



## **POLICY ON GREEN DEPOSITS– 2023-24**

**VERSION 1.0**

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## *Policy Certification*

**Title** **Policy on Green Deposits 2023-24**

**Version** **1.0**

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## **Section A: POLICY ON ACCEPTANCE OF GREEN DEPOSITS**

### **1. Purpose / Objective of the Policy:**

Climate change has been recognised as one of the most critical challenges faced by the global society and economy in the 21<sup>st</sup> century and various efforts needs to be undertaken to reduce emissions as well as promote sustainability .

Presently, sustainable development of a nation has become the priority of every sector and the financial sector plays a pivotal role in mobilizing resources under green deposits and their allocation towards the activities/ projects earmarked for green financing.

### **2. Scope of the Policy:**

This policy document on green deposits outlines the guiding principles in respect of formulation of green deposit products offered by the Bank and terms and conditions governing the conduct of the green deposit and forms part of Bank's Policy on Deposits & Unclaimed Deposits for FY 2023-24.

### **3. Regulatory Reference:**

The Reserve Bank of India vide Master Direction RBI/2023-24/14 DOR.SFG.REC.10/30.01.021/2023-24 dated 11.04.2023 has issued directives on “**Framework for Acceptance of Green Deposits**” and directed the Bank to place a comprehensive Board Approved Policy on Green Deposits.

Any Subsequent Guidelines of RBI/Government issued from time to time will 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 green deposits with information in this regard provided to the Board.

Further, if and when the regulator changes any interest rate structure, the same may be implemented with the permission of MD & CEO and placed to Board for Approval.

#### 4. Policy Statement and Details & Resources:-

##### 4.1. Definitions: -

- a. **“Green Deposit”** means an interest-bearing cumulative/ non-cumulative deposits for a fixed period denominated in Indian rupees, and the proceeds of which are earmarked for being allocated towards green finance.

Green Deposits are to be accepted for fixed term in the form of term deposits hence Savings & Current Category of Green Deposits is not allowed.

- b. **“Green Finance”** means lending to and/or investing in the activities/projects meeting the requirements prescribed in Policy for Financing Framework (Allocation) of Green Deposits that contributes to climate risk mitigation, climate adaptation and resilience, and other climate-related or environmental objectives - including biodiversity management and nature-based solutions
- c. **“Green Washing”** means the practice of marketing products/services as green, when in fact they do not meet requirements to be defined as green activities/projects.
- d. **“Term deposit”** means an interest bearing deposit received by the Bank for a fixed period withdrawable normally after the expiry of the fixed period and will include deposits such as Short Deposits / Fixed Deposits / Money Multiplier Deposits.
- e. **“Retail Green Deposit”** means Single Rupee deposits of less than Rs. 2 Crore.
- f. **“Bulk Green Deposit”** means Single Rupee deposits of Rs.2 crores and above.
- g. **“Individual”** means a natural person.
- h. **“Member of the Bank’s staff”** means a person employed by the Bank 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.
- i. **“Family”** includes members as mentioned in the bank’s Service/Staff Regulations.
- j. **“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.

#### **4.2 Green Deposit Opening and Operation of Green Deposits: -**

(i) The Bank before opening any green deposit 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 as per customer Acceptance Policy adopted by the Bank. In case of any additional information required, Bank will seek separately and will specify the objective of obtaining such additional information. If the decision to open a green deposit of a prospective depositor requires clearance at a higher level, reasons for any delay in opening of the green deposit will be informed to him/her and the final decision of the Bank will be conveyed at the earliest to him/her.

(ii) The due diligence process, while opening a green deposit will involve satisfying about the identity of the person, verification of address, satisfying about his occupation and source of income. Obtaining introduction (if required) of the prospective green depositor from a person acceptable to the bank and obtaining recent photograph of the person/s opening/operating the green deposit are part of due diligence process.

(iii) 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 and PMLA Rules amended vide notification dated 1<sup>st</sup> June 2017 and subsequent amendments (and thereafter subject to the final judgement of the Hon'ble Supreme Court).

