



| | |
|-----------------------|--|
| Title | Policy on Deposits & Unclaimed Deposits |
| Version | 1.3 |
| Owned By: | INDIAN BANK |
| Effective From | 01st April 2024 |
| Valid up to | 30th June 2025 |

This Policy supersedes and replaces the “Policy on Deposits/Unclaimed Deposits” for the year 2023-24. This Policy is the property of Indian Bank, and may not be reproduced or copied, in any form or by any means, in whole or in part, without prior permission of Indian Bank.



This Page is Intentionally Left Blank



Section A: Policy on Deposits

| S. No. | Contents | Page No. |
|--------|--|----------|
| 1. | Purpose / Objective of the Policy | 7 |
| 2. | Scope of the Policy | 7 |
| 3. | Regulatory reference | 7 |
| 4. | Policy statement and details and Resources | 8 |
| 4.1 | <i>Types of Deposit Accounts</i> | 8 |
| 4.2 | <i>Product / Process Approval</i> | 9 |
| 4.3 | <i>Account Opening and Operation of Deposit Accounts</i> | 9 |
| 4.4 | <i>Onboarding of Sub Member Banks for Providing Payment & Settlements Services</i> | 20 |
| 4.5 | <i>Operationalization of Central KYC Registry (CKYCR)</i> | 22 |
| 4.6 | <i>Changing the Account</i> | 23 |
| 4.7 | <i>Nomination in Deposit Accounts</i> | 23 |
| 4.8 | <i>Interest rates on deposits</i> | 24 |
| 4.9 | <i>RBI Guidelines on Interest rate on deposits</i> | 24 |
| 4.10 | <i>Payment of Additional Interest on domestic deposits</i> | 25 |
| 4.11 | <i>RBI Guidelines on Premature withdrawal facility in Term deposit</i> | 26 |
| 4.12 | <i>Premature Withdrawal of Term Deposit</i> | 27 |
| 4.13 | <i>Premature Renewal of Term Deposit</i> | 28 |
| 4.14 | <i>Method of Calculation of Interest</i> | 28 |
| 4.15 | <i>Payment of Interest on Deposits maturing on holiday</i> | 28 |
| 4.16 | <i>Rounding off transactions</i> | 28 |
| 4.17 | <i>Interest Payments</i> | 29 |
| 4.18 | <i>Periodicity of payment of Interest</i> | 29 |
| 4.19 | <i>Payment of Interest on Accounts Frozen by Bank</i> | 30 |
| 4.20 | <i>Undesirable Accounts</i> | 31 |
| 4.21 | <i>Information to depositors</i> | 31 |
| 4.22 | <i>Sweep Accounts</i> | 31 |



| S. No. | Contents | Page No. |
|-----------|--|-----------|
| 4.23 | <i>Basic Savings Bank Deposit account</i> | 32 |
| 4.24 | <i>Small Accounts</i> | 33 |
| 4.25 | <i>Minors Accounts</i> | 33 |
| 4.26 | <i>Account of Illiterate / Visually Impaired Person</i> | 34 |
| 4.27 | <i>Account of persons with Autism, Cerebral Palsy, Mental retardation</i> | 34 |
| 4.28 | <i>Accounts of Senior Citizen/Super Senior Citizen</i> | 35 |
| 4.29 | <i>Accounts of Migratory Worker, Transferred Employee</i> | 35 |
| 4.30 | <i>Addition or Deletion of the name/s of Joint Account Holders</i> | 36 |
| 4.31 | <i>Renewal of Overdue Term Deposits</i> | 36 |
| 4.32 | <i>Automatic renewal of Term Deposit</i> | 37 |
| 4.33 | <i>Procedural reforms for Acceptance of Bulk Deposit</i> | 37 |
| 4.34 | <i>Advances against Deposits</i> | 38 |
| 5. | Roles & Responsibilities, Role of Internal Audit and Compliance | 38 |
| 5.1 | <i>Customer Information</i> | 38 |
| 5.2 | <i>Secrecy of Customer's Accounts</i> | 38 |
| 5.3 | <i>Settlement of claims in respect of Deceased Account holders</i> | 38 |
| 5.4 | <i>Time limit for settlement of claims</i> | 41 |
| 5.5 | <i>Interest payable on Term Deposit in Deceased Account</i> | 41 |
| 5.6 | <i>Insurance Cover for Deposits</i> | 42 |
| 5.7 | <i>Stop Payment facility</i> | 42 |
| 5.8 | <i>Redressal of complaints and grievances</i> | 42 |
| 5.9 | <i>Survey on customer satisfaction</i> | 42 |
| 5.10 | <i>Information regarding Products and Services</i> | 43 |
| 5.11 | <i>Display in Bank's website</i> | 43 |



