
- ii. Account holder who is not only unable to be physically present in the Bank but is also even unable to put his/her thumb impression on the cheque/withdrawal form due to certain physical incapacity.

Operational Guidelines

With a view to enabling the old/sick account holder to operate their account, the bank will follow following guidelines;

- i. Wherever thumb or toe impression of the sick/old /incapacitated account holder is obtained, it shall be identified by two independent witnesses known to the Bank, one of whom should be a responsible bank officer.
- ii. Where the customer cannot even put his/her thumb impression and also would not be able to be physically present in the bank, a mark shall be obtained on the cheque/withdrawal form which shall be identified by two independent witnesses, one of whom shall be a responsible bank official.
- iii. The customer may also be asked to indicate to the Bank to who would withdraw the amount from the Bank on the basis of cheque/withdrawal form as obtained above and that person shall be identified by two independent witnesses. The person who would actually draw the money from the bank shall be asked to furnish his signature to the Bank.

Statement of Account

- i. A statement of account will be provided by the Bank to Savings Bank as well as Current Deposit Account Holders periodically as per terms and conditions of opening of the account. Alternatively, the Bank shall issue a Pass Book to Savings Bank account holders.

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Transfer of Account

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

Transaction Reporting Requirement

- i. The bank shall report all cash transactions where a forged or counterfeit Indian currency notes have been used as genuine. Also, details of cash transactions in customers account shall be reported to as per the extant guidelines of FIU-IND.
- ii. The bank shall be guided by the Prevention of Money Laundering Act PMLA (2002) in identifying suspicious transactions. The bank shall send STR irrespective of amount of threshold limit if the bank has reasonable grounds to believe that the transactions are malafied.

Payment of Interest

- i. Within the ambit of regulations; the bank can decide the savings interest rates. Term deposit interest rates and premature penalty rate are decided by the Bank within the general guidelines issued by the Reserve Bank of India from time to time. Interest is not paid on deposits in current accounts.
- ii. In terms of Reserve Bank of India directives, interest shall be calculated on the basis of end of the day balance in savings account and compounded at quarterly intervals on term deposits and paid at the rate decided by the Bank depending upon the period of deposit. In case of monthly deposit 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 advised by Indian Banks" Association
- iii. Presently Interest in savings accounts for the period February to April will be credited in May, Interest for May to July will be credited in August, interest for August to October will be credited in November and interest for November to January will be credited in February every year.
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 way of public notice on bank website and shall be prominently displayed
- iv. The Bank has statutory obligation to deduct tax at source if the total interest paid/payable on all term deposits held by a person exceeds the amount specified under the Income Tax Act. The Bank will issue a tax deduction certificate (TDS Certificate) for tax deducted. The depositor, if entitled to exemption from TDS can submit declaration in the prescribed format (form 15 G and 15 H) at the beginning of every financial year. To avoid inconvenience to the customer, the Bank shall provide acknowledgment for all 15 G and 15 H forms at the time of receipt.
- v. The maturity amount mentioned in the receipt of deposit account is calculated without giving TDS effect.
- vi. If a Term Deposit (TD) matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower ‘

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Debit Card Hot Listing

The Bank will accept ATM Card I Debit Card hot listing instructions from customers through Phone Banking channel - 24 hours a day and from branch channel during customer hours. Phone Banking numbers are made available to customers whenever a Card is issued and all branches contain a detailed leaflet along with the Phone Banking numbers.

Stop Payment Facility

The bank will accept stop payment instructions from the depositors in respect of cheques issued by them . Charges , as specified in Service Charges book will be recovered.

Dormant Accounts / Inoperative Accounts

As per the extant Reserve Bank of India (RBI) guidelines , as account would be treated as inoperative / dormant if there are no customer induced transactions in the account for over a period of two years . The status of account is changed to dormant in the system in the interest of the depositor as well as the bank . Operations in dormant accounts would be resumed / restarted / allowed after obtaining the revised KYC document as per the extant guidelines of the Bank . However, it will be ensured that the customer is not inconvenienced in any manner as a result of extra care taken .

Unclaimed Account/ Deposit

An account /deposit would be treated as unclaimed if it is inoperative for 10 years or more. A list of such accounts / deposits shall be displayed on the website of the bank . The list so displayed on the website shall contain only the names of the account holder(s) and his / her / their address.