(iv) The green deposit opening forms and other material will be provided to the prospective green 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 green deposit, to explain the procedural formalities and provide necessary clarifications sought by the prospective depositor when he approaches for opening a green deposit. Additionally, prospective green depositor will be provided with “MITC” (Most Important terms & conditions) on the product.

v) Green Deposits can be opened by individuals / Partnership Firms/ Private and Public Limited Companies / HUFs/ Specified Associates / Societies / Trusts, Departments of Authority created by Government (Central or State), Limited Liability Partnership etc.

vi.) The Bank will apply client due diligence measures to existing clients at the specified periodicity prescribed in respect of high/medium/low risk clients and will 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 will exercise 'partial freezing' of green deposit, after due notice(s) is provided to the customer.

vii.) Green Deposit can be opened by an individual in his own name (status: known as green deposit in single name) or by more than one individual in their own names (status: known as Joint Green deposit).

viii) **Operation of Joint Green deposit** - Joint Green Deposit opened by more than one individual can be operated by a single individual or by more than one individual jointly. The mandate for operating the green deposit can be modified with the consent of all green deposit holders. The joint green deposit holders can give any of the following mandates for the disposal of balance in the above green deposits:

**Either or Survivor:** If the green deposit is in the name of two individuals say, A & B, the final balance along with interest, if applicable, will be paid to either of green deposit holders i.e. A or B, on date of maturity or to the survivor on death of any one of the green deposit holders.

**Anyone or Survivor:** If the green deposit is in the name of two or more individuals say, A, B & C, the final balance along with interest if applicable, will be paid to any of green deposit holders i.e. A or B or C, on the date of maturity.

On the death of any one of green deposit holder say A, the final balance along with interest if applicable, will be paid to any two of the surviving green deposit holders i.e. B or C. On the death of any two of green deposit holder say A and B, the final balance along with interest if applicable, will be paid to surviving green depositholder i.e. C.

**Former or Survivor:** If the green deposit is in the name of two individuals say, A & B, the final balance along with interest, if applicable, will be paid to the former i.e. A on date of maturity and to the survivor on death of anyone of the green deposit holders.

**Latter or Survivor:** If the green deposit is in the name of two individuals say, A & B, the final balance along with interest, if applicable, will be paid to the latter i.e. B on date of maturity and to the survivor on death of anyone of the green deposit holders.

The above mandates will be applicable to or become operational only on or after the date of maturity of green deposits. This mandate can be modified by the consent of all the green deposit holders.

If the joint depositors prefer premature withdrawal of green deposits in accordance with the mandate of 'Either or Survivor', 'Anyone or Survivor' or 'Former or Survivor', the Bank may allow premature withdrawal of deposits to the surviving depositor/s without seeking concurrence of legal heirs of the deceased deposit holder, provided all the depositors have given a specific joint mandate for the said purpose at the time of opening the green deposit or any time subsequently during the tenure of the deposit.

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

j) The green deposit opening forms/applications includes 'third gender' wherever any gender classification is envisaged in order to recognize the legal rights of transgender persons.

In case of a person claiming to be transgender and needs to open green deposit or to do any banking transaction, the person will be recognized as "Third Gender" and the details will be accepted in the Green deposit opening Forms(AOFs)/ or other applicable forms as such. The salutation of such person will be "Mx" and all transgender customers will be treated equally to other male/female customers without any discrimination.

The Bank may at the request of all the joint green deposit holders allow addition or deletion of name/s of joint green deposit holder/s if the circumstances so warrant or allow an individual depositor to add the name of another person as a joint green deposit holder. However, in no case will the amount or duration of the original deposit undergo a change in any manner in case the deposit is a deposit.

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

#### **4.3. Nomination in Green Deposits:**

a) Nomination facility is available on all green deposits opened by the individuals. Nomination is also available to a sole proprietary concern green deposit and joint green deposits. Nomination can be made in favor of one individual only. Nomination so made can be cancelled or changed by the green deposit holder/s any time.

For depositors, including illiterates 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 favor of a minor also. Nomination can be modified by the consent of green deposit holder/s. In such cases at the time of making nomination,

depositor has to give a name of person (called appointee) who is a major and will receive the amount of deposit on behalf of the nominee in the event of death of the green deposit holder during the minority of the nominee.

