

# **DEPOSIT POLICY**

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

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

While adopting this policy, the Bank reiterates its commitment to individual customers outlined in Bankers' Fair Practice Code of Indian Banks' Association. This document is a broad framework under which the rights of common depositors are recognized. Bank reserves the right to amend/modify this policy as and when deemed fit and proper at its sole discretion. Detailed operational instructions on various deposit schemes and related services are issued from time to time.

## **2. 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. Definition of major deposits schemes are as under : -

- i) "**Demand deposits**" means a deposit received by the Bank which is withdrawable on demand by the depositor;
- ii) "**Savings deposits**" means a form of demand deposit which is subject to restrictions as to the number of withdrawals as also the amounts of withdrawals permitted by the Bank during any specified period;
- iii) "**Term deposit**" means a deposit received by the Bank for a fixed period withdrawable only after the expiry of the fixed period and include deposits such as Recurring / Short Deposits / Fixed Deposits /Non Callable Deposits/Monthly Income /Quarterly Income/ Sweep-in deposits (held in units) or any other form of Fixed Deposits.
- iv) "**Deposit at Notice**" means term deposit for specific period but withdrawable on giving at least one complete banking day's notice.
- v) "**Current Account Deposits**" 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 also includes other deposit accounts which are neither Savings Deposit nor Term Deposit.

### **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. Cash withdrawal should be in round rupees. 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.

### **3. ACCOUNT OPENING AND OPERATION OF DEPOSIT ACCOUNTS**

#### **3.1 Account Opening**

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) , “Anti Money Laundering” guidelines issued by RBI , Customer Acceptance Policy adopted by the Bank and or such other norms or procedures adopted by 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 and the final decision of the Bank will be conveyed at the earliest to him.
- ii) The bank is committed to providing basic banking services to disadvantaged sections of the society. Banking services will be offered to them through small accounts, BSBD accounts / PMJDY accounts. Small accounts will be opened with relaxed customer acceptance norms as per regulatory guidelines. 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 not allowed to have any other savings Bank account.
- iii) The account opening forms and other material would be provided to the prospective depositor by the Bank. The same will contain details of information to be furnished and documents to be produced for verification and or for record. It is expected of the Bank official opening the account, to

explain the procedural formalities and provide necessary clarifications sought by the prospective depositor including information to prepare a profile for Risk categorization of the Customer into High /Medium /Low when he approaches for opening a deposit account. The bank may not open account where the prospective customer is unable to furnish information and or in the event of non-cooperation by him.

iii) For deposit products of Savings Bank Account and Current Deposit Account, the Bank would normally stipulate certain minimum balances to be maintained from time to time as part of terms and conditions governing operation of such accounts. In case of BSBD / PMJDY accounts relaxation in minimum balance norms as per regulatory guidelines will be provided. Failure to maintain minimum balance in the account may attract levy of charges or conversion of accounts to different product 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 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 will be displayed on its web site to the prospective depositor 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.

#### **iv) Eligibility for Account Opening**

- a) **Savings Bank Accounts** can be opened for eligible person / persons and certain organizations / agencies (as advised by Reserve Bank of India from time to time)
- b) **Current Accounts** can be opened by individuals / partnership firms / Private and Public Limited Companies / HUFs / Specified Associates / Societies /

Trusts, Departments of authority created by Government (Central or State), Limited Liability Partnership, etc.

- c) **Term Deposits Accounts** can be opened by individuals / partnership firms / Private and Public Limited Companies / HUFs/ Specified Associates / Societies / Trusts, Departments of authority created by Government (Central or State), Limited Liability Partnership, etc.
- d) The due diligence process, while opening a deposit account will involve satisfying about the photo identity of the person, verification of address, verification of signature, satisfying about his occupation and source of income by obtaining latest, enforceable and valid documents such as Passport, PAN CARD, Voter's Identity card, Driving License, Utility Bills, Job card issued by NREGA and duly signed by an officer of the State Government, The letter issued by UIDAI containing details of name, address and Aadhaar number, letter from public authority or public servant verifying the identity and residence of customer to the satisfaction of bank etc. If the officially valid document submitted for opening a bank account has both, identity and address of the person, there is no need for submitting any other documentary proof.

For this purpose, the information containing personal details like name, address, age, gender, etc, and photographs made available from UIDAI as a result of e-KYC process can also be treated as an 'Officially Valid Document'.