RBI has established “ Depositors Education and Awareness FUND (DEAF-2014) “ under Section 26 of Banking Regulation Act 1949 , where all the credit balance lying in the unclaimed accounts required to be transferred . The Bank is liable to pay the amount to the depositor / claimant and claim refund of such account from the Fund .

Service Charges

The Bank will levy service charges as approved by IBA/RBI/Bank's Board. The applicable service charges will be displayed on the Bank's website and a notice of one month will be given in case of any upward revision in Service Charges.

Term Deposits of Senior Citizen

Term deposits received from resident senior citizens, who have completed 60 years of age , are given certain additional privileges, in tune with the guidelines received from RBI. Proof of age, is required for opening senior citizen deposits. Joint account with another senior citizen or a person who is not a senior citizen can be opened. In the latter case , the senior citizen should be the first named depositor to avail of benefits to senior citizens.

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Customer Information

The Bank, its subsidiaries, and affiliates, shall not use the customer information collected from the customers for cross selling of services or products. If the Bank proposes to use such information, it will be strictly with the consent of the Accountholder.

Secrecy of Customer's Accounts

The Bank shall not disclose details / particulars of the customer's account to a third person or party without the expressed or implied consent from the customer. However, there are some exceptions, viz. disclosure of information under compulsion of law, where there is a duty to public to disclose and where interest of the Bank requires disclosure.

Premature Withdrawal of Term Deposit

- a) The Bank on request from the depositor, at its discretion may allow withdrawal of term deposit before completion of the period of the deposit agreed upon at the time of placing the deposit. The Bank shall declare penal interest for premature withdrawal of term deposit. The Bank shall make depositors aware of the applicable rate along with the deposit rate. Whenever, prematurity payment is obtained by the depositor with a view to invest the proceeds for a longer period than the deposit has hitherto been with the Bank, the penal interest will be waived and rate applicable for the period deposit remain with bank will be paid.
- b) Presently applicable penalty on prematurity withdrawal of term deposit is as under:
The penal interest rate of 1 percent will be applicable on the card rate. The card rate for premature will be lower of the rate for the original/ contracted tenure for which the deposit has been booked or the rate applicable for the tenure for which deposit has been in force with the Bank.
- c) The bank may offer sweep facilities in savings and current accounts based on threshold definitions, for configuring and breaking term deposits.

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.

Renewal of Overdue Term Deposits

All term deposit accounts will be opened only with disposal instructions on maturity which shall either be: -

- a) Auto renewal for the same period subject to capping of maximum period of -1- year.
- b) Transfer of proceeds upon maturity to a designated account.
- c) Under the policy, the bank shall not have overdue term deposit.

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- d) If a Term Deposit (TD) matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower ‘

Advances Against Deposits

The Bank may consider request of the depositor/s for loan/overdraft facility against term deposits duly discharged by the depositor/s on execution of necessary security documents. The Bank may also consider loan against deposit standing in the name of minor jointly with guardian, however, a suitable declaration stating that loan is for the benefit of the minor, is to be furnished by the depositor-applicant.

No Loan facility shall be allowed to HUF and Minor in sole name.

Settlement of Dues in Deceased Deposit Account

- i. 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. Payment is made to nominee as representative of legal heirs
- ii. The above procedure will be followed even in respect of a joint account where nomination is registered with the Bank.
- iii. 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).
- iv. If the operating instructions are “Either or Survivor” and one of the depositor expires, no prepayment of fixed/term deposit shall 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.
- v. If the operating instructions are “Former or Survivor” and in case the former expires before the maturity of the term deposit, the survivors can withdraw the deposit on maturity. Premature withdrawal would however require the consent of legal heir of the deceased in case of death of one of the depositors.
- vi. If the joint depositors prefer to allow premature withdrawal of fixed\term deposits by surviving joint depositor on the death of the other, a joint mandate from the joint depositors to this effect is required.
- vii. In the absence of nomination and when there are no disputes among the claimants, the Bank will pay the amount outstanding in the account of deceased person against joint application and indemnity by all legal heirs or the person mandated by the legal heirs to receive the payment on their behalf without insisting on legal documents up to the limit approved by the bank’s board. This is to ensure that the common depositors are not put to hardship on account of delays in completing legal formalities.

