

**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, product approval process, annual survey of depositor satisfaction and the triennial audit of such services etc., for the benefit of customers. It is expected that this document will impart greater transparency in dealing with the individual customers and create awareness among customers of their rights. The ultimate objective is that the customer will get services they are rightfully entitled to receive without demand.

While adopting this policy, the bank reiterates its commitments to individual customers outlined in Bankers' Fair Practice Code of Indian Banks' Association and 'Code of Bank's Commitment to customers'. This document is a broad framework under which the rights of common depositors are recognized. Detailed operational instructions on various deposit schemes and related services will be issued from time to time

Guidelines off RBI/Government issued from time to time shall automatically form part of the Policy

Managing Director & CEO is empowered to make additions/deletions/ modifications and any other amendment as deemed necessary to the policy on deposits with information to Board

Custodian of the Policy:

General Manager (P&D) is nominated as the custodian of Policy on Deposits.



I 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 and other terms are as under: -

- a. **“Bulk Deposit”** means Single Rupee term deposits of ₹ one crore and above
- b. **“Current Account”** means a form of non-interest bearing 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 shall also be deemed to include other deposit accounts which are neither Savings Deposit nor Term Deposit;
- c. **“Demand deposits”** means a deposit received by the Bank which is withdrawable on demand;
- d. **“Domestic Rupee Deposits”** mean rupee deposits maintained in India in the form of current account, savings deposits or term deposit.
- e. **“Notice Deposit”** means term deposit for specific period but withdrawable on giving atleast one complete banking day's notice;
- f. **“Savings deposits”** means a form of interest bearing demand deposit which is a deposit account whether designated as “Savings Account”, “Savings Bank Account”, “Savings Deposit Account”, “Basic Savings Bank Deposit Account (BSBDA)” or other account by whatever name called 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;
- g. **“Term deposit”** means a interest bearing deposit received by the Bank for a fixed period withdrawable only after the expiry of the fixed period and shall include deposits Short Term Deposits / Fixed Deposits / Re-investment Plan etc.
- h. **“Daily Product”** means the interest applied on the end of day balance.
- i. **“Family”** includes members as mentioned in the bank's Service/Staff Regulations.
- j. **“Individual”** means a natural person.
- k. **“Member of the bank's staff”** means a person employed on a regular basis, whether full-time or part-time, and includes a person recruited on probation or employed on a contract of a specified duration or on deputation and an employee



taken over in pursuance of any scheme of amalgamation, but does not include a person employed on casual basis.

- l. **“Retired member of the bank’s staff”** means an employee retiring whether on superannuation or otherwise as provided in the bank’s Service/Staff Regulations.
- m. **“Preferential Deposit”** is defined as any term deposit of ₹1 crore and above accepted at a rate higher than the prevailing card rate and as approved by Funds and Investment Committee on any day.
- n. **‘Retail Deposits’** are all those deposits accepted at Card Rate upto ₹10 crore.
- o. **‘Wholesale Deposits’** are all those deposits accepted at Card Rate above ₹10 crore.

II Account Opening and Operation of Deposit Accounts:

- a) The Bank before opening any deposit account will carry out due diligence as required under “Know Your Customer” (KYC) and Anti Money Laundering or any other statutory requirements/guidelines issued by RBI and or such other norms or procedures adopted by the Bank. In case of any additional information required, Bank would seek separately and would specify the objective of obtaining such additional information. 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.

Operationalisation of Central KYC Registry (CKYCR):

Government of India vide their Notification dated November 26, 2015 authorised the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI), set up under sub-section (1) of Section 20 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002), to act as and to perform the functions of the Central KYC Records Registry under the said rules, including receiving, storing, safeguarding and retrieving the KYC records in digital form of a “client”, as defined in clause (ha) of sub-section (1) of Section 2 of the Prevention of Money-Laundering Act, 2002. The Central Government have also amended the Prevention of Money-laundering (Maintenance of Records) Rules, 2005 vide Notification dated 7th July, 2015 for the purpose of establishment of Central KYC Registry. As per Prevention of Money-laundering (Maintenance of Records) Amendment Rules, 2015, Rule 9 (1A), every reporting entity shall within three days after the commencement of an account-



based relationship with a client, file the electronic copy of the client's KYC records with the Central KYC Registry.

Reserve Bank of India, vide their letter DBR.AML.BC.No.1/14/01.001/2016-17 dated 08.07.2016 have communicated that all Scheduled Commercial Banks (SCBs) may upload the KYC data with the Centralised KYC Registry, for new individual accounts opened with immediate effect, in the first phase. The existing records are also to be uploaded to the CKYCR in a phased manner.

Accordingly, the customer records opened on (or) after 16.08.2016 are being uploaded to CKYCR.

b) 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. Additionally, prospective depositor would be provided with "MITC" (Most Important Terms & Conditions) on the product which would inter-alia contain the following:

- ♦ Information regarding number of transactions, cash withdrawals etc., that can be done free of charge within a given period;
- ♦ Information about the kind of charges, if any, in case of exceeding such limits in the form of a tariff schedule;
- ♦ Information on the rate at which interest is paid on savings deposits and its periodicity.
- ♦ Minimum balance to be maintained and penalty for non-maintenance thereof
- ♦ Other charges like cheque book issue charges, ATM/debit cards etc.

when he approaches for opening a deposit account. The regulatory guidelines require Banks to categorise customers based on risk perceptions 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 the account. Inability of an existing customer to furnish details required by the Bank to fulfill statutory obligations could also result in "partial freezing" of the account by allowing all credits and disallowing all debits with the freedom to close the account or closure of the account after due notice(s) is provided to the customer.

The process of confirming and updating identity and address, and collection of additional KYC information shall be an ongoing process. The system of periodical updation of customer identification data (including photograph/s) after the account is



opened will be done by the branches. The periodicity of such updating should not be less than once in 5 years in the case of Low Risk category customers and not less than once in 2 years in case of High & Medium Risk category customers.

- c) 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. No penal charges are levied for non-maintenance of minimum balances in any inoperative accounts, at present. Levy of charges for non-maintenance of minimum balance in savings bank account is subject to the following additional guidelines wef 01 04 2015:

- ♦ In the event of a default in maintenance of minimum balance/average minimum balance as agreed to between the bank and customer, the bank shall notify the customer clearly by SMS/ email/ letter etc. that in the event of the minimum balance not being restored in the account within a month from the date of notice, penal charges will be applicable.
- ♦ In case the minimum balance is not restored within a reasonable period, which shall not be less than one month from the date of notice of shortfall, penal charges would be recovered under intimation to the account holder.
- ♦ The penal charges would be directly proportionate to the extent of shortfall observed. In other words, the charges would be a fixed percentage levied on the amount of difference between the actual balance maintained and the minimum balance as agreed upon at the time of opening of account. Recovery of charges shall be in accordance with suitable slab structure approved by the Board.
- ♦ It shall be ensured that such penal charges are reasonable and not out of line with the average cost of providing the services.
- ♦ It shall also be ensured that the balance in the savings account does not turn into negative balance solely on account of levy of charges for non-maintenance of minimum balance.

For Saving Bank Account the Bank may also place restrictions on number of transactions, cash withdrawals, etc., for given period. For transactions over and above the fixed threshold level, Bank shall levy service charges. The nature of transactions to be reckoned for this purpose may be decided by the Bank from time to time.



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 communicated to the prospective depositor while opening the account.

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

Current Accounts can be opened by Individuals / Partnership Firms /Private and Public Limited Companies / HUFs / Specified Associates /Societies / Trusts, etc. Term Deposits Accounts can be opened by Individuals singly or jointly/ Partnership Firms /Private and Public Limited Companies / HUFs/ Specified Associates/Societies / Trusts, etc. While opening current accounts of entities enjoying credit facilities from the banking system, Bank would make use of the information available in CRILC (Central Repository of Information on Large Credits) set up by RBI, with a view to have credit discipline especially for reduction in NPA level in banks and shall not limit due diligence to merely seeking NOC from the bank with whom the customer is supposed to be enjoying the credit facilities as per his declaration. Application form for opening Current Account has also been modified to include the undertaking “ That they are not enjoying credit facilities from any other bank and undertake to inform , in writing, as soon as any credit facility is availed of by them from any other bank/any other branch of the bank”.

- d) Bank would apply client due diligence measures to existing clients at the specified periodicity prescribed in respect of high/medium/low risk clients and shall seek required information/details from customers to comply with the periodic updation of KYC requirements. In case of continued non-compliance of KYC requirements by the clients, the Bank shall exercise ‘partial freezing’ of account, after due notice(s) is provided to the customer.
- e) The account opening forms/applications have been suitably modified to include ‘third gender’ wherever any gender classification is envisaged in order to recognize the legal rights of Transgender persons.
- f) Facility to open Savings Bank accounts online is available.
- g) The Bank is committed in providing basic Banking services to the disadvantaged sections of the society and has simplified account opening forms for Basic Savings Bank Accounts (BSBDA) and Small Accounts.



- h) For all accounts with repetitive transactions (except Term Deposits and Current Accounts) a passbook is issued for the use of account holder as customers do need the passbooks as a ready reckoner of transactions with the Bank. For all current accounts (except where the customer prefers pass book especially in rural and semi urban branches) monthly statement of accounts will be issued to the constituents. Customer would be able to see last few transactions at the counter. Customer would also be able to see the transactions on ATM or through ATM or through Internet account wherever such facilities are availed.
- i) Bank also provides the customer with account statements more often than is normally available on the type of account, at a charge. The charges would be indicated in the Tariff schedule. If the customer desires, Bank would send the statement of accounts by post/e-mail or make it available through its secure Internet Banking Service.
- j) In cases, where identification with full KYC (proof of address and proof of residence) has been submitted, introduction from an existing customer shall not be required.