- b) The Bank will urge all depositors to avail the nomination facility.
- c) The depositor will be informed of the advantages of the nomination facility while opening a deposit green deposit. The acknowledgement of nomination made will be provided to the depositors. In addition to the printing of the legend “Nomination registered” the name of the nominee will be printed in the pass book, deposit receipt, statement of green deposit etc. in case the customer is agreeable to the same. The nominee, in the event of death of the depositor/s, will receive the balance outstanding in the green deposit as a trustee of the legal heirs. If the depositors do not desire to make nomination, the same has to be mentioned in the opening form under their signature.

#### **4.4. Guidelines on Interest Rates on Green Deposits:**

The Bank will pay interest only on deposits of money denominated in Indian rupees only accepted/ renewed under Green deposits, subject to the following conditions: -

- (a) ALCO is empowered to decide on interest rates, tenor and other modalities.
- (b) The Bank will fix the interest rates on green deposits based on market conditions, need for mobilisation of funds for financing green projects and taking into account of cost of funds involving risk factor on account of ALM Mismatches. The interest rates are subject to revision from time to time.
- (c) The rates will be uniform across all branches and for all customers and there will be no discrimination in the matter of interest paid on the green deposits, between one deposit and another of similar amount, accepted on the same date, at any of its offices.
- (d) Interest rates on green deposits will vary only on green deposit of one or more of the following reasons:

##### ***(i) Tenor of Deposits:***

The Bank will have the freedom to define the maturity/tenor of the green deposits subject to the condition that minimum tenor of the green deposit offered will be of one year and maximum up to 10 years.

##### ***(ii) Size of Deposits***

Differential interest rate will be offered only on Bulk Green Deposits.

**(iii) Non- availability of premature withdrawal option**

The Bank will have the discretion to offer differential interest rates based on whether the green deposits are with or without-premature-withdrawal-facility, subject to the following guidelines:

- i. Bank will offer non-callable green deposits without the option of premature withdrawal only for bulk deposits (Rs. 2 cr and above). However, Bank will ensure that at the customer interface point the customers are, in fact, given the option to choose between green deposits either with or without premature withdrawal facility (non-callable green deposits).

(e) Interest rates payable on green deposits will be strictly as per the schedule of interest rates disclosed in advance by the Bank.

(f) The rates will not be subject to negotiation between the depositors and the Bank.

(g) The interest rates offered will be reasonable, consistent, transparent and available for supervisory review/scrutiny as and when required.

(h) The interest will be calculated at quarterly rests on green deposits. In the case of green deposits with monthly interest payments, the interest will be calculated for the quarter and paid monthly at discounted value. The interest rate on green deposits is calculated by the Bank in accordance with the formulae and conventions advised by Indian Banks' Associations for the normal term deposits.

(i) Whenever interest rates are revised, the revised rates are applicable to fresh green deposits as well as renewal of matured green deposits only.

(j) Aggregate value of green deposits placed by a depositor on the day for an identical tenor will be taken as the basis for deciding applicable interest rate.

**4.5. Payment of Additional Interest on Green Deposits**

**(a)** The Bank will have the discretion to, allow additional interest of one per cent per annum, over and above the rate of interest mentioned in the schedule of interest rates on green deposits of the employees of the Bank and their exclusive associations as well as on deposits of Chairman, Chairman & Managing Director, MD & CEO, Executive Director or such other Executives appointed for a fixed tenure, subject to the following conditions:

- (i) The additional interest is payable till the person continues to be eligible for the same and in case of his ceasing to be so eligible, till the maturity of a green deposit.
- (ii) In case of employees taken over pursuant to the scheme of amalgamation, the additional interest is allowed only if the interest at the contractual rate together with the

additional interest does not exceed the rate, which could have been allowed if such employees were originally employed by the Bank.

(iii) In any of the Bank's employees are taken on deputation by another bank, the Bank will continue to offer additional interest in respect of the green deposit opened with it by such employees during the period of deputation.

(iv) In the case of persons taken on deputation by the Bank for a fixed tenure or on a contract of a fixed tenure, the benefit of additional interest will cease to accrue on the expiration of the green depositor's deputation or contract, as the case may be.

(v) Bank Employees' Federations, in which the employees of the Bank are not direct members, will not be eligible for additional interest.