Settlement of Claims in Respect of Missing Person

The nominee/legal heirs of the missing depositor have to raise an express presumption of death of the depositor after a lapse of seven years from the date of his/ her being reported missing under section 107/108 of the Indian Evidence Act before a competent court of law. The claim in respect of such missing

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person shall be settled by the bank if the court presumes that he/she is dead.

Interest Payable on Term Deposit in Deceased Account

In case of death of the depositor before the date of maturity of the deposit and claim of proceeds by the nominee/legal heir before maturity, payment of the proceeds will be treated like a normal premature payment without penalty,

However, in the case of death of the depositor after the date of maturity of the overdue deposit, the Bank shall pay interest at Saving Bank Deposit rate applicable on the date of maturity from the date of maturity till the date of payment.

Insurance Cover for Deposits

All bank deposits are covered under the insurance scheme offered by Deposit Insurance and Credit Guarantee Corporation of India (DICGCI) subject to certain limits and conditions. The details of the insurance cover in force will be made available to the depositor.

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.

Dormant Accounts

Accounts, which are not operated for a period of two years, will be transferred to a separate dormant/inoperative account status in the interest of the depositor as well as the Bank. The depositor will be informed of charges, if any, which the Bank will levy on dormant/inoperative accounts. The dormant account can be activated at the request of the customer with submission of fresh KYC documents. Bank after observing due diligence and verification of documents will activate such accounts. The depositor will be informed of charges, if any, which the bank will levy on dormant accounts.

Other Important Information

Interest Rate Framework

The rates are uniform across all branches and for all customers and there shall be no discrimination in the matter of interest paid on the deposits, between one deposit and another of similar amount, accepted on the same date, at any of its offices

Interest rates payable on deposits shall be strictly as per the schedule of interest rates disclosed in advance.

Bank is maintaining the bulk deposit interest rate card in Core Banking System to facilitate supervisory review

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Deposits maturing on Non-Business working day : if a term deposit is maturing for payment on a non-business working day , interest will be at the originally contracted rate on the original principal deposit will be at the non-business 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 deposits and recurring deposits , Bank shall pay interest for the intervening non-business working day on maturity value.

Banks shall, at it's discretion, allow additional interest of one per cent per annum, over and above the rate of interest mentioned in the schedule of interest rates on savings or a term deposits to

a) Bank's staff and their exclusive associations as well as on deposits of Chairman, Chairman & Managing Director, Executive Director or such other Executives appointed for a fixed tenure, subject to the following conditions:

- i) The additional interest is payable till the person continues to be eligible for the same and in case of his ceasing to be so eligible, till the maturity of a term deposit account.
- ii) In case of employees taken over pursuant to the scheme of amalgamation, the additional interest is allowed only if the interest at the contractual rate together with the additional interest does not exceed the rate, which could have been allowed if such employees were originally employed by the bank.
- iii) In the case of employees taken on deputation from another bank, the bank from which they are deputed may allow additional interest in respect of the savings or term deposit account opened with it during the period of deputation.
- iv) In the case of persons taken on deputation for a fixed tenure or on a contract of a fixed tenure, the benefit will cease to accrue on the expiry of the term of deputation or contract, as the case may be.
- v) Bank Employees' Federations, in which bank employees are not direct members, shall not be eligible for additional interest.
- vi) The additional interest may be paid on the following deposits after obtaining a declaration from the depositor concerned, that the monies deposited or which may be deposited from time to time into such account belong to the depositor:

- b) member or a retired member of the bank's staff, either singly or jointly with any member or members of his/her family; or
- c) the spouse of a deceased member or a deceased retired member of the bank's staff; and
- d) an Association or a fund, members of which are members of the bank's staff;

(b) Scheduled Commercial Banks shall, at their discretion, formulate term deposit schemes specifically for resident Indian senior citizens, offering higher and fixed rates of interest as compared to normal deposits of any size.

Provided that this facility is not offered on the term deposit standing in the name of an HUF or the Karta of the Hindu Undivided Family (HUF), even if the Karta is a resident Indian senior citizen.

(c) Scheduled Commercial Banks shall, at their discretion, give their resident Indian retired staffs, who are senior citizens, the benefit of additional interest rates as admissible to senior citizens over and above the additional interest payable to them by virtue of their being retired members of the banks' staff.