III. Product/Process Approval:

New deposit products are introduced and existing products modified by the Bank after a thorough study is made of the product, similar products already existing in the market, customer expectations and the market for such a product. The views and opinions of customers received through Zonal Offices/branches are taken into account while designing new products and modifying existing products. The guidelines issued by Reserve Bank of India and IBA are taken into account while formulating new products. All new products and existing modification of existing products are placed in Product Approval Committee / Process Approval Committee and then placed to MD & CEO for final approval before being implemented.

IV. Exercising due diligence while opening accounts:

The due diligence process, while opening a deposit account will involve satisfying about the identity of the person, verification of address, satisfying about his occupation and source of income.

In addition to the due diligence requirements, under KYC norms the Bank is required by law to obtain Permanent Account Number (PAN) or General Index



Register (GIR) Number or alternatively declaration in Form No. 60 or 61 as specified under the Income Tax Act / Rules.

V. Changing the account:

If the customer is not happy about his choice of current or Savings account (except term deposit account) within 14 days of making his/her first payment into the account, Bank would help the customer to switch to another account or Bank would give the money back with any interest it might have earned. Bank would ignore any notice period and any extra charges.

If the customer decides to close his/her current/savings account, Bank will close the account within five working days of the receipt of instructions from the customer.

If the customer wants to transfer his / her account to another branch of the Bank, the Bank would do so. Customer's account at the new branch would be operationalised within two weeks from the receipt of customer's request, subject to customer complying with the required KYC formalities at the new Branch. Customer would be informed as soon as the account is operationalised. The new branch would be informed of the standing instructions/ direct debits if any.

VI Nomination in Deposit Accounts:

Nomination facility is available on all deposit accounts opened by the individuals. Nomination is also available to a sole proprietary concern account and joint deposit accounts. 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. For depositors affixing his/her thumb impression on the prescribed forms for making nomination, cancellation or change thereof, the same is required to be attested by two witnesses. Nomination can be made in favour of a minor also. If the depositors do not desire to make nomination, the same has to be mentioned in the opening form under their signature. The acknowledgement of nomination made should be provided to the depositors. The depositor will be informed of the advantages of the nomination facility while opening a deposit account. In addition to the printing of the legend "Nomination registered: the name of the nominee would be printed in the pass book, deposit receipt, statement of account etc in case the customer is agreeable to the same.



VII Interest rates on deposits:

Bank fixes the interest rates on term deposits including Recurring Deposit based on market conditions, need for mobilisation of funds and keeping in mind the cost of funds. The interest rates are subject to revision from time to time.

- ♦ The rate of interest on domestic term deposit of various maturities is fixed with the prior approval of Asset Liability Management Committee (ALCO).
- ♦ The interest shall be calculated at quarterly rests on term deposits.
- ♦ In the case of term deposits with monthly interest payments, the interest shall be calculated for the quarter and paid monthly at discounted value. The interest rate on term deposits including Recurring deposit is calculated by the Bank in accordance with the formulae and conventions advised by Indian Banks' Associations.
- ♦ Whenever interest rates are revised, the revised rates are applicable to fresh deposits as well as renewal of matured deposits only.
- ♦ Aggregate value of deposits placed by a depositor on the day for an identical tenor will be taken as the basis for deciding applicable interest rate
- ♦ No interest shall be paid on deposits held in current accounts. (Provided that balances lying in current account standing in the name of a deceased individual depositor or sole proprietorship concern shall attract interest from the date of death of the depositor till the date of repayment to the claimant/s at the rate of interest applicable to savings deposit as on the date of payment).

RBI Guidelines on Interest rate of deposits w.e.f 01.04.2013:

The Bank should not discriminate in the matter of interest paid on deposits, between one deposit and another, accepted on the same date and for the same maturity, whether such deposits are accepted at the same office or at different offices of the bank, except in respect of fixed deposit schemes specifically for resident Indian senior citizens offering higher and fixed rates of interest as compared to normal deposits of any size and single term deposits of ₹1 crore and above on which varying rates may be permitted on the basis of size of deposits. The permission to offer varying rates of interest will be subject to the following conditions:

- ♦ The permission to offer varying rates of interest for deposits of the same maturity shall apply to single rupee term deposits of ₹1 crore and above. Banks may therefore offer same rate of interest or differential rates of interest for deposits of ₹1 crore and above of the same maturity. For deposits below ₹1 crore of the same



maturity, the same rate will apply. Rupee term deposits shall include domestic term deposits as well term deposits under NRO and NRE accounts.

- ♦ Banks should disclose in advance the schedule of interest rates payable on deposits including deposits on which differential interest will be paid. Interest rates paid by the bank should be as per the schedule and should not be subject to negotiation between the depositor and the bank

RBI Guidelines on Interest rate of deposits Dt.16 04 2015 – Early withdrawal facility in Term deposit:

RBI vide Circular Dt.16 04 2015, banks will have the discretion to offer differential interest rates based on whether the term deposits are with or without-premature-withdrawal-facility, subject to the following guidelines:

- ♦ All term deposits of individuals (held singly or jointly) of ₹15 lakh and below should, necessarily, have premature withdrawal facility.
- ♦ For all term deposits other than (i) above, banks can offer deposits without the option of premature withdrawal as well. However, banks that offer such term deposits should ensure that at the customer interface point the customers are, in fact, given the option to choose between term deposits either with or without premature withdrawal facility.
- ♦ Banks should disclose in advance the schedule of interest rates payable on deposits i.e. all deposits mobilized by banks should be strictly in conformity with the published schedule.
- ♦ The banks should have a Board approved policy with regard to interest rates on deposits including deposits with differential rates of interest and ensure that the interest rates offered are reasonable, consistent, transparent and available for supervisory review/scrutiny as and when required.

Method of Calculation of Interest:

For the purpose of calculation of interest on domestic term deposit, on deposits repayable in less than 3 months or where the terminal quarter is incomplete, interest is paid proportionately for the actual number of days, reckoning the year at 365 days.

Payment of Interest on Deposits maturing on a holiday/non-business working day:

In respect of a term deposit maturing for payment on a Sunday or a holiday or a non-business working day, bank would pay interest at the originally contracted rate for



the Sunday / holiday / non-business working day, intervening between the date of the expiry of the specified term of the deposit and the date of payment of the proceeds of the deposit on the succeeding working day. In case of reinvestment deposits and recurring deposits, interest as above would be paid on maturity value and in case of other deposits on the principal amount.

Rounding off transactions:

All transactions including payment of interest on deposits / charging of interest on advances will be rounded off to the nearest rupee; i.e., fraction of 50 paise and above shall be rounded off to the next higher rupee and fraction of less than 50 paise shall be ignored and all transactions, involving payment of interest on deposits shall be rounded off to two decimal places for FCNR Deposits.

Interest Payments:

Banks are free to determine their savings bank interest rate subject to the following two conditions:

- ♦ Uniform interest rate on savings bank deposits up to ₹1 lakh, irrespective of the amount in the account within this limit.
- ♦ For savings bank deposits over ₹1 lakh, bank may provide differential rates of interest, if it so chooses, subject to the condition that banks will not discriminate in the matter of interest paid on such deposits, between one deposit and another of similar amount, accepted on the same date, at any of its offices.
- ♦ This would be applicable to savings bank deposits of Resident Indians only.
- ♦ Interest rate on Non-Resident (External) Accounts Scheme and Ordinary Non-Resident deposit under savings account, which has been prescribed at 4% p.a at present, will continue to be regulated by RBI until further review.

At present 4% p.a is offered for both the categories of deposits mentioned above.

As per RBI directions Interest on Savings Bank account on daily product basis would be paid from 01.04.2010. However, term deposit interest rates are decided by the Bank within the general guidelines issued by the Reserve Bank of India from time to time.



Periodicity of payment of Interest:

Interest on savings deposit shall be credited at quarterly intervals. In terms of Reserve Bank of India directives, interest shall be calculated at quarterly intervals on term deposits and paid at the rate decided by the Bank depending upon the period of deposits. In case of monthly 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.

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) in Form 16A, to the customers in respect of whom Income tax has been deducted at source. The depositor, if entitled to exemption from TDS can submit declaration in the prescribed format at the beginning of every financial year. The declaration filed in Form 15G and 15H u/s 197A shall not be valid unless the person filing the declaration furnishes his PAN in such declaration. In case of failure to do the same, tax is deducted at the rate mentioned in the relevant provisions of the IT Act or at the rate in force or at the rate of 20%, whichever is higher. An acknowledgement of Form 15G/15H will be issued. Provision to submit Form 15G/15H on line through net banking has also been enabled.

Any person who does not have PAN and who enters into any transaction specified in Rule 114 B of the Income tax Rules, 1962, he/she shall make a declaration in Form No.60 giving therein the particulars of such transaction. Bank cannot accept Form 60 from a person, if the total income declared by him exceeds the maximum amount which is not chargeable to tax, i.e., ₹2.50 lacs up to 60 years, ₹3.00 lacs between 60 & 80 years and ₹5 lacs for 80 years and above.

However, if the person provided the details of the PAN applied (date of application and acknowledgement number) in Form 60, even if the amount mentioned exceeds the maximum amount chargeable to tax, still the Bank can accept Form 60. All such declarations received in Form 60 should be sent as a statement in Form 61 to the Income tax authorities.

In terms of Government of India Notification Dated 08.01.2017, customers are advised to submit PAN or Form No.60 to the Bank by 28.02.2017, if not submitted earlier.