- e) In case the customer is eligible to be enrolled for Aadhar and obtains a Permanent Account Number but does not submit the Aadhar number or the Permanent Account Number at the time of commencement of an account based relationship, the customer shall submit the proof of Aadhar Enrolment
- f) and Application for PAN/ Form 60 as the case may be at the time of account opening. Further the customer has to submit Aadhar Number and PAN within a period of six months from the date of the commencement of the account based relationship. Existing Accounts will cease to be operational till the time the Aadhaar number and Permanent Account Number is submitted by the customer. On submission of Aadhar Number to the Bank

Aadhar authentication will be done by using either e-KYC biometric authentication facility or OTP based facility.

- g) In case of Current Accounts of company/Partnership Firm/ unincorporated association or a body of individuals/trust Aadhaar number/s and Permanent Account Number/s or Form 60 as defined in the Income-tax Rules, 1962, issued to Directors/officials/employees holding an attorney to transact or where an Aadhaar number has not been assigned, proof of application towards enrolment for Aadhaar and in case Permanent Account Number (PAN) is not submitted an officially valid document other than Aadhaar and PAN shall be submitted. If authorized signatory/ies are not eligible to be enrolled for Aadhaar number and do not submit the Permanent Account Number, certified copy of an officially valid document shall be submitted.
- h) Small Accounts & NRI are kept out of purview of Aadhar Authentication.
- i) Persons those belonging to low income group both in urban and rural areas and are not able to produce documents to satisfy the bank about their identity and address and intend to open small accounts are allowed to open such Accounts subject RBI guidelines issued from time to time and at present is as under :
- The aggregate of all credits in a financial year does not exceed Rs. 1,00,000/- (Rupees one lakh)
  - The aggregate of all withdrawals in a month does not exceed Rs.10,000/- (Rupees ten thousand)
  - The balance at any point of time does not exceed Rs.50,000/- (Rupees fifty thousand)
  - A self attested photograph of the account holder is produced and signature or thumb print/s of the account holders are affixed in the presence of designated officer
  - These small accounts are valid normally for a period of twelve months. Thereafter, such accounts are allowed to continue for a further period of twelve more months, if the account holder provides a document showing that she/he has applied for any of the officially valid document, within twelve months of opening the small account.

- No foreign remittance is credited to the account unless identity of the client is fully established by producing officially valid documents
- Or
- j) any other evidence as to the identity and address of the customer to the satisfaction of the bank.
  - k) The due diligence process while opening a deposit account of an NRI shall additionally involve establishing the NRI status of the client.
  - l) In addition to the due diligence requirements, under KYC norms ,except in the case of NRE/ FCNR deposits pertaining to NRIs ,the Bank is required by law to obtain Permanent Account Number (PAN) or alternatively declaration in Form No. 60 as specified under the Income Tax Act /FATCA Rules from time to time.
  - m) 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.

### **3.2 Operations of Deposit Accounts**

- a) 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) .
- b) The Joint Account opened by more than one individual can be operated by single individual or by more than one individual jointly (Jointly by all/ Either or Survivor/ Anyone or Survivor/ Latter or Survivor / Former or Survivor). Operating instructions of this nature are obtained from the customer at the time of account opening or at a later date with due consent of all the account holders. The Savings Bank Account opened by minor jointly with natural guardian / **legal** guardian can be operated by natural guardian / **legal** guardian only.



- c) Individuals resident in India may be permitted to include non-resident close relative (s) (relatives as defined in Section 6 of the Companies Act, 1956) as a joint holder (s) in their resident bank accounts on “ Former or survivor” basis. However, such non-resident Indian close relatives shall not be eligible to operate the account during the life time of the resident account holder. (RBI circular no. RBI/2011-12/173 dated 15.09.2011)

### **3.3 Operational Instructions**

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

- i) **Either or Survivor:** If the account is held by two individuals say, A & B, the final balance along with interest, if applicable, will be paid to survivor on death of anyone of the account holders.
- ii) **Anyone or Survivor/s :** If the account is held by more than two individuals say, A, B and C, the final balance along with interest, if applicable, will be paid to the survivor on death of any two account holders.
- iii) **Former or Survivor:** If the account is held by two individuals A& B, the final balance along with interest ,if applicable will be paid to the former ie A on date of maturity and to survivor(B) on death of any one of the account holders. The clause “Former or Survivor” becomes effective only in case of death of the original depositor and the second named account holder(B) does not have right to revoke the instructions during the lifetime of the first named account holder(A).
- iv) **Later or Survivor:** If the account is held by two individuals say, A & B, the final balance along with interest, if applicable, will be paid to later (B) on maturity and to survivor on death of any one of the account holders.