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Customer Information

The Bank ensures to maintain the secrecy of the customers personal information. The information is used, if necessary, only internally or for creating awareness (telephonic/written) of the new products/services to the customers.

Rights of Depositors

Bank is having an exclusive "Customers Rights Policy" in vogue duly approved by its board. The policy clearly spells out the rights of depositors. The policy is available on Bank's website.

Secrecy of Customer Account

The Bank shall not disclose details / particulars of the customer's account to a third person or party without the expressed or implied consent from the customer. However, there are some exceptions, viz. disclosure of information under compulsion of law, where there is a duty to public to disclose and where interest of the Bank requires disclosure. The Bank may also disclose the customer information, as per the prevailing practice, amongst Banks to exchange credit information and credit opinion on the standing (general position) of the customers/ borrowers. The Bank follows the guidelines framed by IBA in this regard.

Suo-Moto Closure of Saving and Current Account

The Bank shall close accounts, which are in contravention of the contract constituting the basis of Banker-Customer relationship, do not adhere to the prescribed rules and are considered undesirable and un-remunerative. These accounts shall be closed only after sending proper written notice to the customer with a notice period of 30 days, at the address of the customer as per Bank records.

Examples of undesirable and un-remunerative features are:

- i. Drawing cheques without funds.
- ii. Rash / fraudulent transactions routed through Bank account which may expose the Bank to unnecessary risks.
- iii. Zero Balance Accounts
- iv. Dormant / Inoperative accounts as per extant RBI Directives.
- v. Accounts where transactions, such as huge cash transactions, are being made, disproportionate to the given profile of the customer.
- vi. Accounts in which, in the opinion of the Bank, transactions having Money Laundering angle are being conducted.
- vii. Accounts, in which, the Bank is not able to apply appropriate KYC measures due to non - furnishing of information by customer and / or noncooperation in this regard.
- viii. Non-compliance of Minimum Balance requirements for current and savings account as applicable to the relevant scheme / product.

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- ix. Issuing of "Stop Payment" instructions frequently.
- x. Number of transactions far in excess of stipulated limit without maintaining sufficient balance.
- xi. Default in/Arrears of statutory dues and other payments.
- xii. Frequent receipt of Attachment Orders/Notices from various Authorities.
- xiii. Frequent involvement in section 138 (N.I. Act) proceedings.
- xiv. Evidence of usage of funds and or receipts of funds for terrorists and disruptive activities against the State or society.
- xv. Any directive from any Government or Regulatory Authorities for closure of account.
- xvi. An account has been opened by oversight or otherwise in contravention of the IBA code for Banking Practice containing, inter-alia, prohibition against opening of accounts in the name of certain bodies / organizations, the same should be closed after reasonable notice.
- xvii. Post issuance of notice by Bank, informing Bank's decision to close the A/c along with reason if there is no response within the stipulated time (30 days of notice), the branch may close the account and remit the balance by means of Banker's Cheque / Draft in his/her favour after deducting all usual service charges.

Redressal of Complaints and grievances

Depositors having any complaint/grievances with regard to services rendered by the Bank has a right to approach authority (ies) designated by the Bank for handling customer complaint/grievances. The details of the internal set up for redressal of complaints/grievances will be displayed in the branch premises and will also be updated on Bank website. The branch officials shall provide all required information regarding procedure for lodging the complaint. In case the depositor does not get response from the Bank within-30-days from the date of complaint or he is not satisfied with the response received from the Bank, he has a right to approach Banking Ombudsman

Prohibitions

Scheduled commercial banks shall not:

- a) Pay any remuneration or fees or commission or brokerage or incentives on deposits in any form or manner to any individual, firm, company, association, institution or any other person except:
 - a. commission paid to agents employed to collect door-to-door deposits under a special scheme.
 - b. commission paid to Direct Selling agents/Direct Marketing Agents as part of the outsourcing arrangements.
 - c. remuneration paid to Business facilitators or Business Correspondents.
- b) Offer prize/lottery/free trips (in India and/or abroad), etc or any other initiative having element of chance for mobilizing deposits. However, inexpensive gifts costing not more than Rupees 250/- which is the amount prescribed by the Indian Banks' Association (IBA) as part of the Ground Rules and Code of Ethics framed by them may, at the bank's discretion, be given to depositors at the time of accepting deposits.