Payment of Interest on Accounts Frozen by Bank

- ♦ A request letter is to be given by the customer for renewal for a term equal to the original term, on maturity.
- ♦ No new receipt will be issued. However, suitable note will be made regarding renewal in the deposit account.
- ♦ Renewal of deposit shall be advised by registered letter / speed post / courier service to the concerned Government department under advice to the depositor. In the advice to the depositor, the rate of interest at which the deposit is renewed will also be mentioned.
- ♦ If overdue period does not exceed 14 days on the date of receipt of the request letter, renewal may be done from the date of maturity. If it exceeds 14 days, the eligible interest for the overdue period would be kept in a separate interest free sub-account which would be released when the original fixed deposit is released.
- ♦ With regard to the savings bank accounts frozen by the enforcement authorities, Bank will continue to credit the interest to the account on a regular basis. However, withdrawal / debits will be allowed only when the accounts are released by the Enforcement Authorities.

VIII Undesirable accounts :

In cases where the operations in Savings Bank or Current deposit account are not satisfactory, Bank may decide to close the account and pay the balance in the account to the depositor, after giving due notice.

Few instances, where the account can be treated as undesirable are:

- ♦ frequent non-maintenance of minimum balance.
- ♦ number of operations are more and
- ♦ not commensurate with the balance maintained in SB account, cheques are being issued without adequate funds or arrangements to meet the cheque amount and the depositor is reported to be indulging in illegal or undesirable activity.

IX Information to depositors:

Bank's policy relating to opening and maintenance of deposit accounts and the various charges on such accounts and the revisions in such policy and the charges, will be informed to the depositors in the following manner.



- ♦ The terms and conditions for opening a deposit account and the charges that will be levied on the account will be given in the account opening form for the information of the depositors before opening the account.
- ♦ In case of any revision, the revised policy / requirements and revised charges will be displayed in a prominent place in branches.
- ♦ Additionally, depositors will be informed about the revised policy / requirement / charges either through press releases or advertisement in print media and or by displaying in Bank's website.
- ♦ All deposit interest rates are displayed at a prominent place in all branches.

X Sweep Accounts:

Bank will inform the customer about liquid deposit facility, sweep account and similar types of products offered by the Bank and their implications and procedure involved, at the time of opening of account.

XI Basic Savings Bank Deposit account:

No frill SB account has been renamed as Basic Savings Bank deposit account with NIL balance. The scheme is for the financial inclusion of vast section of population who were hitherto not accessible to banking facilities.

The charges applicable for various services / products in such an account would be as per a separate Tariff Schedule. The nature and number of transactions in such accounts are restricted, which will be made known to customer at the time of opening of the account in a transparent manner.

XII Small Accounts:

If the account is opened on the basis of simplified KYC norms, then these accounts would be additionally treated as Small account and subject to conditions stipulated for such accounts. (viz., cash transactions only permitted; aggregate of credits in a year not to exceed ₹1.00 lakh; withdrawals and transfers during a month not to exceed ₹10000; balance at any point time not to exceed ₹50000, etc). These accounts shall be converted into regular accounts as soon as the normal requirements for full KYC are fulfilled. These small accounts would be valid normally for a period of twelve months. Thereafter, such accounts would be 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, with the entire relaxation provisions being taken up for review in



respect of the said account after 24 months. Subsequently, if the same status persists, the account would be treated as inoperative account and the rules and regulation as applicable to such account shall apply.

XIII Minors' Accounts:

- ♦ Minors above the age of 10 will be allowed to open and operate savings bank account independently subject to restrictions on transactions and no cheque books will be provided to such accounts. However no overdraft will be granted to these minors. SB account can also be opened by a minor represented by a guardian or jointly with a major where minor is represented by natural guardian. In such cases only the guardian will be permitted to operate the account. No Current Account can be opened by a minor to be operated by the minor.
- ♦ On attaining majority, the erstwhile minor should confirm the balance in his/her account and if the account is operated by the natural guardian /guardian, fresh specimen signature of erstwhile minor duly verified by the natural guardian / guardian would be obtained and kept on record for all operational purposes. The right of the guardian to operate upon the account automatically comes to an end once the minor attains majority.

XIV Account of Illiterate / Blind (Visually Impaired) Person:

Illiterate Persons:

The Bank may at its discretion open deposit accounts other than Current Account for 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. Joint accounts of two illiterate persons can also be opened. Normally, no cheque book facility is provided to illiterate persons and blind persons. However, to meet periodic repayment of retail loans, utility bills etc., Bank would consider issuing cheque book with safeguards to protect customer interest.

Visually impaired (Blind) Persons:

The Bank may at its discretion open deposit accounts other than Current Account for an Visually impaired 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. A visually impaired person may open Savings Bank account in his sole name or jointly with other person (s), including person (s) who is also visually impaired. All banking facilities such as cheque book, ATM facility, INB,



lockers, retail loans etc. are offered to visually challenged persons without any discrimination. Branches should not equate visually impaired customers with illiterate customers.

XV Accounts of Physically Challenged Person:

A physically challenged person may open an ordinary Savings Bank account in his sole name or jointly with other person (s). The Bank may at its discretion open deposit accounts other than Current Accounts. The account of such person may be opened provided he / she call on the Bank personally along with a witness who is known to both the depositor and the Bank.

XVI Accounts of persons with Autism, Cerebral Palsy, Mental retardation & Multiple disabilities:

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

As Banks are insisting on guardianship certificate from all mentally ill persons and insisting on appointment of guardian **as a matter of routine** from every person, RBI has informed the Banks to take note of the legal position stated in the above said Acts, and may rely on and be guided by the orders/certificates issued by the competent authority under the respective Acts for the purpose of opening/operating Bank accounts.

Banks have been advised to strictly follow the guidelines mentioned in RBI circular while opening/operating bank accounts of the “mentally ill person” and “person with disability” without causing in-convenience to such persons.

XVII Accounts of Senior citizen:

Bank would take all efforts to make it easy and convenient for the Senior Citizen customers and would provide for payment of additional interest, presently 0.50% over card rate for amount less than ₹1 crore. The additional rate would be offered on deposits of 15 days to 10 years in respect of Short Term Deposits, Fixed Deposits, Tax Saver Schemes and Reinvestment Plan Schemes & for the period 6 months to 120 months in respect of Recurring Deposits (in multiples of 3 months).



The above ceiling is applicable to all types of term deposits standing in the name of the Senior Citizen as the principal account holder at one or more branches put together. However, deposits of Senior Citizen opened under Capital Gains Scheme Type B (Term Deposits) 1988 Scheme are not eligible for this benefit.

For deposit of ₹1 crore and above, the card rate alone will apply without the benefit of additional interest rate. The additional interest offered to senior citizen is not applicable to any type of non-resident deposits.

In the case of a term deposit which is standing in the name of an HUF, the Karta of the HUF cannot be offered higher rate of interest, even if he is senior citizen, as the beneficial owner of the deposit is the HUF and not the Karta in his individual capacity.

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.

However, in no case should the amount or duration of the original deposit undergo a change in any manner in case the deposit is a term deposit.

A bank may, at its discretion, and at the request of all the joint account holders of a deposit receipt, allow the splitting up of the joint deposit, in the name of each of the joint account holders only, provided that the period and the aggregate amount of the deposit do not undergo any change.

XVIII Customer Information:

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

XIX 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.

XX 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.

However, such premature withdrawal would attract penal charge as prescribed by Bank from time to time except the following category of deposits.

- ♦ Deposits of value up to ₹5.00 lakhs provided the deposit has been retained for atleast 181 days i.e. eligible interest rate will be the applicable card rate for the actual period run prevailing on the date of deposit. For deposits closed before 181 days, eligible interest rate will be the applicable card rate for the actual period run prevailing on the date of deposit less 1.00% p.a. as foreclosure charges.
- ♦ For deposits above ₹5.00 lakhs , eligible interest rate will be the applicable card rate for the actual period run prevailing on the date of deposit less 1.00% p.a. as foreclosure charges.
- ♦ Deposits placed by Corporate/Government departments, Institutions and non-profitable organizations, wherein the deposits are placed based on the quotation submitted by the Bank
- ♦ Deposits of staff/ ex-staff/ ex-staff cum senior citizen.
- ♦ In case of the splitting of the amount of term deposit at the request from the claimant/s of deceased depositors or joint account holders, no penalty for premature withdrawal of the term deposit shall be levied if the period and aggregate amount of the deposit do not undergo any change.

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 for the period of renewal on the date of renewal. 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 for the said period less applicable penal charges and not at the contracted rate.



Discretion to disallow foreclosure of large value Term Deposits:

Bank may at its discretion disallow withdrawal of large Rupee Term Deposits of ₹5.00 crore and above, before completion of the deposit period agreed upon at the time of placing the deposit.

Acceptance of High value Deposits:

As a mitigating measure to prevent fraud in high value deposit accounts, the following controls are put in place.

- ♦ Branches are permitted to open large value term deposits as per limits specified hereunder:
 - Branches in scale I to III - up to ₹ 5 crore
 - Branches in scale IV - up to ₹ 25 crore
 - Branches in scale V & VI - up to ₹ 50 crore

Above these limits, branches have to obtain permission from their respective Zonal Managers, providing full KYC and other details.

However, the above limits will not be applicable for the deposits placed by Government Departments (State, Central and Quasi Government) / Government Bodies / Public Sector Undertakings.

- ♦ In case of fixed deposits of ₹2 crore and more, the opening of a fixed deposit may be followed by a personal visit by the bank officials to the office/residence of the account holder.
- ♦ For deposit of ₹50 crore and above, Zonal Manager / SIC may seek confirmation either by way of personal visit or through telephone from the appropriate authority of the Corporate / Government Department.