(vi) Additional interest may be paid on the following green deposits after obtaining a declaration from the depositor concerned, that the monies deposited or which may be deposited from time to time into such green deposit belong to the depositor:

(1) Member or a retired member of the Bank's staff, either singly or jointly with any member or members of his/her family (primary green deposit holder must be the staff member/ retired staff member) or

(2) The spouse of a deceased staff member or a deceased retired staff member of the Bank and

(3) An Association or a fund, members of which are employees of the Bank.

**(b)** The Bank will formulate green deposit schemes specifically for resident Indian senior citizens, offering higher and fixed rates of interest as compared to normal deposits of any size.

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

**(c)** The Bank will take all efforts to make it easy and convenient for the Senior Citizen/ Super Citizen customers and will provide for payment of additional interest customer specific, over card rate for amount up to Rs.10 crores. However, no single green deposit is allowed to be opened in a day for ₹ 2 Crore and above within the overall limit of ₹10 Crore tagged to a single CIF as any green deposit of ₹2 Crore and above in a single day will come under Bulk Green Deposits and additional interest for Senior Citizen /Super Senior Citizen will not be applicable.

**(d)** The Bank will, at their discretion, give its resident Indian retired staffs, who are senior citizens, the benefit of additional interest rates as admissible to senior citizens over and

above the additional interest payable to them by virtue of their being retired members of the Banks' staff provided the primary green deposit holder must be the retired staff member.

#### **4.6. Premature Withdrawal / Premature Renewal of Green Deposit:**

The Bank on request from the depositor, at its discretion may allow withdrawal of deposit before completion of the period of the green deposit agreed upon at the time of placing the Deposit. However, in the event of premature withdrawal/ premature renewal prior to maturity, the deposits will cease to be classified under green deposits and will be treated /converted to a regular term deposits.

Further, such premature withdrawal will attract penal charge as prescribed by the Bank from time to time except the following categories of green deposits:-

- Green deposits of value up to Rs.5.00 lakhs provided the deposit has been retained for at least 181 days.
- Green deposits placed by Corporate/Government departments, Institutions and non-profitable organizations, wherein the deposits are placed based on the quotation submitted by the Bank.
- Green deposits of staff/ex-staff/ex-staff cum senior citizen, if prematurely withdrawn.
- Splitting of the amount of green deposits at the request from the claimant/s of deceased depositors or joint green deposit holders, where the period and aggregate amount of the deposit does not undergo any change.
- In all the above cases, eligible interest rate will be the applicable card rate for the actual period run prevailing on the date of deposit.
- The Bank will make depositors aware of the applicable penal interest rate along with the deposit rate.
- For deposits closed before 181 days/ Deposits above Rs.5.00 lakhs, penalty for foreclosure will be levied. The 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 Non-Callable Green Deposit, Premature withdrawal will only be allowed in case of death of the Depositor (Single/ Joint)/ Bankruptcy/ winding up /directions by court/ regulators/ receiver/liquidator, & interest paid will be as per the card rate for normal deposit for the period for which green deposit actually remained with the Bank.

#### **4.7. Method of Calculation of Interest:**

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

#### **4.8. Payment of Interest on Green Deposits maturing on a holiday/non-business working day:**

In respect of a green deposit maturing for payment on a Sunday or a holiday or a non-business working day, the Bank will 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 of the green deposit and the date of payment of the proceeds of the green deposit on the succeeding working day. In case of Money Multiplier Green Deposits, interest as above will be paid on maturity value and in case of other green deposits (Short Term/ Fixed Deposit) on the principal amount.

#### **4.9. Periodicity of payment of Interest:**

Interest on green deposits will be calculated at quarterly intervals on deposits and paid at the rate decided by the Bank depending upon the period of green deposits. In case of monthly deposit scheme, the interest will be calculated for the quarter and paid monthly at discounted value. The interest on 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 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 will 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 will make a declaration in Form No.60 giving therein the particulars of such transaction.



Further the provisions relating to quoting of PAN or furnishing of Form 60 under rule 114B of the IT Rules do not apply to the agriculture produce sale transaction by the cultivator for amount of Rs.2.00 lacs or less.

The Bank will not 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., Rs.2.50 lakhs up to 60 years, Rs.3.00 lakhs between 60 & 80 years and Rs.5 lakhs 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 will be sent as a statement in Form 61 to the Income Tax authorities.