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- c) Resort to unethical practices of raising of resources through agents/third parties to meet the credit needs of the existing/prospective borrowers or to grant loans to the intermediaries based on the consideration of deposit mobilisation.
- d) Issue any advertisement/literature soliciting deposits from public highlighting only the compounded yield on term deposits without indicating the actual rate of simple interest offered by the bank for the particular period. Simple rate of interest per annum for the period of deposit should be indicated invariably.
- e) Accept interest-free deposit other than in current account or pay compensation indirectly.
- f) Accept deposits from/at the instance of private financiers or unincorporated bodies under any arrangement which provides for either issue of deposit receipt/s favouring client/s of private financiers or giving of an authority by power of attorney, nomination or other-wise, for such clients receiving such deposits on maturity.
- g) Grant advances against term deposits maintained with other banks.
- h) Open a savings deposit account in the name of Government departments / bodies depending upon budgetary allocations for performance of their functions / Municipal Corporations or Municipal Committees / Panchayat Samitis / State Housing Boards / Water and Sewerage / Drainage Boards / State Text Book Publishing Corporations / Societies / Metropolitan Development Authority / State / District Level Housing Co-operative Societies, etc. or any political party or any trading/business or professional concern, whether such concern is a proprietary or a partnership firm or a company or an association and entities other than individuals, Karta of HUF and organisations/agencies listed in Schedule -I.

Explanation

For the purposes of this clause, 'political party' means an association or body of individual citizens of India, which is, or is deemed to be registered with the Election Commission of India as a political party under the Election Symbols (Reservation and Allotment) Order, 1968 as in force for the time being.

- i) Create any fund to be utilized for charitable purposes in consultation with the depositors.

Exemptions

The provisions in the above paragraphs shall not be applicable to deposit received by the bank:

- j) from the institutions permitted to participate in the Call/Notice/Term Money Market both as lenders and borrowers for which it has issued a participation certificate;

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- k) under the Capital Gains Accounts Scheme, 1988, framed by the Government of India in pursuance of sub-section (2) of Section 54, sub-section (2) of Section 54B, sub-section (2) of Section 54D, sub-section (4) of Section 54F and sub-section (2) of Section 54G of the Income-Tax Act, 1961; and under the Certificate of Deposit Scheme.
- l) Payment of interest on delayed collection of outstation instruments like cheques, drafts, bills, telegraphic/mail transfers, etc.

5. Applicability

The policy is effective from November 01, 2022

6. Periodicity of Review of Policy

The policy will be valid upto October 30, 2024. Any directive/ guidelines issued by RBI in this regard shall automatically be part of this policy, during the currency of this policy. The MD & CEO may allow continuation of the policy for a maximum period of six months from due date of review, in case the policy cannot be reviewed on or before due date.

End of Document

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Annexure I

Opening of Current Accounts and CC/OD Accounts

The guidelines regarding opening of current accounts and CC/OD accounts is enumerated here below for meticulous compliance by the branches / offices

1. Opening of current accounts of customer availing CC/OD facility from the banking system.

(1.1) For Borrowers where aggregate exposure of the banking system is less than Rs. 5.00 Crores:
Branches can open current account without any restrictions subject to obtaining an undertaking from such customers that they shall inform the branch if and when the credit facilities availed by them from the banking system becomes Rs. 5.00 Crores or more. Branches may compute the aggregate exposure based on the information available from I-SCAN and CIBIL.

(1.2) For Borrowers where aggregate exposure of the banking system is more than Rs. 5.00 Crores:

(1.2.1) Borrower can operate current account with the bank with which it has CC/OD facility provided that bank has at least 10 per cent of the aggregate exposure of the banking system to that borrower. In case none of the lending bank has at least 10 per cent of the aggregate exposure, in such case the bank having highest exposure amount of CC/OD may open the current account.

(1.2.2) Other lending banks can open only collection accounts subject to the condition that funds deposited in such account will be remitted within two working days of receiving such funds to the CC/OD account maintained with such bank. The balances in such collection current account shall not be used for repayment of any credit facilities or as collateral/margin for availing any fund or non-fund based credit facilities. However, banks which are maintaining collection accounts are permitted to debit fees/charges from such accounts before transferring funds to CC/OD accounts.

(1.2.3) Non-lending banks are not permitted to open current/collection account of borrowers having aggregate exposure of the banking system is more than Rs. 5.00 Crores.