Renewal of existing Overdue Term Deposits:

When the overdue period does not exceed 14 days, the deposit shall be renewed for a minimum period of 15 days from the date of presentation and the rate of interest to be applied will be the rate ruling on the date of maturity of deposit relevant to the period of renewal. When the overdue period exceeds 14 days, then the deposit shall be renewed for a minimum period of 15 days from the date of presentation and the rate of interest to be applied shall be segregated into two parts as under:



Part A: Up to the date of presentation: (irrespective of the type of original deposit),

At simple interest only, at the rate whichever is lower of the following two.

a. *The rate prevailing at the time of maturity of the deposit for the overdue period*

(or)

b. *The rate prevailing at the time of presentation for the overdue period.*

Part B: *From the date of presentation to the future date of maturity :*

At the rate prevailing on the date of presentation for renewal at simple or compound at the option of the depositor for the remaining period.

As per the existing rules, in order to become eligible for compound interest, the deposit should be renewed as RIP for a minimum period of six months from the date of presentation.

When the request is made by the customer for payment of overdue deposit without renewal, the unclaimed amount will attract savings bank rate of interest from the date of original maturity to the date of payment (simple interest).

Automatic renewal of Term Deposit with effect from 01.11.2005:

As a customer friendly measure, all domestic term deposits viz., Short Term, Fixed and Reinvestment Plan Deposits will be auto rolled over for the same period under the same scheme with a maximum of 10 years, at the prevailing rate of interest on the date of such automatic renewal applicable to the rolled over amount, unless the Bank receives a demand for payment or instructions contrary from the customer on or before the date of maturity of original deposit or automatically renewed deposit. The amount so renewed will be the net of TDS amount as applicable, on case to case basis.

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. However, a suitable declaration stating that loan is for the benefit of the minor, is to be furnished by the depositor applicant.

Where a deposit account is opened in the name of a minor being represented by the mother as guardian, no advance shall be granted to the mother against that deposit, as she is not the natural guardian except in the cases, wherein, the minor is governed by Hindu Law.



Settlement of claims in respect of Deceased Account holders

Bank would follow a simplified procedure for settlement of accounts of deceased accounts holders.

a. Accounts with survivor/nominee clause:

In case of a deposit account of a deceased depositor where the depositor had utilised the nomination facility and made a valid nomination or where the account was opened with the survivorship clause (“either or survivor”, or “anyone or survivor”, or “former or survivor” or “latter or survivor”), the payment of the balance in the deposit account to the survivor(s)/ nominee of a deceased deposit account holder will be made provided;

- the identity of the survivor(s) / nominee (s) and the fact of the death of the account holder, are established through appropriate documentary evidence:
- there is no order from the competent court restraining the bank from making the payment from the account of the deceased; and
- it has been made clear to the survivor(s)/ nominee that he/she would be receiving the payment from the bank as a trustee of the legal heirs of the deceased depositor, i.e., such payment to him/her shall not affect the right or claim which any person may have against the survivor(s)/ nominee to whom the payment is made.
- 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 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.

The payment made to the survivor(s) /nominee, subject to the foregoing conditions, would constitute a full discharge of the bank’s liability. In such cases, payment to the survivor(s)/nominee of the deceased depositors would be made without insisting on production of succession certificate, letter of administration or probate, etc., or obtaining any bond of indemnity or surety from the survivor(s)/nominee, irrespective of the amount standing to the credit of the deceased account holder.



b. Accounts without the survivor/nominee clause:

In case where the deceased depositor had not made any nomination or for the accounts other than those styled as “either or survivor” (such as single or jointly operated accounts), Bank will adopt a simplified procedure for repayment to legal heir(s) of the depositor keeping in view the imperative need to avoid inconvenience and undue hardship to the common person.

Keeping in view the Bank’s risk management systems, Bank will fix a minimum threshold limit, for the balance in the account of the deceased depositors, up to which claims in respect of the deceased depositors could be settled without insisting on production of any legal representation (in the form of succession certificate, letter of administration or probate) other than a letter of indemnity.

In case of the splitting of the amount of term deposit at the request from the claimant/s of deceased depositors or joint account holders, no penalty for premature withdrawal of the term deposit shall be levied if the period and aggregate amount of the deposit do not undergo any change.

Formalities to be completed in respect of claims made in deceased depositors’ accounts:

Claim form with all necessary enclosures and annexures will have to be submitted by the claimant/s to the respective branch/es where the deceased had account/s. The claim form consists the following:

- Claim form (4 pages)
- Two vouching letters
- Consent letter
- Format for affixing claimants photo

c. Premature Termination of term deposit accounts:

In the case of term deposits, Bank would incorporate a clause in the account opening form itself to the effect that in the event of the death of the depositor, premature termination of term deposits would be allowed; subject to certain conditions, such premature withdrawal would be permitted. Such premature withdrawal would not attract any penal charge.



d. Treatment of flows in the name of the deceased depositor:

In order to avoid hardship to the survivor(s)/nominee of a deposit account, Bank would obtain appropriate agreement/ authorization from the survivor(s)/nominee with regard to pipeline flows in the name of the deceased account holder. In this regard, Bank would consider adopting either of the following two approaches:

- i. Bank would be authorized by the survivor(s)/nominee of a deceased account holder to open an account styled as 'Estate of Shri -----, the Deceased' where all the pipeline flows in the name of the deceased account holder could be allowed to be credited, provided no withdrawals are made.

OR

- ii. Bank would be authorized by the survivor(s) / nominee to return the pipeline flows to the remitter with the remark "Account holder deceased" and to intimate the survivor(s)/nominee accordingly. The survivor(s) / nominee/ legal heir(s) could then approach the remitter to effect payment through a negotiable instrument or through ECS transfer in the name of the appropriate beneficiary.

Time limit for settlement of claims:

Bank would endeavor to settle the claims in respect of deceased depositors and release payments to survivor(s)/ nominee(s) within a period not exceeding 15 days from the date of receipt of the claim subject to the production of proof of death of the depositor and suitable identification of the claimants, to the bank's satisfaction.

Interest Payable on Term Deposit in Deceased Account:

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



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. The premium is being paid by the Bank, at present.

Stop Payment Facility:

Bank would accept stop payment instructions from the depositors in respect of cheques issued by them. Immediately on receipt of customer's instructions Bank will give acknowledgement and take action, provided these cheques have not already been cleared by the Bank. Bank would levy charges, if any and the same would be included in the Tariff schedule as amended from time to time. In case a cheque has been paid after stop payment instructions are acknowledged, Bank would reimburse and compensate the customer as per the compensation policy of the Bank.

Inoperative Accounts:

Saving Bank and Current accounts in which there are no operations for a period of two years and more from the date of last operation, except by way of any charges debited or interest credited in case of Savings Bank accounts are to be treated as 'Inoperative accounts'

As per Code of Bank's Commitment to Customers framed by Banking Codes and Standards Board of India, customers/joint holder/s are being informed three months before the account is classified as inoperative/dormant and the consequences thereof. This is done by sending a SMS/e-mail advising the customer that their account is being classified as inoperative/dormant and the procedure to be followed in case the account is to be activated.

Unclaimed Deposit :

Deposit accounts which are inactive/inoperative for 10 years or more are classified as Unclaimed deposits. The name and address of the account holders of such deposits are displayed in the Bank's website and also the information on the process of claiming the unclaimed deposits / activating the account. The same is updated periodically. The operating module is same as inoperative accounts and adequate operational safe guards are made to ensure that the claimants are genuine.



Transfer under DEAF Scheme:

Any deposit or any amount remaining unclaimed for more than ten years is being credited to the “Depositors Education and Awareness Fund” (DEAF Fund)” with RBI with effect from 23.05.2014 as notified in the “**Depositors Education and Awareness Fund Scheme, 2014**”. The amount becoming due in each calendar month (ie. proceeds of the inoperative accounts and balances unclaimed for ten years or more) will be transferred to the FUND in the subsequent month. The provisions prescribed in the scheme in regard to claiming refund of amount, interest payable on the amount etc. will apply to the amount transferred to DEAF Fund.

Safe Deposit Lockers:

This facility is not offered through all bank branches and wherever the facility is offered, allotment of safe deposit vault will be subject to availability and compliance with other terms and conditions attached to the service. Presently, customers can register for locker facility on line by registering through Bank’s website. Safe deposit lockers may be hired by an individual (being not a minor) singly or jointly with another individual(s), HUFs, firms, limited companies, associates, societies, trusts etc. Nomination facility is available to individual(s) holding the lockers singly or jointly. In respect of lockers held in joint names, one or more persons may be nominated. Joint locker holders can give mandate for access to the lockers in the event of death of one of the holders on the lines similar to those for deposit accounts. In the absence of nomination or mandate for disposal of contents of lockers, with a view to avoid hardship to common persons, the bank will release the contents of locker to the legal heirs against indemnity on the lines as applicable to deposit accounts.

Redressal of complaints and grievances:

Depositors having any complaint / grievance with regard to services rendered by the Bank has a right to approach authority(ies) designated by the Bank for handling customer complaint / grievances. The details of the internal set up for redressal of complaints / grievances will be displayed in the branch premises. 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 one month from date of complaint or he/she is not satisfied with the response received from the Bank, he/she has a right to approach Banking Ombudsman appointed by the Reserve Bank of India.

**Survey on customer satisfaction:**

Conducting a periodical survey on the services rendered by the Bank would be of more help to know the customer's expectations and their problems due to procedural aspects, or due to behavioural attitude of staff. The survey would also include speed, accuracy, and convenience in transactions, products/services etc., provided by the Bank, to identify the problem prone areas prevailing and to streamline/eliminate such problems. Survey findings would be placed to Customer Service Committee of the Board for its directions.

Internet/ Phone/ Mobile Banking facilities:

Bank is offering new delivery channels like Internet/ Phone/ Mobile Banking facilities for the convenience of the customers.