#### **4.10. Payment of Interest on Green Deposits Frozen by the Bank**

- A request letter is to be given by the customer for renewal for an equal to the original, on maturity.
- No new receipt will be issued. However, suitable note will be made regarding renewal in the green deposit receipt.
- Renewal of green deposit will be advised by registered letter / speed post / courier service to the Government department concerned under advice to the depositors. In the advice to the depositor, the rate of interest at which the green deposit is renewed will also be mentioned.
- If overdue period does not exceed 14 days from 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 will be kept in a separate interest free sub-green deposit which will be released when the original fixed deposit is released.

#### **4.11. Renewal of Overdue Green Deposits:**

When the overdue period does not exceed 14 days, the deposit will 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 will be renewed for a minimum period of 15 days from the date of presentation and the rate of interest to be applied will 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.

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

(Or)

ii. 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 extant rules, in order to become eligible for compound interest, the deposit will be renewed as MMD for a minimum period of six months from the date of presentation.

If a Green Deposit matures and proceeds are unpaid, the amount left unclaimed with the Bank will attract rate of interest as applicable to savings green deposit or the contracted rate of interest on the matured TD, whichever is lower.

#### **4.12. Automatic renewal of Green Deposit:**

As a customer friendly measure, all domestic deposits viz., Fixed (FD) and Money Multiplier Deposits (MMD) will be auto rolled over subject to the consent obtained from the depositor for auto –renewal 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 as appended below.

- **If Green Deposit is placed for 1 year and more, it will be automatically renewed for one year at the prevailing rate on Due Date.**

Such automatic renewal would continue, unless the Bank receives a demand for payment or instructions contrary from the customer on or before the date of maturity of original green deposit or automatically renewed green deposit. The amount so renewed will be the net of TDS amount as applicable.

Any green deposit getting auto renewed and falling under tenor/value as mentioned as Green Deposit as on date of renewal will also be eligible as '**Green Deposits**'.

**4.13. Procedural reforms for Acceptance of Bulk Green Deposit:**

Under a Single CIF, total deposit in a single day will be below Rs 2.00 crore to avail Retail Rate of interest.

- Branches have been restricted to breakup deposits below Rs 2.00 crore in a single day to accommodate retail green deposit ROI instead of Bulk Deposit Rate.
- All the existing green Deposits of Rs.2.00 Crore & above will be examined to ensure KYC compliant as per (AML) / Combating Financing of Terrorism (CFT) Policy of the Bank and the relevant SOP.
- The rate of interest on bulk green deposits rates may change as per decision of the Bank. The change in rates, if any will be updated on Bank's Website /Circular Site.

**4.14. Advances against Green Deposit:**

No Loan /OD to be granted against green deposits.

**5. Roles & Responsibilities, Role of Internal Audit and Compliance:****5.1. Customer Information:**

The customer information collected from the customers will 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 will be strictly with the consent of the green deposit holder.

**5.2. Secrecy of Customer's Green deposits:**

The Bank will not disclose details / particulars of the customer's green deposit 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.

**5.3. Settlement of claims in respect of Deceased Green deposit holders**

The Bank will follow a simplified procedure for settlement of green deposits of deceased green deposits holders as applicable for regular term deposits detailed in the Bank's Deposit Policy FY 2023-24 and will 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.

**5.4. Interest Payable on Deceased Green deposit:**

In the event of death of the depositor before the date of maturity of green deposit and the amount of the green deposit is claimed after the date of maturity, the Bank will pay interest at the contracted rate till the date of maturity.

If the amount of deposit is claimed before the date of maturity, interest at the rate applicable to the period for which the deposit has remained with the bank, without any penalty will be paid.

However, in the case of death of the depositor after the date of maturity of the green deposit, the amount left unclaimed with the bank will attract rate of interest as applicable to savings deposit or the contracted rate of interest on the matured green deposit, whichever is lower.

**5.5. Insurance Cover for Deposits:**

All green 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 Insurance cover in force will be made available to the depositor on bank's website.

**5.6. 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 premises of all branches. The branch officials will provide all required information regarding procedure for lodging the complaint. In case the depositor does not get response from the Bank within 30 days from 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.

**5.7. Survey on customer satisfaction:**

Conducting a periodical survey on the services rendered by the Bank will be of more help to know the customer's expectations and their problems due to procedural aspects, or due to behavioral attitude of staff. The survey will 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 will be placed to Customer Service Committee of the Board for its directions.