2. Opening of Current Account for borrowers not availing Cash Credit/Overdraft Facilities from the banking system:

(2.1) Where aggregate exposure of the banking system is more than Rs. 50.00 Crores or more:

(2.1.1) Banks are required to put in place escrow mechanism. Borrowers shall be free to choose any lending bank as their escrow managing bank. All lending should be part of escrow agreement and terms and condition may be decided mutually by these banks.

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- (2.1.2) Current account should be opened only by escrow managing bank.
- (2.1.3) Other lending bank can open collection account with the conditions as mentioned in point 1.2.2 herein above. While there is no prohibition on amount or number of credits n collection account but debit in theses account should be limited to the purpose of remitting the proceeds to the said escrow account and banks maintaining collection are permitted to debit/fees charges before transferring funds to the escrow account.
- (2.1.4) Non-lending bank shall not open any current account of such borrowers.

(2.2) Where aggregate exposure of the banking system is Rs. 5.00 Crores or more but less than Rs. 50.00 Crores:

there is no restriction in opening of current account by the lending banks. However non-lending banks may open only collection account detailed in point no. 1.2.2 herein above.

- (2.3) Where aggregate exposure of the banking system is less than Rs. 5.00 Crores: branches may open current account as per provision of point no. 1.1 herein above. The current account of such customers as and when the aggregate exposure of such borrowers becomes Rs. 5.00 Crores or more in case of CC/OD account and Rs. 50.00 Crores or more in other facilities, will be governed by the provision of point no. 2.1 and 2.2 mentioned herein above.
- (2.4) Banks are free to open current accounts without restriction for borrowers having credit facilities from NBFCs/FIs/Co-operative Banks/Non-bank institutions etc. However, if such borrower avail aggregate credit facilities of Rs. 5.00 Crores or above from the banks covered under these guidelines, the provision of the circular shall be applicable.

3. Opening of CC (Cash Credit)/OD (Overdraft) Facilities

- (3.1) Where aggregate exposure of the banking system is less than Rs. 5.00 Crores: Branches can provide CC/OD facilities to such borrower without restriction, however branches must obtain an undertaking from such borrowers that they will inform the bank if and when the aggregate credit facilities availed by them becomes Rs. 5.00 Crores or more.
- (3.2) Where aggregate exposure of the banking system is Rs. 5.00 Crores or more:
 - (3.2.1) Banks which is having a share of 10 percent or more in the credit exposure of such borrower can provide CC/OD facility without any restriction.
 - (3.2.2) In case none of the bank is having 10 per cent exposure than the bank which is having highest exposure can provide such facilities without any restriction.
 - (3.2.3) where a bank's exposure to a borrower is less than 10 per cent of the aggregate exposure, while credits are freely permitted, debits to the CC/OD accounts can only be for credit to the CC/OD account of that borrower with a bank that has 10 per

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cent or more of aggregate exposure. The frequency of such remittance should be mutually agreed between bank and the borrower. Further the credit balances of such collection accounts shall not be used for repayment of any credit facilities, or as collaterals/margin for availing any fund or non-fund based facility. However banks are permitted to debit interest/charges pertaining to said CC/OD accounts before transferring such funds to the CC/OD accounts of the bank having 10 per cent or more of the aggregate exposure. Also banks having less than 10 per cent of aggregate exposure can offer WCDL (Working Capital Demand Loan)/WCTL (Working Capital Term Loan) facility to the borrower.

- (3.2.4) In case there is more than one bank having exposure of 10 per cent or more, the bank to which the funds are to be remitted may be decided mutually between the borrower and the bank.