The above mandates can be provided to the bank at the time of opening the account or can be changed at any time later during the term of Deposit. Such Mandates can be modified by the consent of all the account holders.

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

#### **3.4 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.

#### **3.5 Nomination**

i) Nomination facility is available on all deposit accounts opened by the individuals singly or jointly. This 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. However, the facility of nomination is available in respect of deposits held in the name of a sole proprietary concern also. 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.

ii) 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 can be made in favour of a minor also.

iii) Printing of name of Nominee is available in the Passbook/Term Deposit advices/statement of accounts, if a customer opts for this.

iv) 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 of the nomination facility for smooth settlement of claim 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.

v) Bank recommends that all depositors avail Nomination facility. If depositors do not want to give nomination, they will give in writing that they do not want

nomination in the account. The depositor will be informed of the advantages of the nomination facility while opening a deposit account.

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

### **3.6 Minor's Accounts**

The minor can open Savings Bank Account and the same can be operated by the natural guardian or by minor himself / herself, if he/she is above the age of 10 years provided the minor should be able to read and write and be capable in the opinion of Branch Manager/ Joint Manager of understanding what he /she does. However, no cheque books will be issued and no overdraft /**loan** will be granted to such Minor Accounts.

- i) The account can also be opened jointly with natural guardian / **Legal guardian ( appointed by the Court)** or with mother as the guardian.
- ii) On attaining majority, the erstwhile minor should confirm the balance in his/her account and if the account is operated by the natural guardian, fresh specimen signature and the photograph of erstwhile minor duly verified by the natural guardian would be obtained and kept on record for all operational purposes. Cheques issued by the guardian prior to the date of minor attaining majority but presented after the minor attains majority would require confirmation from the minor.
- iii) Time Deposits account may also be opened in name of minors.
- iv) However minors cannot open their accounts through Business Correspondent points and they have to approach a branch for the purpose

### **3.7 Account of Illiterate/Blind Person**

The Bank may at its discretion open deposit accounts other than Current Accounts of illiterate person. The account of such person may be opened provided he/she calls on the Bank personally along with a witness who is known to both the depositor and the Bank. Normally, no cheque book facility is provided for such Savings Bank Account. At the time of withdrawal/ repayment of deposit amount and/or interest,

the account holder should affix his / her thumb impression or mark in the presence of the authorized officer who should verify the identity of the person. The Bank will 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/blind 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 two cousins.

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.

### **3.8 Transfer of Account**

The deposit accounts may be transferred to any other branch of the Bank at the request of the depositor. The account number will continue to be same.

### **3.9 Account Statements**

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 provides facility of Pass Book also.

### **3.10 Interest Payments**

Interest on Savings and term deposits will be paid on daily basis at the rates specified by the Bank taking into account the overall guidelines issued by Reserve Bank of India from time to time. In accordance with latest guidelines issued by RBI

(dated 03<sup>rd</sup> March) 2016 ,Bank has decided to change the periodicity of interest on Rupee Savings bank accounts ,including NRE/NRO SB accounts from half yearly to quarterly W.e.f 1<sup>st</sup> of April 2016. Interest for the period April to June will be credited in July, Interest for July to September will be credited in October , interest for October to December will be credited in January and interest for January to March will be credited in April every year.

Rate of interest will be prominently displayed in Branch Premises.The latest rate of interest will be communicated on Bank's website as and when there is a change.

### **3.11 Debit Card Hot Listing**

The bank will accept ATM card / 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 with the numbers.

### **3.12 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.

### **3.13 Dormant Accounts/ Inoperative Accounts**

As per extant Reserve Bank of India (RBI) guidelines, an 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. If there is no operation in the account for one year the account is treated as potentially dormant account and the depositor will be informed to operate the said account to prevent such account from becoming dormant. Operation 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. The depositor will be informed of charges , if any, which the Bank will levy on dormant account

### **3.14 Unclaimed Account**

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.

Such Unclaimed account would be transferred to a separate account status in the interest of the depositor and the Bank. No charges would be levied by the Bank for migrating an account from Dormant / unclaimed to Operative account.

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 are transferred. The Bank is liable to pay the amount to the depositor/claimant and claim refund of such amount from the Fund.