NON RESIDENT INDIAN DEPOSIT SCHEMES

NON RESIDENT INDIAN DEPOSIT SCHEMES

RBI guidelines are strictly to be followed in respect of Non Resident Accounts.

Non-resident Indian (NRI)

As FEM (Deposit) Regulations, 2000 have been repealed and replaced by FEM (Deposit) Regulations, 2016 with effect from April 1, 2016 (FEMA 5(R)), the term NRI, wherever it appeared, has been replaced by NRI and/or PIO. Prior to this, PIOs were covered within the definition of NRI.

‘Non-Resident Indian (NRI)’ means a person resident outside India who is a citizen of India.

Person resident outside India

A person who has gone out of India or who stays outside India, in either case

- a) for or on taking up employment outside India
- b) for carrying on outside India a business or vocation, or
- c) for any other purpose, in such circumstances as would indicate his intention to stay outside India for an uncertain period and Indian students studying abroad.

Person of Indian Origin (PIO)

A ‘Person of Indian Origin (PIO)’ is a person resident outside India who is a citizen of any country other than Bangladesh or Pakistan or such other country as may be specified by the Central Government, satisfying the following conditions:

- a. Who was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955); or
- b. Who belonged to a territory that became part of India after the 15th day of August, 1947; or
- c. Who is a child or a grandchild or a great grandchild of a citizen of India or of a person referred to in clause (a) or (b); or
- d. Who is a spouse of foreign origin of a citizen of India or spouse of foreign origin of a person referred to in clause (a) or (b) or (c)

PIO will include an ‘Overseas Citizen of India’ cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955.

Exemptions

These restrictions are not applicable for the following:

Deposits in rupee accounts and special rupee accounts maintained by foreign diplomatic missions and diplomatic personnel.



Foreign currency accounts maintained by diplomatic missions, diplomatic personnel and non-diplomatic staff who are the nationals of the concerned foreign countries and hold official passport of foreign embassies in India, subject to the following conditions:

- a) The permissible credits to the account will be inward remittances received from outside India through banking channels; and transfer of funds, from the rupee account of the diplomatic mission in India, which are collected in India as visa fees and credited to such account;
- b) Funds held in such account if converted in rupees cannot be converted back into foreign currency;
- c) The account may be held in the form of current or term deposit account, and in the case of diplomatic personnel and non-diplomatic staff, may also be held in the form of savings account;
- d) The rate of interest on savings or term deposits shall be such as may be determined by the authorised dealer maintaining the account;
- e) The funds in the account may be repatriated outside India without the approval of Reserve Bank.
- f) Deposits with authorized dealer maintained in rupees by persons resident in Nepal and Bhutan.
- g) Deposits with authorized dealer maintained by any multilateral organization and its subsidiary/ affiliate bodies and officials in India, of which India is a member nation.

Types of Accounts:

1. Accounts in Indian Rupees

- ♦ Non-Resident Ordinary (NRO) Account
- ♦ Non-Resident (External) Rupee (NRE) Account

2. Accounts in Foreign Currency

- ♦ Foreign Currency Non-Resident (FCNR) Deposit Account
- ♦ Resident Foreign Currency (RFC) Account (for returning Indians)

A. Non-Resident Ordinary (NRO) account:

Eligibility:

- ♦ Any person resident outside India may open and maintain NRO account for the purpose of putting through bonafide transactions denominated in Indian Rupees.



- ♦ Opening of accounts by individuals/ entities of Bangladesh ownership, individuals/entities of Pakistan nationality / ownership require prior approval of the Reserve Bank.
- ♦ Individuals of Bangladesh are permitted to open accounts subject to the individual/s holding a valid visa and valid residential permit issued by foreigner Registration Office (FRO) / Foreigner Regional Registration Office (FRRO) concerned.

Features

- ♦ NRO accounts can be opened and maintained in the form of current, savings, recurring or fixed deposit accounts.
- ♦ Accounts are maintained in Indian Rupees.
- ♦ Loan and nomination facilities are available.
- ♦ The accounts may be held jointly with resident on Former or Survivor basis.
- ♦ Joint Accounts between NRIs / PIOs is permitted,
- ♦ The existing deposit accounts of a person going abroad for any purpose indicating his intention to stay outside India for an uncertain period, should be designated as a Non-Resident (ordinary) account.
- ♦ Operation by Power of Attorney is restricted to permissible local payments in rupees, remittance of current income to the account holder or remittance to the account holder himself through normal banking channel.

Foreign nationals of non-Indian origin on a visit to India:

- ♦ NRO (current/savings) account can be opened by a foreign national of non-Indian origin visiting India, with funds remitted from outside India through banking channel or by sale of foreign exchange brought by him to India.
- ♦ The balance in the NRO account may be converted into foreign currency for payment to the account holder at the time of his departure from India provided the account has been maintained for a period not exceeding six months and the account has not been credited with any local funds, other than interest accrued thereon.
- ♦ In case the account has been maintained for a period more than six months, applications for repatriation of balance will have to be made by the account holder concerned on plain paper to the Regional Office concerned of the Reserve Bank.
- ♦ To facilitate the foreign nationals to collect their pending dues in India re-designate their resident account maintained in India as NRO account on leaving the country after their employment subject to the bank satisfying itself that the credit of amounts are bona fide dues of the account holder when she/ he was a resident in India.
- ♦ The funds credited to the NRO account should be repatriated abroad immediately, subject to payment of the applicable income tax and other taxes in India.



- ♦ The amount repatriated abroad should not exceed USD one million per financial year.
- ♦ The debit to the account should be only for the purpose of repatriation to the account holder's account maintained abroad.
- ♦ The account should be closed immediately after all the dues have been received and repatriated as per the declaration made by the account holder when the account was designated as an NRO account.

Transfer of funds from NRO account to NRO Account – Prohibition on transfer of funds between NRO accounts – Permissible credits/ debits to NRO A/cs.

- ♦ Restriction on transfers between NRO accounts will not apply to transfers which are otherwise as per the debits and credits to NRO account as laid down in Para 3 of schedule 3 to FEMA 5.
- ♦ Credits to an NRO account are limited to inward remittances and legitimate dues (as per Para 3 of Schedule 3 to FEMA 5).
- ♦ Therefore transfers between two NRO accounts maintained by the same person cannot be construed as an inward remittance and hence their credit to an NRO account would not be in compliance with the extant instructions.

Permitted Credits:

- ♦ Proceeds of remittances received in any permitted currency from outside India through normal banking channels or any permitted currency tendered by the account holder during his temporary visit to India or transfers from rupee accounts of non-resident banks.
- ♦ Legitimate dues in India of the account holder. This includes current income like rent, dividend, pension, interest etc., as also sale proceeds of assets including immovable properties acquired out of rupee/ foreign currency funds or by way of legacy/ inheritance.
- ♦ Any foreign currency, which is freely convertible, tendered by the account holder during his temporary visit to India. Foreign currency exceeding USD 5000 or its equivalent in the form of cash should be supported by currency declaration form. Rupee funds should be supported by encashment certificate, if they represent funds brought from outside India.
- ♦ Resident individual may make a rupee gift to a NRI/PIO who is a close relative of the resident individual [close relative as defined in Section 6 of the Companies Act, 1956] by way of crossed cheque /electronic transfer. The amount shall be credited to the



Non-Resident (Ordinary) Rupee Account (NRO) a/c of the NRI / PIO and credit of such gift amount may be treated as an eligible credit to NRO a/c. The gift amount would be within the overall limit prescribed under the Liberalized Remittance Scheme (LRS) for a resident individual.

- ♦ Resident individual may lend to a Non-resident Indian (NRI)/ Person of Indian Origin (PIO) close relative [means relative as defined in Section 6 of the Companies Act, 1956] by way of crossed cheque /electronic transfer, subject to conditions within the overall limit prescribed under the Liberalized Remittance Scheme available for a resident individual. The loan amount should be credited to the NRO a/c of the NRI /PIO. Credit of such loan amount may be treated as an eligible credit to NRO account.

Permitted debits:

- ♦ All local payments in rupees including payments for investments subject to compliance with the relevant regulations made by Reserve Bank.
- ♦ Transfer to other NRO account.
- ♦ Remittance outside India of current income in India of the account holder net of applicable taxes.
- ♦ Remittance up to USD one million, per financial year, out of NRO account of NRI / PIO for all bonafide purposes to the satisfaction of the authorized dealer bank, as per the extant RBI guidelines.
- ♦ NRIs are permitted to transfer funds from NRO account to NRE account within the overall ceiling of USD 1 million per financial year, as per the extant RBI guidelines, subject to payment of taxes as applicable (i.e as applicable if funds were remitted abroad).
- ♦ Income-Tax - The remittances (net of applicable taxes) will be allowed to be made by the Authorized Dealer banks on production of requisite information in the formats prescribed by the Central Board of Direct Taxes, Ministry of Finance, Government of India from time to time. Reserve Bank of India will not issue any instructions under FEMA, clarifying tax issues. It shall be mandatory on the part of Authorized Dealers to comply with the requirement of tax laws, as applicable.



Grant of Loans/Overdrafts (NRO accounts):

a) To Account holder:

- ♦ Loans can be granted to non-resident account holders in rupees in India only against security of fixed deposits for personal purposes or for carrying on business activities. Loan should not be granted for the purpose of re-lending or carrying on agricultural/ plantation activity or for investment in real estate business.
- ♦ Overdraft can be permitted subject to commercial judgment and compliance with the interest rate directives.
- ♦ Foreign currency loans are not permitted in India and abroad.

b) To Third parties:

- ♦ Loans/ overdrafts to resident individuals/ firms/companies in India may be granted against the security of deposits held in NRO accounts, subject to the following terms and conditions.
- ♦ The loans shall be utilized only for meeting borrower's personal requirements and/or business purpose and not for carrying on agricultural /plantation activities or real estate business, or for re-lending.
- ♦ Regulations relating to margin and rate of interest as stipulated by Reserve Bank of India / our Bank from time to time shall be complied with.
- ♦ The usual norms and considerations as applicable in the case of advances to trade/industry shall be applicable for such loans/facilities.
- ♦ Foreign currency loans are not permitted in India and abroad.