**5.8. Information to Green Depositors:**

The Bank's policy relating to opening and maintenance of green deposits and the various charges on such green deposits 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 green deposit and the charges that will be levied on the green deposit will be given in the green deposit opening form for the information of the depositors before opening the green deposit.
- In case of any revision, the revised policy / requirements and revised charges will be displayed in a prominent place in all 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 the Bank's website giving 30 days' notice to customers which is required as per RBI norms.
- In case where the changes are on green deposit of regulatory requirements, 30 days' prior notice to customers may not be given by the Bank.
- All green deposit interest rates will be displayed at a prominent place in all branches.

**5.9. Reporting and Disclosures**

A review report shall be placed before the Board of Directors of the Bank within three months of the end of the financial year by Risk Management Department (RMD) which shall, inter-alia, cover the following details:

Amount raised under green deposits during the previous financial year. This shall contain the cumulative amount since the Bank started offering green deposits. For illustration, if the bank commences raising green deposits from June 1, 2023, then the annual financial statement for the period ending March 31, 2025 should contain particulars of deposits raised and allocated from June 1, 2023 till March 31, 2025.

**5.10 Information regarding Products and Services:**

Complete information regarding products and services, minimum balance requirements, interest rates and service charges besides the terms and conditions applicable to them will be made available in a transparent manner through the following methods as per the choice of the customer viz.,

- By sending SMS or emails
- Through electronic or print media
- Display on the Bank's website
- Display on the Notice Boards of branches.

## **SECTION B: POLICY ON ALLOCATION OF GREEN DEPOSITS**

### **1.0 Bank's Position:**

→ Presently, in terms of Credit Risk Management Policy of the Bank, industry-wise ceilings (as % of the Bank's aggregate credit risk exposure as on 31<sup>st</sup> March) across various industries have been prescribed which are reviewed each year.

→ Bank has already commenced tracking the financing in the green portfolio which, inter-alia, includes lending to/investment in the debt instruments issued by entities engaged in manufacturing / trading in e-vehicles, green hydrogen production/distribution, ethanol production etc., and as on 31.03.2023, the size of the portfolio is Rs 1182 crore.

### **1.1 RBI's Guidelines:**

Green Finance means lending to and/or investing in the activities/projects that contributes to climate risk mitigation, climate adaptation and resilience, and other climate-related or environmental objectives - including biodiversity management and nature-based solutions.

In terms of RBI guidelines, the allocation of proceeds raised from green deposits shall be based on the official Indian green taxonomy. Pending finalization of the taxonomy, as an interim measure, the Bank will be required to allocate the proceeds raised through green deposits towards the following list of five green activities/projects:

**Table -1**

Sl no	Sector	Description	Exposure as on 31/03/2023
1	Renewable Energy	<ul style="list-style-type: none"> <li>▪ Solar/wind/biomass/hydropower energy projects that integrate energy generation and storage</li> <li>▪ Incentivizing adoption of renewable energy.</li> </ul>	Renewable Energy: <b>Rs 832 cr</b> 1. Solar - Rs 487 cr 2. Wind - Rs 65 cr 3. Ethanol - Rs 280 cr
2	Energy Efficiency	<ul style="list-style-type: none"> <li>▪ Design and construction of energy-efficient and energy-saving systems and installations in buildings and properties.</li> <li>▪ Supporting lighting improvements (e.g. replacement with LEDs).</li> <li>▪ Supporting construction of new low-carbon buildings as well as Energy-efficiency retrofits to existing buildings.</li> <li>▪ Projects to reduce electricity grid losses</li> </ul>	-