#### **4. TERM DEPOSIT**

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 the specific request of the depositor, interest could be paid at monthly rests also, but at a discounted rate.

##### **4.1 Types of Term Deposits:**

- I. **Fixed Deposits- 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 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 be accepted for a period as prescribed by RBI from time to time. Interest is calculated on quarterly compounded rests. 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 Account 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. Foreign Currency Non Resident (FCNR) Deposits**-Term Deposits in denominated foreign currency for NRIs.

**VI. Non Callable Deposits** - Domestic Term Deposit Product wherein Depositor gets additional rate of interest (as decided by bank from time to time) over normal FD Deposit's rate for deposits of Rs 15.01 lacs and above to Rs.10 crores .Under no circumstances premature withdrawal is allowed except in case of death of depositor. Deposit can be made under RIRD/MIP/QIP scheme.

**VII. Deposits under Capital Gains Accounts Scheme, 1988**- The Bank is authorized to accept deposits under the Capital Gains Accounts Scheme (CGAS), 1988 by CBDT, Department of Revenue, Ministry of Finance, GOI. Long term Capital gains arising on transfer of capital assets, is not chargeable to tax if the amount of capital gain or net consideration has been utilized for specified purposes within the stipulated period as laid down under the Income tax Act.

**VIII. Tender deposits, guarantee money, deposit of the amount of compensation etc. awarded by the Claims tribunal etc will be issued** in the name of the "Government Department - Account name of the Depositor" after obtaining application form, along with a letter from the depositor to the effect that the deposit in question is taken as a security for due performance of his contract with the concerned government department and that the deposit might be held, renewed or released according to the

instructions of the concerned department Deposit receipt are delivered with a covering letter stating the party's (applicant's) name on whose account, it has been issued

Deposits can also be accepted in respect of the awards made by Motor Accident Claims Tribunal. The interest on such deposits should be paid directly to the claimant or his guardian as the case may be. No loan or advance will be granted without the express permission of the court / Tribunal which ordered the deposit.

- IX. **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.

#### **4.2 Interest Payments**

- i) In terms of Reserve Bank of India directives, interest shall be calculated at quarterly compounding intervals on term deposits and paid at the rate decided by the Bank depending upon the period of deposits. In case of monthly deposit scheme, the interest shall be calculated for the quarter on compounding basis 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.

Accordingly Bank has adopted following methodology.

**“In all cases of domestic term deposits ( period of deposit more than a year) where the terminal quarter is incomplete, interest should be calculated for complete quarter and the actual number of days, reckoning the year 365/366 days viz the calculation of interest on such deposits should be in order of completed quarters and days.”**

- For Deposits of 2 quarters and above, interest is calculated in quarterly compounded for complete quarters and where the terminal quarter



incomplete, interest is calculated proportionately for the actual no of days reckoning the year 365-366 days.

- For short deposits of less than 2 quarters but more than 1 quarter simple interest will be paid for complete quarter and plus interest for remaining days reckoning the year 365-366 days( without compound effect) .
- For short deposits of less than one quarter interest is calculated proportionately for actual number for days reckoning the year 365-366 days.

ii) The interest on FCNR deposits shall be paid at the rates calculated in accordance with the basis prescribed by the Reserve Bank of India (RBI) from time to time for various maturities. The interest on FCNR deposits shall be paid on the basis of 360 days to a year and shall be calculated at intervals of 180 days each.

iii) The rate of interest on deposits will be prominently displayed in the branch premises and also on the banks official website. Changes, if any, with regard to the deposit schemes and other related services shall also be communicated upfront by way of public notice and/or on Bank's website and shall be prominently displayed.

#### **iv) Deduction of Income tax at source from payment of interest on time deposits (section 194A of income tax act 1961) w.e.f 1<sup>st</sup> july 1995**

Income tax is to be deducted in cases where the total interest paid or credited on all time deposits in the name of a depositor with Bank as a whole, whether singly or jointly (as first named person) exceeds the specified limit per financial year as under income tax act 1961. Tax is to be deducted either at the time of credit to the account or payment of interest to the depositor whichever is earlier subject to change in limits of interest eligible for tax limit from time to time.

In case the depositor submits following Form before end of April every year, no tax may be deducted.