Change of resident status of account holder:

- ♦ NRO account to be re-designated as resident rupee account on the return of the account holder to India for any purpose indicating his intention to stay in India for an uncertain period.
- ♦ Where the account holder is only on a temporary visit to India, the account should continue to be treated as non-resident during such visit.
- ♦ When a resident Indian becomes a person resident outside India, the existing account shall be designated as NRO account.



Payment of funds to Non-resident nominee:

- ♦ The amount due/payable to non-resident nominee from the account of a deceased account-holder shall be credited to NRO account of the nominee with an authorized dealer/authorized bank in India.

Operation of NRO account by Power of Attorney holder:

Powers have been delegated to the Authorized Dealers/ Authorized banks to allow operations in an NRO account in terms of a Power of Attorney granted in favour of a resident by the non-resident individual account holder provided such operations are restricted to local payments and remittances to non residents.

The resident Power of Attorney holder is not permitted to repatriate outside India funds held in the account other than to the non-resident individual account holder himself nor to make payment by way of gift to a resident on behalf of the non- resident account holder or transfer funds from the account to another NRO account.

B. Non-Resident (External) Rupee Account

Eligibility:

- ♦ All Non-resident Indians (NRIs) are permitted to open and maintain Non-Resident (External) Rupee account.
- ♦ The account should be opened by the NRI himself and not by the holder of Power of Attorney in India
- ♦ Opening of NRE accounts in the names of NRIs' of Bangladesh/Pakistan nationality/ownership requires approval of RBI.

Types of Accounts:

- ♦ NRE accounts can be opened and maintained in the form of current, savings, recurring or fixed deposit accounts.
- ♦ Fixed deposit can be opened for a minimum period of one year and over and for periods up to 10 years.
- ♦ Accounts are maintained in Indian Rupees
- ♦ Loan and nomination facilities are available.
- ♦ Joint accounts in the names of two or more non-resident individuals may be opened provided all the account holders are persons of Indian Nationality or Indian origin.



- ♦ Opening of these accounts by a non-resident jointly with a resident is permissible provided the resident is categorized as close relative – relative as defined in Section 6 of the Companies Act 1956 , on former (non-resident) or survivor (resident) 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.
- ♦ Account may be opened in the name of an eligible NRI during his temporary visit to India against tender of foreign currency travelers' cheques or foreign currency notes and coins tendered, provided Bank is satisfied that the person has not ceased to be non-resident.

Operations by Power of Attorney:

- ♦ Banks may allow operations on an NRE account in terms of Power of Attorney or other authority granted in favour of a resident by the non-resident account holder, provided such operations are restricted to withdrawals for local payments. The remittances under power of attorney are permitted only to the non-resident account holder provided the specific powers for the purpose have been given.
- ♦ In cases where the account holder or a bank designated by him is eligible to make investments in India, the Power of Attorney holder may be permitted to operate the account to facilitate such investment.
- ♦ The resident Power of Attorney holder is not allowed to
 - (a) open a NRE account;
 - (b) repatriate outside India funds held in the account other than to the account holder himself;
 - (c) make payment by way of gift to a resident on behalf of the account holder;
 - (d) transfer funds from the account to another NRE account.

Permitted Credits:

- ♦ Proceeds of remittances from abroad in any permitted currency
- ♦ Proceeds of personal cheques drawn by the account holder on his foreign currency account and of travelers' cheques, bank drafts payable in any permitted currency.
- ♦ Instruments expressed in Indian Rupees for which reimbursement will be received in foreign currency



- ♦ Foreign currency/bank notes tendered by account holder during his temporary visit to India, provided the amount was declared on a CDF where applicable.
- ♦ Interest accruing on the funds held in the account.
- ♦ Interest on Government securities and dividend on units of mutual funds, provided the securities/units were purchased by debit to the account holder's NRE/FCNR account or out of inward remittance through normal banking channels.
- ♦ Maturity proceeds of Government securities including National Plan/ Savings Certificates as well as proceeds of Government securities and units of mutual funds sold on a recognized stock exchange in India and sale proceeds of units received from mutual funds, provided the securities/units were originally purchased by debit to the account holders' NRE/FCNR account or out of remittances received from outside India in foreign exchange.
- ♦ Refund of share /debenture subscriptions to new issues of Indian companies or portion thereof, if the amount of subscription was paid from the same account or from other NRE/FCNR account of the account holder or by remittance from outside India through normal banking channels.
- ♦ Refund of application/ earnest money made by the house building agencies on account of non-allotment of flat/plot, together with interest, if any (net of income tax payable thereon), provided the original payment was made out of NRE/FCNR account of the account holder or remittance from outside India through normal banking channels and the authorized dealer is satisfied about the genuineness of the transaction.
- ♦ Transfers from other NRE/FCNR accounts.
- ♦ Any other credit if covered under general or special permission granted by Reserve Bank.
- ♦ Transfer from NRO accounts within the overall ceiling applicable for repatriation of funds from NRO accounts, as per extant RBI guidelines.(presently the limit is USD 1 mio per financial year).
- ♦ Current income like rent, dividend, pension, interest etc. of NRIs will be construed as a permissible credit to their NRE account provided the Authorised Dealer is satisfied that the credit represents current income of the NRI account holder and income tax thereon has been deducted/ paid/ provided for, as the case may be.

**Permitted debits:**

- ♦ Local disbursements
- ♦ Remittance outside India
- ♦ Transfer to NRE/FCNR accounts of the account holder or any other person eligible to maintain such account.
- ♦ Investment in shares/securities/commercial paper of an Indian Company or for purchase of immovable property in India provided such investment/ purchase is covered by the regulations made, or the general/special permission granted by RBI.

Interest rates of NRO / NRE Deposits:

The present guidelines are:

Nature of Account	Percentage per annum
Current Account	Nil
Savings Bank	At par with domestic savings deposits.
Term Deposits	The interest rates are deregulated by RBI and banks are permitted to fix own rate of interest. However, interest rates offered by banks on NRE deposits cannot be higher than those offered by them on comparable domestic rupee deposits. In our bank, the rates are fixed in line with domestic deposit rate and the minimum deposit period is fixed as 1 year with a maximum period of 10 years.

NRE and NRO Deposits- Pre closure

- For Deposits up to ₹5Lakhs:

No penalty to be levied for pre closure of deposits i.e. eligible interest rate will be the applicable card rate for the actual period run prevailing on the date of deposit.

- For Deposits above ₹ 5Lakhs:

- ♦ Eligible rate will be the applicable card rate for the actual period run prevailing on the date of deposit less 1.00% p.a. for fore closure charges.
- ♦ Penalties for premature withdrawal shall be levied for conversion of NRE deposit into FCNR (B) deposit and vice versa.



- ♦ No foreclosure charges to be levied for deposits in the name of staff/ex staff / ex - staff cum senior citizen.
- ♦ Bank may at discretion disallow withdrawal of large Rupee Term Deposits of ₹ 5.00 crore and above before completion of the deposit period agreed upon at the time of placing the deposit.

Premature withdrawal of NRE term deposits for conversion into Resident Foreign Currency (RFC) account:

As per the guidelines of RBI, in the case of premature withdrawal of NRE term deposits for conversion into Resident Foreign Currency (RFC) Account, the bank should not levy any penalty.

If an NRE account holder, immediately on return to India, requests for conversion of the NRE term deposit into Resident Foreign Currency Account (RFC), interest shall be paid as under:

- (i) If the NRE deposit has not run for a minimum period of one year, interest shall be paid at a rate not exceeding the rate payable on savings deposits held in RFC accounts.
- (ii) In all other cases, interest shall be paid at the contracted rate.

Penalty on premature withdrawal of NRE term deposits:

- ♦ Where NRE term Deposit is foreclosed for conversion into Resident Foreign Currency account, the penal charges debited by the system is to be manually reversed. In this regard, Branches are to ensure that entire proceeds, including the penalty charges, are re-invested into RFC account.
- ♦ Penalties for premature withdrawal shall however be levied for conversion of NRE deposit into FCNR (B) deposit and vice versa

Loans against security of funds held in the account:

- ♦ Authorised dealers and banks maintaining such accounts are permitted to grant loans in India to the account holder for personal purposes or for any other subject to compliance with the provisions of the Foreign Exchange Management Regulations, 2000.



- ♦ Authorised dealers may grant any type of fund based or non-fund based facilities to resident individuals/firms/companies in India against the collateral of fixed deposits held in NRE account subject to certain conditions.
- ♦ Rupee loans in India and foreign currency loans in India/outside India are allowed to depositors/third party without any ceiling to the extent of balance outstanding in NRE/FCNR(B) accounts subject to usual margin requirements. The facility of premature withdrawal of NRE/FCNR (B) deposits shall not be available during the pendency of the loan, where loan against such deposits has been availed.
- ♦ Bank shall not mark any type of lien, direct or indirect, against NRE saving deposits.
- ♦ The loan amount cannot be repatriated outside India.

A) To Account holder:

Authorised dealers and banks maintaining such accounts are permitted to grant loans in India to the account holder for

- ♦ Personal purposes or for carrying on business activities except for the purpose of re-lending or carrying on agricultural/ plantation activities or for investment in real estate business.
- ♦ Making direct investment in India subject to compliance with the provisions of the Foreign Exchange Management Regulations, 2000.
- ♦ Acquisition of flat/house in India for his own residential use subject to the provisions of the relevant Regulations made under FEMA 1999.