| Section B : Policy on Unclaimed Deposits | | |
|---|--|-----------------|
| SNo. | Contents | Page No. |
| 1 | <i>Purpose of the Policy</i> | 44 |
| 2 | <i>Objective of the Policy</i> | 44 |
| 3 | <i>Scope of the Policy</i> | 45 |
| 3.1 | <i>Inoperative / dormant accounts</i> | 45 |
| 3.2 | <i>Unclaimed Deposits</i> | 46 |
| 4 | <i>Regulatory Reference</i> | 46 |
| 5 | <i>Policy statement and Details & Resources</i> | 47 |
| 5.1 | <i>Review of accounts not operated for more than one year</i> | 47 |
| 5.2 | <i>Segregation and Audit of Inoperative Accounts/ Unclaimed Deposits</i> | 48 |
| 5.3 | <i>Tracing of Customers of Inoperative Accounts/ Unclaimed Deposits</i> | 49 |
| 6 | <i>Operational Guidelines</i> | 49 |
| 6.1 | <i>Activation of Inoperative Accounts</i> | 49 |
| 6.2 | <i>Payment of Interest</i> | 50 |
| 6.3 | <i>Levy of Charges</i> | 50 |
| 6.4 | <i>FCY Deposits with Fixed maturity</i> | 50 |
| 6.5 | <i>FCY Deposits without Fixed maturity</i> | 50 |
| 7 | <i>Transfer of Unclaimed Deposits to DEAF Fund</i> | 51 |
| 7.1 | <i>Refunds and Interest</i> | 52 |
| 8 | <i>Process for claim of unclaimed deposits</i> | 53 |
| 8.1 | <i>Display of Unclaimed Deposits and Search Facility</i> | 53 |
| 8.2 | <i>Claim of unclaimed deposits</i> | 53 |
| 9 | <i>Fraud Risk Management in Inoperative Accounts</i> | 54 |
| 10 | <i>Customer Awareness</i> | 54 |
| 11 | <i>Grievance Redressal Mechanism for quick resolution of complaints</i> | 54 |
| 12 | <i>Role of Internal Audit and Compliance</i> | 55 |



| Section C : Policy on Non Resident Indian Deposit | | |
|--|--|-----------------|
| S. No. | Contents | Page No. |
| 1. | Purpose / Objective /Scope of the Policy & Regulatory Reference | 56 |
| 1.1 | <i>Non-resident Indian (NRI)</i> | 56 |
| 1.2 | <i>Person resident outside India</i> | 56 |
| 1.3 | <i>Person of Indian Origin (PIO)</i> | 56 |
| 1.4 | <i>Exemptions</i> | 58 |
| 2. | Policy statement and details | 58 |
| 2.1 | <i>Non - Resident Ordinary (NRO) account</i> | 59 |
| 2.2 | <i>Non-Resident (External) Rupee account</i> | 65 |
| 2.3 | <i>Foreign Currency (Non-Resident) Banks Scheme (FCNRB) Accounts</i> | 73 |
| 2.4 | <i>Resident Foreign Currency (RFC) Account</i> | 79 |
| 2.5 | <i>Resident Foreign Currency (Domestic) Accounts</i> | 80 |
| 2.6 | <i>Special Non-Resident Rupee Account - SNRR account</i> | 81 |
| 2.7 | <i>Exchange Earner's Foreign Currency (EEFC) Account</i> | 83 |

SECTION A - POLICY ON DEPOSITS

1. Purpose / Objective of the Policy:

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. **The Policy is in compliance with applicable guidelines of RBI / Regulatory / Statutory Authorities.**

2. Scope of the Policy:

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 'Code of Bank's Commitment to customers' adopted by the Banks. This document is a broad framework under which the rights of common depositors are recognized. Detailed operational instructions on various deposit schemes and related services are being issued from time to time.

3. Regulatory reference:

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 deposits with information to the Board.

Further, as 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.

Custodian of the Policy:

General Manager (R & GR) is nominated as the custodian of Policy on Deposits.



4. Policy Statement and Details & Resources:

4.1. 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. **“Demand deposits”** means a deposit received by the Bank which is withdrawable on demand;
- b. **“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;
- c. **“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 will also be deemed to include other deposit accounts which are neither Savings Deposit nor Term Deposit;
- d. **“Term deposit”** means an interest-bearing deposit received by the Bank for a fixed period and shall also include deposits such as Recurring Deposits / **Cumulative / Annuity / Reinvestment Deposits** / Money Multiplier Deposits (MMD) /Short Term Deposit/Fixed Deposits.
- e. **“Domestic Rupee Deposits”** mean rupee deposits maintained in India in the form of current account, savings deposits or term deposit.
- f. **“Notice Deposit”** means term deposit for specific period but withdrawable on giving at least one complete banking days’ notice;
- g. **“Daily Product”** means the interest applied on the end of day balance.
- h. **“Individual”** means a natural person.
- i. **“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.
- j. **“Family”** includes members as mentioned in the bank’s Service/Staff Regulations.