- Non-corporate customers other than Senior Citizens - Form No.15G along with PAN (w.e.f. 1st April 2010)
- Senior Citizens i.e. individuals of the age of -60- years or more - Form No.15H along with PAN (w.e.f. 1st April 2010)

w.e.f. 1st April 2010 I.T. Department has made it mandatory to quote Permanent Account No. (PAN) by deductees in all cases where TDS is applicable, failure of which would attract the TDS at a higher rate of 20% (against normal rate of 10%) or normal rate whichever is higher. Further it has also been made compulsory to mention PAN on form No.15G / 15H w.e.f. 1st April 2010.

The Bank will issue a system generated tax deduction certificate (TDS Certificate) for the amount of tax deducted.

v). Interest earned/accrued on NRE & FCNR term deposits is tax free in India under the relevant provisions of Income Tax Act in India and hence no tax at source is deductible in respect of these deposits. “In case of NRO deposits” The depositor can claim the benefit of reduced rates of tax under Double Tax Avoidance Agreement (DTAA), which India has with the governments of various countries, by submitting the documents prescribed by the bank at the beginning of every financial year.

However, bank has statutory obligation to deduct tax at source on any interest paid / payable on NRO term deposits at the specified rates. If PAN is submitted with a declaration applicable under Double Tax Avoidance Treaty - TDS is deducted @ applicable rate for the country of residence of the customer.

- If PAN is submitted without declaration - TDS is deducted @30%
- If declaration is submitted without PAN - TDS @normal rate or 20% whichever is higher.
- If PAN and declaration is not submitted - TDS @30%

vi) All interest payments will be rounded off to the nearest rupee.

vii)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 on the date of maturity. In absence of such mandate, the Bank will automatically renew the deposit as under.

- If deposit is placed for more than one year it will be automatically renewed for one year at the prevailing rate on due date.
- if deposit is placed for less than one year it will be automatically renewed for same period at the prevailing rate on due date.

In case, the customer wishes to make changes in the tenure or wants premature proceeds of the term deposit, the same is allowed at the written request of the customer. In case of deposits under callable scheme premature withdrawal of bulk deposit is done as per Bank's discretion.

### **4.3 Premature Withdrawal of Term Deposit**

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 their penal interest rates policy for premature withdrawal of term deposit as obtaining from time to time.

Penal Interest Rate Policy for premature withdrawal of Term Deposit is as under:

- No penalty for prepayment of deposit upto 5 lacs which remained with the bank for a minimum period of 12 months. In such cases the rate of interest applicable for premature payment without penalty will be rate ruling on the date of accepting of deposits (i.e. the date of contract) for period for which the deposit has actually remained with the Bank or the Contracted Rate whichever is lower.
- For premature withdrawal of all deposits which have remained for less than 12 months and also all deposits of the face value exceeding Rs 5 lacs interest will be paid one percent less than the rate which was applicable at the time of placing the deposit for the period for which the deposit has actually run or contracted rate whichever is lower..
- Penalty is waived on settlement of claims in the deceased depositor's accounts and interest is paid at applicable rate.
- **Prepayment of Term deposit for Rs One Crore and above** ( for any period) will be allowed as per the discretion of Bank.

In normal circumstances premature closure of a joint deposit shall be permitted only if all the deposit holders sign a request to that effect. In the case of Term deposits with operating instructions Either Or Survivor, Former Or Survivor, Later Or Survivor and Anyone Or Survivor and in the event of death of one of the joint holders, in the absence of relevant mandate, premature closure of such deposit will be allowed only if the legal heirs of the deceased agree for such premature closure. In cases where relevant mandate is available with the Bank, premature closure of such deposits shall be allowed in the favour of survivors.

In compliance with RBI directives, no interest is payable on pre-mature closure of NRE & FCNR term deposits if it is less than a year.

#### **4.4 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 to the period for which the deposit remained with the bank and not at the contracted rate without penalty.

#### **4.5 Renewal of Overdue Term Deposit**

When a term deposit is renewed on maturity, applicable rate of interest rate will be rate for the period specified by the depositor as applicable on the date of maturity. On maturity system auto renews the Term deposits for one year/short deposit for same period If request for renewal is received after the date of maturity, such overdue deposits will be renewed with effect from the date of maturity at interest rate applicable as on the due date, provided such request is received within 14 days from the date of maturity.

In case of overdue deposit after maturity period 14 days from the date of maturity, interest for the overdue period will be paid at the rates decided by the Bank from time to time.

#### **4.6 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.**

#### **4.7 Settlement Of Dues In Deceased Deposit Account**

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 nominee as after the Bank satisfies about the identity of the nominee etc. Payment is made to nominee as representative of legal heirs.