5. Exemptions Regarding Specific Accounts

- (4.1) Banks are permitted to open and operate the following accounts without any of the restriction place in this circular:
- (4.1.1) Specific accounts which are stipulated under various statutes and specific instructions of other regulators/regulatory departments/Central and State Governments. An indicative list of such accounts is given below:
- Accounts opened for real estate projects mandated under Section 4(2) I (D) of the Real Estate (Regulation and Development) Act, 2016 for the purpose of maintain 70% of advance payments collected from the home buyers.
 - Nodal or escrow accounts of payment aggregators/ prepaid payment instrument issuers for specific activities as permitted by Department of Payments and Settlement Systems (DPSS), Reserve Bank of India under Payment and Settlement Systems Act, 2007.
 - Accounts for the purpose of IPO, NFO / FPR/ share buyback / dividend payment / issuance of commercial papers / allotment of debentures / gratuity, etc. which are mandated by respective statutes or regulators and are meant for specific / limited transactions only.
- (4.1.2) Accounts permitted under FEMA, 1999 and notifications issued there under including any other current account if it is mandated for ensuring compliance under FEMA network.
- (4.1.3) Accounts for payment of Taxes, duties, statutory dues etc. opened with banks authorized to collect the same, for borrowers of such banks which are not authorized to collect such taxes, duties, statutory dues, etc.
- (4.1.4) Accounts for settlement of dues related to debit card / ATM card/ credit card issuers / acquirers.
- (4.1.5) Accounts of White Label ATM Operators and their agents for sourcing of currency.
- (4.1.6) Accounts of Cash-in-transit (CIT) Companies/Cash Replenishment Agencies (CRAs) for providing cash management services.

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- (4.1.7) Accounts Opened by a bank funding specific project for receiving/monitoring cash flows of that specific project, provided the borrower has not availed any CC/OD facility for the project.
 - (4.1.8) Inter Bank Accounts
 - (4.1.9) Accounts of All India Financial Institutions (AIFIs), viz., EXIM Bank, NABARD, NHB, and SIDBI.
 - (4.1.10) Accounts attached by orders of Central and State governments/regulatory body/courts/ investigating agencies etc. wherein the customer cannot undertake any discretionary debits.
- (4.2) Bank maintaining accounts listed in point 4.1 shall ensure that these accounts are used for permitted/specified transactions only. Further, bank shall flag these accounts in the CBS for easy monitoring. Lenders to such borrowers for monitoring of cash flows/periodic transfer of funds (if permissible) in these accounts.

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Annexure II

Amendment in the Policy (Version 1.3) New Points added

Page No.9 under Deposit of Accounts

A joint account opened as “Either or Survivor” or “Anyone or Survivor” or “Former or Survivor” or Later or Survivor” will permit the surviving account holder(s) to have unimpeded access to the credit balance in the account for withdrawal if one of the co-account holders’ dies

In normal circumstances premature closure of a joint deposit shall be permitted only if all the deposit holders sign a request to that effect.

Page No. 16 under Interest Payable on Term Deposit in Deceased Account

However, in the case of death of the depositor after the date of maturity of the overdue deposit, the Bank shall pay interest at Saving Bank Deposit rate applicable on the date of maturity from the date of maturity till the date of payment.

Page No. 18 new point added: Interest Rate Framework

The rates are uniform across all branches and for all customers and there shall be no discrimination in the matter of interest paid on the deposits, between one deposit and another of similar amount, accepted on the same date, at any of its offices

Interest rates payable on deposits shall be strictly as per the schedule of interest rates disclosed in advance.

Bank is maintaining the bulk deposit interest rate card in Core Banking System to facilitate supervisory review

Deposits maturing on Non-Business working day: if a term deposit is maturing for payment on a non-business working day, interest will be at the originally contracted rate on the original principal deposit will be at the non-business 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 deposits and recurring deposits, Bank shall pay interest for the intervening non-business working day on maturity value.

Banks shall, at it’s discretion, allow additional interest of one per cent per annum, over and above the rate of interest mentioned in the schedule of interest rates on savings or a term deposits to

- b) Bank’s staff and their exclusive associations as well as on deposits of Chairman, Chairman & Managing Director, Executive Director or such other Executives appointed for a fixed tenure, subject to the following conditions:

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- i. The additional interest is payable till the person continues to be eligible for the same and in case of his ceasing to be so eligible, till the maturity of a term deposit account.
- ii. In case of employees taken over pursuant to the scheme of amalgamation, the additional interest is allowed only if the interest at the contractual rate together with the additional interest does not exceed the rate, which could have been allowed if such employees were originally employed by the bank.
- iii. In the case of employees taken on deputation from another bank, the bank from which they are deputed may allow additional interest in respect of the savings or term deposit account opened with it during the period of deputation.
- iv. In the case of persons taken on deputation for a fixed tenure or on a contract of a fixed tenure, the benefit will cease to accrue on the expiry of the term of deputation or contract, as the case may be.
- v. Bank Employees' Federations, in which bank employees are not direct members, shall not be eligible for additional interest.
- vi. The additional interest may be paid on the following deposits after obtaining a declaration from the depositor concerned, that the monies deposited or which may be deposited from time to time into such account belong to the depositor
 - e) member or a retired member of the bank's staff, either singly or jointly with any member or members of his/her family; or
 - f) the spouse of a deceased member or a deceased retired member of the bank's staff; and
 - g) an Association or a fund, members of which are members of the bank's staff;

(b) Scheduled Commercial Banks shall, at their discretion, formulate term deposit schemes specifically for resident Indian senior citizens, offering higher and fixed rates of interest as compared to normal deposits of any size.