3	<b>Clean Transportation</b>	<ul style="list-style-type: none"> <li>Projects promoting electrification of transportation.</li> <li>Adoption of clean fuels like electric vehicles including building charging infrastructure.</li> </ul>	<b>EV - Rs 350 Cr</b>
4	<b>Climate Change Adaptation</b>	<ul style="list-style-type: none"> <li>Projects aimed at making infrastructure more resilient to impacts of climate change.</li> </ul>	-
5	<b>Sustainable Water and Waste Management</b>	<ul style="list-style-type: none"> <li>Promoting water efficient irrigation systems.</li> <li>Installation/upgradation of wastewater infrastructure including transport, treatment and disposal systems</li> <li>Water resources conservation.</li> <li>Flood defense systems.</li> </ul>	-
6	<b>Pollution Prevention and Control</b>	<ul style="list-style-type: none"> <li>Projects targeting reduction of air emissions, greenhouse gas control, soil remediation, waste management, waste prevention, waste recycling, waste reduction and energy/emission-efficient waste-to- energy</li> </ul>	-
7	<b>Green Buildings</b>	<ul style="list-style-type: none"> <li>Projects related to buildings that meet regional, national or Internationally recognized standards or certifications for environmental performance.</li> </ul>	-
8	<b>Sustainable Management of Living Natural Resources and Land Use</b>	<ul style="list-style-type: none"> <li>Environmentally sustainable management of agriculture, animal husbandry, fishery and aquaculture.</li> <li>Sustainable forestry management including afforestation/reforestation.</li> <li>Support to certify organic farming.</li> <li>Research on living resources and biodiversity protection.</li> </ul>	-
9	<b>Terrestrial and Aquatic Biodiversity Conservation</b>	<ul style="list-style-type: none"> <li>Projects relating to coastal and marine environments.</li> <li>Projects related to biodiversity preservation, including conservation of endangered species, habitats and ecosystems</li> </ul>	-
		Total	<b>Rs 1182 cr</b>



	<p><b>Exclusions:</b></p> <ul style="list-style-type: none"> <li>▪ Projects involving new or existing extraction, production and distribution of fossil fuels, including improvements and upgrades; or where the core energy source is fossil-fuel based.</li> <li>▪ Nuclear power generation.</li> <li>▪ Direct waste incineration.</li> <li>▪ Alcohol, weapons, tobacco, gaming, or palm oil industries.</li> <li>▪ Renewable energy projects generating energy from biomass using feedstock originating from protected areas.</li> <li>▪ Landfill projects.</li> <li>▪ Hydropower plants larger than 25 MW</li> </ul>	
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## **1.2 Financing Framework for the Bank**

For effective allocation of green deposits, proper monitoring of usage and disclosures in terms of RBI guidelines, a framework is proposed to be designed with broad contours as under:

- Deployment of fund to be made to the eligible green activities/projects as broadly defined in Table -1.
- Process for project evaluation and selection by the Bank (i.e., climate-related or environmental objectives) including identifying the projects fit for lending/investing within the eligible categories, monitoring and validating the sustainability information provided by the borrower will be as per extant guidelines of the Bank contained in its Credit Policy, which are applicable for borrowers, in general.
- Allocation of proceeds of green deposits and its reporting, third-party verification/assurance of the allocation of proceeds and its impact assessment to be done
- Temporary allocation of the proceeds of green deposits, pending their allocation to the eligible activities/projects can be made in liquid Money Market Instruments viz. Treasury Bills, Commercial Papers, Certificates of Deposit etc. whose original tenor do not exceed 12 months.

Any other direction/ notifications issued by RBI on the green deposit financing, will automatically become part of the framework

**A) Pre-financing Stage:**

- At the appraisal stage, it will be necessary to verify the activities being actually pursued by the prospective borrower with reference to proper documentary evidence in this regard to ascertain whether the activities fall under one or more of those mentioned in Table-A. The full facts of this verification and its conclusion as regards the eligibility of the prospective borrower must be properly detailed in the appraisal memo, supported by all documentary evidence obtained in this regard.
- Activities/ sub-activities falling under broad sector as detailed in Table-1 will be suitably marked in system as Green Financing.
- Activities proposed to be financed utilizing green deposits will fall under various sectors/sub- sectors, as such exposure will be broadly monitored through internal ceiling for industries as prescribed in Credit Risk Management Policy. However, since the exposure is taken mandatorily from green deposits mobilized by bank, exposure beyond the internal ceiling in special cases may be taken with prior permission by COLCC- ED & above.