B) To Third Parties:

- ♦ Authorised dealers may grant any type of fund based and/or non-fund based facilities to resident individuals/firms/companies in India against the collateral of fixed deposits held in NRE account subject to certain conditions.

Change of Resident Status of Account holder:

- ♦ NRE accounts should be re-designated as resident accounts or the funds held in these accounts may be transferred to the RFC accounts (if the account holder is eligible for maintaining RFC account) at the option of the account holder immediately upon the return of the account holder to India for taking up employment or on change in the residential status.



- ♦ Where the account holder is only on a temporary visit to India, the account should continue to be treated as non-resident during such visit.

Repatriation of funds to Non-resident nominee:

- ♦ Banks can allow remittance of funds lying in the NRE account of the deceased account holder to his non-resident nominee.
- ♦ In the event of the demise of an account holder, balances in the account can be transferred to the non-resident nominee of the deceased account holder. However, request from a resident nominee for remittance of funds outside India for meeting the liabilities, if any, of the deceased account holder or for similar other purposes, should be forwarded to the Reserve Bank for consideration.

Interest payable on the NRE term deposit account of deceased depositor

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

Tax exemption:

- ♦ Income from interest on balances standing to the credit of NRE accounts is exempt from Income Tax. Likewise balances held in such accounts are exempt from wealth tax.

C. Foreign Currency (Non-Resident) Banks Scheme (FCNRB) Account:

Eligibility:

- ♦ NRIs are eligible to open and maintain these accounts with an authorized dealer
- ♦ Opening of FCNR (B) accounts in the names of NRIs of Bangladesh/ Pakistan nationality/ownership requires approval of Reserve Bank.
- ♦ Account to be opened with funds remitted from outside India through normal banking channels or funds received in rupees by debit to the account of a non-resident bank maintained with a bank in India or funds which are of repatriable nature in terms of the regulations made by Reserve Bank of India.
- ♦ Accounts can also be opened by transfer of funds from existing NRE/FCNR accounts of the same account holder.



- ♦ Remittances from outside India for opening of these accounts should be made in the designated currency in which the account is desired to be opened/ maintained.
- ♦ If the remittance is received in a currency other than the designated currency (including funds received in rupees by debit to the account of a non-resident bank), it should be converted into the designated currency by the Bank at the risk and cost of the remitter and account should be opened / credited only in the designated currency.
- ♦ In case the depositor with any convertible currency other than designated currency desires to place a deposit in these accounts, authorized dealers may undertake with the depositor a fully covered swap in that currency against the desired designated currency. Such a swap may also be done between two designated currencies.

Designated Currencies:

- Deposits of funds in the accounts may be accepted in any permitted currency i.e. a foreign currency which is freely convertible as defined in terms of Regulation 2(v) of FEMA 14/2000-RB dated May 3, 2000 as amended from time to time.
- In our bank FCNR (B) accounts can be opened in the following 7 currencies viz. USD, CAD, GBP, EUR, AUD, JPY, CHF.
- Submission of A 2 Form for the purpose of remittance and physical presence of the account holder at the time of closure of deposits need not be insisted. However bonafides of the transaction are to be ensured.

Type of Account:

Accounts are opened only in the form of Term Deposit for the following maturity periods

- 1 year and above but less than 2 years
- 2 years and above but less than 3 years
- 3 years and above but less than 4 years
- 4 years and above but less than 5 years
- 5 years only

Recurring deposit is not accepted under FCNR (B) scheme.



Rate of Interest:

- ♦ The rate of interest payable on FCNR deposits will be in accordance with the directives issued by Reserve Bank and based on the LIBOR/SWAP rates announced by FEDAI , as informed by CO: International Division from time to time.
- ♦ Interest on balances held in these accounts may be paid half-yearly or on an annual basis as desired by the depositor.
- ♦ Interest should be paid on the basis of 360 days to a year.
- ♦ Interest on balances held in these accounts may be paid at the intervals of 180 days each and thereafter for the remaining actual no of days.

Payment of interest on term deposit maturing on Saturday/Sunday/ holiday/non-business working day

- In respect of a term deposit maturing for payment on a Saturday / Sunday or a holiday or a non-business working day, interest should be paid at the originally contracted rate on the original principal deposit amount for the Saturday / Sunday / holiday / non-business working day intervening between the date of expiry of the specified term of the deposit and the date of payment of the proceeds of the deposit on the succeeding working day.
- In case of reinvestment deposits, banks should pay interest for the intervening Saturday/Sunday/holiday/non-business working day on the maturity value.

Payment of interest on overdue FCNR (B) deposits

- Banks may, at their discretion, renew an overdue deposit or a portion thereof provided the overdue period from the date of maturity till the date of renewal (both days inclusive) does not exceed 14 days.
- The rate of interest payable on the amount of the deposit so renewed should be the appropriate rate of interest for the period of renewal as prevailing on the date of maturity or on the date when the depositor seeks renewal, whichever is lower.
- In the case of overdue deposits where the overdue period exceeds 14 days and if the depositor places the entire amount of overdue deposit or a portion thereof as a fresh FCNR (B) deposit, banks may fix their own interest rates for the overdue period on the amount so placed as a fresh term deposit.



- Banks will have the freedom to recover the interest so paid for the overdue period if the deposit is withdrawn before completion of the minimum stipulated period under the Scheme, after renewal.

Payment of interest on FCNR (B) deposits of NRIs on return to India

- Banks may allow FCNR (B) deposits of persons of Indian nationality/origin who return to India for permanent settlement to continue till maturity at the contracted rate of interest, if desired.
- Except the provision relating to rate of interest and reserve requirements as applicable to FCNR(B) deposits, for all other purposes, such deposits should be treated as resident deposits from the date of return of the account holder to India.
- Premature withdrawal of such FCNR (B) deposits should be subject to penal provisions of the Scheme. Banks should convert the FCNR (B) deposits on maturity into Resident Rupee Deposit Account or RFC Account (if eligible) at the option of the account holder.
- The rate of interest on the new deposit (Rupee account or RFC Account) should be the relevant rate applicable for such deposit account.

Pre-closure of FCNR (B) deposits:

- ♦ If a FCNR (B) deposit is closed before due date, interest rate applicable for the period run without penalty or the contracted rate without penalty, whichever is less, is payable.

Calculation of interest on renewal of FCNR (B) deposits, after the due date:

Interest calculation on renewal of FCNR (B) deposits shall be as under:

- ♦ If the period from the date of maturity till the date of renewal (both days inclusive) does not exceed 14 days, the rate of interest payable on the amount of the deposit so renewed shall be the appropriate rate of interest for the period of renewal as prevailing on the date of maturity or on the date when the depositor seeks renewal, whichever is lower.
- ♦ In all other cases of renewal, interest rates for the overdue period on the renewed amount shall be determined by treating it as a fresh term deposit.
- ♦ If, after renewal, the deposit is withdrawn before completion of the minimum stipulated period under the scheme, the interest paid for the overdue period i.e. period beyond the original date of maturity shall be recovered.



Interest payable on the deposit of a deceased FCNR(B) depositor

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

- ♦ If paid on the maturity of the deposit, interest shall be paid at the contracted rate;
- ♦ If the deposit is claimed before the maturity date, interest shall be paid at the rate applicable to the period for which the deposit remained with the bank and without charging penalty for pre-payment;
- ♦ In case the depositor dies before the date of maturity of the deposit but the amount of the deposit is claimed after the date of maturity, interest shall be paid at the contracted rate till the date of maturity and simple interest at the applicable rate operative on the date of maturity for the period for which the deposit remained with the bank beyond the date of maturity.
- ♦ In case of death of the depositor after the date of maturity of the deposit, the interest rate operative on the date of maturity in respect of savings deposits held under Resident Foreign Currency (RFC) Account Scheme shall be paid from the date of maturity till the date of payment.
- ♦ In case the claimants are residents, the maturity proceeds shall be converted into Indian Rupees on the date of maturity and interest shall be paid for the subsequent period at the rate applicable to a domestic term deposit of similar maturity.

Penalty on Premature Withdrawal of deposits (Penalty as applicable from time to time)

Penalty shall be levied on premature withdrawal of FCNR(B) deposits

- (i) when the depositors return to India for permanent settlement and if the deposit is not converted to RFC deposit
- (ii) for conversion of FCNR (B) deposits into NRE deposits or vice-versa.

In case of splitting of the amount of term deposit at the request from the claimant/s, no penalty for premature withdrawal of the term deposit shall be levied if the period and aggregate amount of the deposit do not undergo any change.

Penalty would be levied to recover the swap cost in the case of premature withdrawal of FCNR(B) deposits. Swap cost may be ascertained from Treasury branch and recovered.



No penalties shall be levied in the case of premature conversion of balances held in FCNR (B) deposits into RFC Accounts by Non-Resident Indians on their return to India.

No penalty for premature withdrawal shall be levied, where depositors of one Bank desires premature withdrawal of deposit consequent to the transfer of business to another bank.

Permissible Debits:

- ♦ Debits permitted is only for closure of account.
- ♦ Branches are advised not to insist for the submission of A2 form, purpose of remittance and physical presence of the account holder at the time of closure of deposits. However branches have to ensure bonafides of the transaction.

Permissible Credits:

- ♦ Credit permitted is for opening of account in the respective designated currencies.

Rate of conversion of Rupees into Designated currencies and vice versa:

- ♦ Remittances received in Indian rupees for opening these accounts shall be converted by the authorized dealer in to the designated foreign currency at the clean TT selling rate for that currency ruling on the date of conversion.
- ♦ For the purpose of payment in rupees, funds held in these accounts shall be converted into rupees at the authorized dealer's clean TT buying rate for the concerned currency ruling on the date of withdrawal.