Provided that this facility is not offered on the term deposit standing in the name of an HUF or the Karta of the Hindu Undivided Family (HUF), even if the Karta is a resident Indian senior citizen.

(c) Scheduled Commercial Banks shall, at their discretion, give their resident Indian retired staffs, who are senior citizens, the benefit of additional interest rates as admissible to senior citizens over and above the additional interest payable to them by virtue of their being retired members of the banks' staff.

Page No. 20 & 21 new point added

Prohibitions

Scheduled commercial banks shall not:

- a) Pay any remuneration or fees or commission or brokerage or incentives on deposits in any form or manner to any individual, firm, company, association, institution or any other person except:
 - a. commission paid to agents employed to collect door-to-door deposits under a special scheme.
 - b. commission paid to Direct Selling agents/Direct Marketing Agents as part of the outsourcing arrangements.
 - c. remuneration paid to Business facilitators or Business Correspondents.
- b) Offer prize/lottery/free trips (in India and/or abroad), etc or any other initiative having element of

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chance for mobilizing deposits. However, inexpensive gifts costing not more than Rupees 250/- which is the amount prescribed by the Indian Banks' Association (IBA) as part of the Ground Rules and Code of Ethics framed by them may, at the bank's discretion, be given to depositors at the time of accepting deposits.

- c) Resort to unethical practices of raising of resources through agents/third parties to meet the credit needs of the existing/prospective borrowers or to grant loans to the intermediaries based on the consideration of deposit mobilisation.
- d) Issue any advertisement/literature soliciting deposits from public highlighting only the compounded yield on term deposits without indicating the actual rate of simple interest offered by the bank for the particular period. Simple rate of interest per annum for the period of deposit should be indicated invariably.
- e) Accept interest-free deposit other than in current account or pay compensation indirectly.
- f) Accept deposits from/at the instance of private financiers or unincorporated bodies under any arrangement which provides for either issue of deposit receipt/s favouring client/s of private financiers or giving of an authority by power of attorney, nomination or other-wise, for such clients receiving such deposits on maturity.
- g) Grant advances against term deposits maintained with other banks.
- h) Open a savings deposit account in the name of Government departments / bodies depending upon budgetary allocations for performance of their functions / Municipal Corporations or Municipal Committees / Panchayat Samitis / State Housing Boards / Water and Sewerage / Drainage Boards / State Text Book Publishing Corporations / Societies / Metropolitan Development Authority / State / District Level Housing Co-operative Societies, etc. or any political party or any trading/business or professional concern, whether such concern is a proprietary or a partnership firm or a company or an association and entities other than individuals, Karta of HUF and organisations/agencies listed in Schedule -I.

Explanation

For the purposes of this clause, 'political party' means an association or body of individual citizens of India, which is, or is deemed to be registered with the Election Commission of India as a political party under the Election Symbols (Reservation and Allotment) Order, 1968 as in force for the time being.

- i) Create any fund to be utilized for charitable purposes in consultation with the depositors.

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Exemptions

The provisions in the above paragraphs shall not be applicable to deposit received by the bank:

- a) from the institutions permitted to participate in the Call/Notice/Term Money Market both as lenders and borrowers for which it has issued a participation certificate;
- b) Under the Capital Gains Accounts Scheme, 1988, framed by the Government of India in pursuance of sub-section (2) of Section 54, sub-section (2) of Section 54B, sub-section (2) of Section 54D, sub-section (4) of Section 54F and sub-section (2) of Section 54G of the Income-Tax Act, 1961; and under the Certificate of Deposit Scheme.
- C) Payment of interest on delayed collection of outstation instruments like cheques, drafts, bills, telegraphic/mail transfers, etc.