**B) Post Financing:**

- End-use of funds allocated against the green deposits raised, should be ensured and monitored in terms of the extant guidelines of the Bank/ laid down procedures of internal checks as in case of other loans. It is to be ensured that related terms and conditions are additionally fulfilled by borrowers to meet the requirement for green financing.
- Additionally, the allocation of funds raised through green deposits by the Bank during a financial year will be subject to an independent Third-Party Verification/Assurance on an annual basis which will cover, at a minimum, the following points:

- Use of the proceeds to be in accordance with the eligible green activities/projects indicated in Table –1.
  - Policies and Internal Controls including, inter alia, project evaluation and selection, management of proceeds, and validation of the sustainability information provided by the borrower to the Bank and Reporting and Disclosures.
- The Bank, with the assistance of external firms, will annually assess the impact associated with the funds lent for or invested in green finance activities/projects through an Impact Assessment Report. An illustrative list of impact indicators is given in Annex 1.
- In case the Bank is unable to quantify the impact of its green lending/investment, for any reason, the Bank will disclose, at the minimum, the reasons, the difficulties encountered, and the time-bound future plans to address the same.
- Impact assessment will be undertaken on a voluntary basis for the financial year 2023-24 and mandatorily from the financial year 2024-25 onwards.

### **1.3 Reporting & Disclosures: -**

A review report shall be placed by the Bank before its Board of Directors within three months of the end of the financial year which shall, inter alia, cover the following details:

- Amount raised under green deposits during the previous financial year
- List of green activities/projects to which proceeds have been allocated, along with a brief description of the projects the amounts allocated to the eligible green activities/projects a copy of the Third-Party Verification/Assurance Report and the Impact Assessment Report

The Bank will make appropriate disclosures in their Annual Financial Statements on the Portfolio-level information regarding the use of the green deposit funds as per the proforma prescribed in Annex 2.

**1.4 Other Guidelines:**

To comply with RBI guidelines, the framework will be reviewed by an External Agency and the approved framework along with their opinion will be made available at the Bank's website.

The Pricing /Tenor for deployment of funds in the Green Projects will be done considering the Risk factor on Account of ALM Mismatches.

Deployment of funds in investment will be classified /valued in line with the RBI master Direction on Classification, valuation and Operation of Investment Portfolio of Commercial Banks (Directions),2021

Formulation of SOP and modalities for engaging third party for Verification Assurance will be done by the Credit Department.



## Annex 1

### Illustrative List of Impact Indicators

Eligible Project Category	Impact Indicators - Examples
Renewable Energy	Total renewable capacity (in MWh)
	Energy generated per year (MWh)
	GHG emissions avoided per year (measured in tonnes CO <sub>2</sub> equivalent, tCO <sub>2</sub> e)
Waste Management	Waste diverted from landfill per year (tonnes)
Clean Transportation	GHG emissions avoided per year (tCO <sub>2</sub> e)
	New clean transportation infrastructure built (km)
	Number of electric or low emission vehicles produced
Energy Efficiency	Energy savings per year (MWh)
	GHG emissions avoided per year (tCO <sub>2</sub> e)
Afforestation/ Reforestation	GHG emissions reduced/Carbon Sequestration achieved (measured in tCO <sub>2</sub> e)

**Annex 2****Portfolio-level information on the use of funds raised from Green Deposits**

(Amount in ₹ crore)

Particulars	Current Financial Year	Previous Financial Year	Cumulative*
<b>Total green deposits raised (A)</b>			
<b>Use of green deposit funds**</b>			
(1) Renewable Energy			
(2) Energy Efficiency			
(3) Clean Transportation			
(4) Climate Change Adaptation			
(5) Sustainable Water and Waste Management			
(6) Pollution Prevention and Control			
(7) Green Buildings			
(8) Sustainable Management of Living Natural Resources and Land Use			
(9) Terrestrial and Aquatic Biodiversity Conservation			
<b>Total Green Deposit funds allocated (B = Sum of 1 to 9)</b>			
<b>Amount of Green Deposit funds not allocated (C = A – B)</b>			
<b>Details of the temporary allocation of green deposit proceeds pending their allocation to the eligible green activities/projects</b>			

\* This shall contain the cumulative amount since the Bank has started offering green deposits.

For example, if a bank has commenced raising green deposits from June 1, 2023, then the annual financial statement for the period ending March 31, 2025 would contain particulars of deposits raised and allocated from June 1, 2023 till March 31, 2025.

\*\*Under each category, Bank may provide sub-categories based on the funds allocated to each sub- sector. For example, sub-categories like solar energy, wind energy, etc. under “Renewable Energy.”