The above procedure will be followed even in respect of a joint account where nomination is registered with the Bank.

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.

In a term deposit account held in joint names if operating instructions is “either or survivor”, “Former or survivor” when one of the depositor dies ,the payment will be made to survivor on maturity.If prepayment is demanded, it will be allowed only after obtaining consent of legal heirs of the deceased,.

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 upto the limit approved by the Bank's Board. This is to ensure that the common depositors are not put hardship on account of delays in completing legal formalities.

#### **4.8 Interest Payable On Term Deposit in Deceased Account**

In the event of death of the depositor before the date of maturity of deposit and amount of the deposit is claimed after the date of maturity, the Bank shall pay interest at the contracted rate till the date of maturity. From the date of maturity till the date of payment, the Bank shall pay simple interest at the applicable rate as on the date of maturity, for the period for which the deposit remained with the bank beyond the date of maturity, as per the Bank's policy in this regard.

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

#### **4.9 Insurance Cover For Deposits**

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

#### **5. Non-Resident Accounts:**

As defined by FEMA, Non Resident Indian (NRI) means person resident outside India who is citizen of India or is a person of Indian origin. NRI may open following types of accounts.

##### **5.1 Non-Resident (External) account:**

Account can be opened in any form i.e Savings, Fixed, Current, Recurring with the bank.

### **5.2 Non-Resident Ordinary account :**

Account can be opened Jointly with resident Indian for the purpose of putting through bonafide transactions not involving any violation of the provisions of the FEMA,1999, rules and regulations .and in any form i.e Savings, Fixed, Current, Recurring with the bank.

Existing accounts of resident in India (i.e of Indian Nationals ) are to be redesignated as Non-Resident ordinary accounts, when they go abroad indicating their intention to stay outside India for an uncertain period for taking up employment, profession, business, vocation or for any other purpose.

### **5.3 Foreign Currency Non-Resident account (B):**

Account can be opened in permitted foreign denominated currencies which is freely exchanged in form of Time deposit only with minimum period of one year. ( USD, GBP, Euro, JPY, CAD, AUD).

NRI, as defined in FEMA, notification no.5, Ibid, may be permitted to open NRE/FCNR (B) account With their resident close relative ( relative as defined in Section 6 of the Companies act, 1956) on “former or survivor” basis. The resident close relative shall be eligible to operate the account as a Power of Attorney holder in accordance with extant instructions during the life time of the NRI/PIO account holder.(RBI circular RBI/2011-12/174 dated 15.09.2011.)

Details of Non-Resident accounts are available on [www.bankofbaroda.com](http://www.bankofbaroda.com).

## **6. Other Important Information.**

### **6.1 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.

**6.2: 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.

### **6.3 Secrecy of Customers 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. 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.

### **6.4 Suo Motu 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:

- a. Drawing cheques without funds.
- b. Rash / fraudulent transactions routed through Bank account which may expose the Bank to unnecessary risks.
- c. Zero Balance Accounts
- d. Dormant / inoperative accounts as per extant RBI directives.
- e. Accounts where transactions, such as huge cash transactions, are being made, disproportionate to the given profile of the customer.
- f. Accounts in which, in the opinion of the Bank, transactions having Money Laundering angle are being conducted.
- g. Accounts, in which, the Bank is not able to apply appropriate KYC measures due to non - furnishing of information by customer and / or non – co-operation in this regard.
- h. Non compliance of Minimum Balance requirements for current and savings account as applicable to the relevant scheme / product.
- i. Issuing of “Stop Payment” instructions frequently.



- j. Number of transactions far in excess of stipulated limit without maintaining sufficient balance.
- k. Default in/arrears of statutory dues and other payments .
- l. Frequent receipt of Attachment Orders/Notices from various Authorities.
- m. Frequent involvement in section 138 (N.I. Act) proceedings.
- n. Evidence of usage of funds and or receipts of funds for terrorists and disruptive activities against the State or society.
- o. Any directive from any Government or Regulatory Authorities for closure of account.
- p. 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.
- q. 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.

### **6.5 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 names of the nodal officers for redressal of complaints / grievances will be displayed in the branch premises and internal set up for redressal of complaints is displayed on the Bank's 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 60 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.

**6.6. Periodicity of Review of the policy:** The Policy will be effective for two years i.e 31.07.2020. Any directive /guidelines issued by RBI in this regard shall automatically be part of this policy, during the currency of the 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.