Loans/ Overdrafts against security of funds held in the account:

- ♦ Rupee loans in India and foreign currency loans in India/outside India are allowed to depositors/third party without any ceiling to the extent of balance outstanding in NRE/FCNR (B) accounts subject to usual margin requirements. The facility of premature withdrawal of NRE/FCNR(B) deposits shall not be available during the pendency of the loan , where loan against such deposits are to be availed of.
- ♦ The margin requirement shall be notionally calculated on the rupee equivalent of the deposits.



The loan cannot be repatriated outside India and shall be used for the following purposes:

- ♦ personal purposes or for carrying on business activities except for the purpose of relending or carrying on agricultural/ plantation activities or for investment in real estate business;
- ♦ making direct investment in India on non-repatriation basis by way of contribution to the capital of Indian firms/ companies subject to the provisions of the relevant Regulations made under the Act;
- ♦ acquiring flat/ house in India for his own residential use subject to the provisions of the relevant Regulations made under the Act.

In case of the loan sanctioned to the account holder, it can be repaid either by adjusting the deposits or through inward remittances from outside India through banking channels or out of balances held in the NRO account of the account holder.

In case of loans sanctioned to a third party, there should be no direct or indirect foreign exchange consideration for the non-resident depositor agreeing to pledge his deposits to enable the resident individual/ firm/ company to obtain such facilities.

Change of resident status of the account holder:

- ♦ When an account holder becomes a person resident in India, deposits may be allowed to continue till maturity at the contracted rate of interest, if so desired by him.
- ♦ Except the provisions relating to rate of interest and reserve requirements as applicable to FCNR(B) deposits, for all other purposes such deposits shall be treated as resident deposits from the date of return of the account holder to India.
- ♦ Banks should convert the FCNR (B) deposits on maturity into resident rupee deposit accounts or RFC account (if the depositor is eligible to open RFC account), at the option of the account holder and interest on the new deposit (rupee account or RFC account) shall be payable at the relevant rates applicable for such deposits.

Joint account, repatriation of balances etc.

- ♦ Terms and conditions as applicable to NRE accounts in respect of joint accounts, repatriation of funds, opening account during temporary visit, operation by power of attorney, loans/overdrafts against security of funds held in accounts, shall apply mutatis mutandis to FCNR (B) accounts.



D. Resident Foreign Currency (RFC) Account:

- ♦ Account can be opened by an NRI on returning to India for permanent settlement
- ♦ Accounts are held in Foreign Currency
- ♦ Proceeds of NRE/FCNR accounts can be credited to this account
- ♦ Accounts are held in the form of Savings Bank or Term Deposit
- ♦ Funds from RFC account can be freely remitted abroad for approved purposes.
- ♦ Income like pension, rent and other monetary benefits received from abroad in favour of the account holder can be credited to this account.
- ♦ Account can be continued by renewals.
- ♦ By converting assets which were acquired by him when he was a non-resident or inherited from or gifted by a person resident outside India and repatriated to India;
 - a. before July 8, 1947 or any income arising or accruing thereon which is held outside India in pursuance of a general or special permission granted by the Reserve Bank;
 - b. received as proceeds of LIC claims/ maturity/ surrendered value settled in forex from an Indian insurance company permitted to undertake life insurance business by the Insurance Regulatory and Development Authority.
- ♦ Such accounts can be held jointly with resident relative as joint holder on 'former or survivor' basis. However, such resident Indian relative joint account holder cannot operate the account during the life time of the resident account holder.
- ♦ The balances in the Non-Resident External (NRE) Account and Foreign Currency Bank [FCNR (B)] Account can be credited to the RFC account when the residential status of the non-resident Indian (NRI) changes to that of a Resident.

Resident Foreign Currency (Domestic) Accounts:

- 1) Account can be opened by a resident Indian out of foreign exchange acquired in the form of currency notes, Bank notes and travellers' cheques from specified sources such as:
 - a) payment while on a visit abroad for services not arising from any business or anything done in India;
 - b) honorarium or gift or for services rendered or in settlement of any lawful obligation from any person not resident in India and who is on a visit to India;



- c) honorarium or gift while on a visit to any place outside India;
 - d) gift from a relative;
 - e) unspent foreign exchange acquired from an authorised person for travel abroad;
 - f) representing the disinvestment proceeds received by the resident account holder on conversion of shares held by him to ADRs/ GDRs under the 6DR Scheme, 2014;
 - g) by way of earnings received as the proceeds of life insurance policy claims/ maturity/ surrender values settled in foreign currency from an insurance company in India permitted to undertake life insurance business by the Insurance Regulatory and Development Authority
- 2) This facility is in addition to that provided under RBI Notification No.FEMA.11(R)/ 2015-RB dated December 29, 2015, as amended from time to time.
 - 3) The sum total of the accruals in the account during a calendar month should be converted into Rupees on or before the last day of the succeeding calendar month after adjusting for utilization of the balances for approved purposes or forward commitments.
 - 4) Balances in the account can be used for any current or capital account transactions in accordance with the provisions of the Foreign Exchange Management (Current Account Transactions) Rules, 2000 or the Foreign Exchange Management (Permissible Capital Account Transactions) Regulations, 2000, respectively.
 - 5) Balances may be credited to NRE/ FCNR (B) Accounts, at the option/ request of the account holders consequent upon change of their residential status from resident to non-resident.
 - 6) Accounts shall be opened in foreign currency for resident Indian only with proper introduction.
 - 7) All instructions / guidelines prescribed for opening ordinary domestic accounts including KYC norms in also applicable to RFC (Domestic) accounts.

Rate of Interest:

Savings Bank / Term Deposits---Linked to LIBOR/SWAP rates

Special Non-Resident Rupee Account - SNRR account

- Any person resident outside India, having a business interest in India, may open a Special Non-Resident Rupee Account (SNRR account) with an authorised dealer



- for the purpose of putting through bona fide transactions in rupees, not involving any violation of the provisions of the Act, rules and regulations made thereunder.
- The SNRR account shall carry the nomenclature of the specific business for which it is opened and shall not earn any interest.
- The debits/ credits and the balances in the account shall be incidental and commensurate with the business operations of the account holder.
- Authorised Dealers should ensure that all the operations in the SNRR account are in accordance with the provisions of the Act, rules and regulations made thereunder.
- The tenure of the SNRR account should be concurrent to the tenure of the contract/ period of operation/ the business of the account holder and in no case should exceed seven years. No operations are permissible in the account after seven years from the date of opening of the account.
- The operations in the SNRR account should not result in the account holder making available foreign exchange to any person resident in India against reimbursement in rupees or in any other manner.
- The balances in the SNRR account shall be eligible for repatriation and transfers from any NRO account to the SNRR account are prohibited.
- All transactions in the SNRR account will be subject to payment of applicable taxes in India.
- SNRR account may be designated as resident rupee account on the account holder becoming a resident.
- The amount due/ payable to non-resident nominee from the account of a deceased account holder, will be credited to NRO account of the nominee with an authorised dealer/ authorised bank in India.
- Opening of SNRR accounts by Pakistan and Bangladesh nationals and entities incorporated in Pakistan and Bangladesh requires prior approval of Reserve Bank.

Exchange Earner's Foreign Currency (EEFC) Account – EEFC Account

A person resident in India may open an EEFC account with an AD in India as per the conditions stipulated in Schedule I to FEMA 10(R).



The salient features of the scheme are:

Permissible credits:

- a. 100 percent of the foreign exchange earnings by way of inward remittance through normal banking channel, (other than loans or investments).
- b. payments received for the purpose of counter trade;
- c. advance remittance received by an exporter towards export of goods or services.
- d. professional earnings including director's fees, consultancy fees, lecture fees, honorarium and similar other earnings received by a professional by rendering services in his individual capacity.
- e. interest earned on the funds held in the account.
- f. Re-credit of unutilised foreign currency earlier withdrawn from the account;
- g. repayment of trade related loans/ advances (which were granted to the account holder's importer customer out of balances held in the EEFC accounts).
- h. disinvestment proceeds received by the resident account holder on conversion of shares held by him to ADRs/ GDRs under the DR Scheme, 2014.
- i. Payments received in foreign exchange by an Indian startup arising out of sales/ export made by the startup or its overseas subsidiaries.

Permissible debits:

- a. Payment outside India towards capital or current account transactions in accordance with the provisions of Foreign Exchange Management (Permissible Capital Account Transactions) Regulations, 2000 or Foreign Exchange Management (Current Account Transactions) Rules, 2000, respectively;
- b. payment in foreign exchange towards cost of goods purchased from a 100 percent Export Oriented Unit or a Unit in an Export Processing Zone/ Software Technology Park/ Electronic Hardware Technology Park;
- c. payment of customs duty in accordance with the provisions of Export Import Policy;
- d. trade related loans/ advances, by an exporter account holder to his importer customer outside India, subject to complying the provisions of FEMA and the rules/ regulations made thereunder;
- e. payment in foreign exchange to a person resident in India for supply of goods/ services including payments for air fare and hotel expenditure



Withdrawal in rupees are permitted from this account, provided the amount so withdrawn cannot be re-credited to the account.

The account will be in the form of a non-interest bearing account.

The claims settled in rupees by ECGC/ insurance companies should not be construed as export realisation in foreign exchange and the claim amount will not be an eligible credit to the EEFC account.

The sum total of the accruals in the account during a calendar month should be converted into Rupees on or before the last day of the succeeding calendar month after adjusting for utilization of the balances for approved purposes or forward commitments.

Fund-based/ non-fund based credit facilities should not be granted against the balances held in EEFC Accounts.

Exporters can repay packing credit advances, whether availed of in Rupee or in foreign currency, from balances in their EEFC account to the extent exports have actually taken place.