- k. **“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.
- l. **“Bulk Deposit”** means Single Rupee term deposits of Rs.2 crores and above.
- m. **“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. The Bank has a Board approved Policy on Green Deposits formulated as per RBI Master Direction RBI/2023-24/14 DOR.SFG.REC.10/30.01.021/2023-24 dated 11.04.2023 on “Framework for Acceptance of Green Deposits” covering the guiding principles in respect of green deposit products offered by the Bank and its terms and conditions governing the conduct of the green deposits.

4.2. 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.

4.3. Account Opening and Operation of Deposit Accounts:

(i) 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 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 an account of a prospective depositor requires clearance at a higher level, reasons for any delay in opening of the account will be informed to him and the final decision of the Bank will be conveyed at the earliest to him.

(ii) The 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. Obtaining introduction (if required) of the prospective depositor from a person acceptable to the bank and obtaining recent photograph of the person/s opening/operating the account 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 1st June 2017 and subsequent amendments (and thereafter subject to the final judgement of the Hon'ble Supreme Court).

(iv) The bank is committed to providing basic banking services to disadvantaged sections of the society. Banking services will be offered to them through Basic Savings Bank Deposit Accounts (BSBDA) and accounts will be opened with relaxed customer acceptance norms as per regulatory guidelines.

(v) The account opening forms and other material will 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 when he approaches for opening an account. Additionally, prospective depositor will be provided with "MITC" (Most Important Terms & Conditions) on the product when he approaches for opening a deposit account which will 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.

(vi) Customer can also avail other banking product services offered by bank from time to time like -

- **Debit Card** – Debit cards will be issued to customers having Savings Bank/ Current Accounts. Bank may however levy charge on debit card transactions within stipulated benchmark as per regulatory guidelines.
- **Mobile and Internet banking** – Similarly Mobile and Internet Banking will be offered to Savings Bank/ Current Account customers subject to compliance with rules and regulations laid down in this regard. Bank may place per transaction limit based on risk perception with the approval of Board. Use of mobile banking services for cross border inward and outward transfers is strictly prohibited.

**(vii) Establishment of Digital Banking Units (DBUs)**

In recent times, digital banking has emerged as the preferred banking service delivery channel in the country along with 'brick and mortar' banking outlets. Reserve Bank has been taking progressive measures to improve availability of digital infrastructure for banking services. In furtherance of this objective and as a part of efforts to accelerate and widen the reach of digital banking services, the concept of "Digital Banking Units" (DBUs) has been introduced by the Reserve Bank.

The Bank has established three DBUs at Delhi, Lucknow and Karaikal (Union Territory of Puducherry).

Further, Digital Banking refers to present and future electronic banking services provided by the bank for the execution of financial, banking and other transactions and/or orders/instruments through electronic devices / equipment over web sites (i.e online banking), mobile phones (i.e mobile banking) or other digital channels as determined by the Bank, which involve significant level of process automation and cross-institutional service capabilities running under enhanced technical architecture and differentiated business model / strategy.

The Bank offers choice of electronic channels to customers for conducting their banking transactions. The choice of electronic channels includes ATM, Internet Banking, Mobile Banking including Account Opening Options through Video KYC and TAB Banking. Wherever such electronic facilities are offered as a part of the basic account / product, the Bank will obtain specific digital consent of the customers after explaining the risk associated for availing the facility.

(viii) 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 fulfil 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 after due notice(s) is provided to the customer.

Periodic updation of KYC:

The process of confirming and updating identity and address, and collection of additional KYC information will 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. Periodic updation will be carried out at least once in every two years for High Risk category customers, once in every eight years for Medium Risk category customer and once in every ten years for low Risk category customers.

**viii) a) The Bank will not open:**

a savings deposit account in the name of Government departments / bodies depending upon budgetary allocations for performance of their functions / Municipal Corporations or Municipal Committees / Panchayat Samitis / State Housing Boards / Water and Sewerage / Drainage Boards / State Text Book Publishing Corporations / Societies / Metropolitan Development Authority / State / District Level Housing Co-operative Societies, etc. or any political party # or any trading/business or professional concern, whether such concern is a proprietary or a partnership firm or a company or an association and entities other than individuals, Karta of HUF, and organizations / agencies listed below.

- (1) Primary Co-operative Credit Society which is being financed by the Bank.
 - (2) Khadi and Village Industries Boards.
 - (3) Agriculture Produce Market Committees.
 - (4) Societies registered under the Societies Registration Act, 1860 or any other corresponding law in force in a State or a Union Territory except societies registered under the State Co-operative Societies Acts and specific state enactment creating Land Mortgage Banks.
 - (5) Companies governed by the Companies Act, 1956 which have been licensed by the Central Government under Section 25 of the said Act, or under the corresponding provision in the Indian Companies Act, 1913 and permitted, not to add to their names the words 'Limited' or the words 'Private Limited'.
 - (6) Government departments / bodies / agencies in respect of grants/ subsidies released for implementation of various programmes / Schemes sponsored by Central Government / State Governments subject to production of an authorization from the respective Central / State Government departments to open savings Bank account.
 - (7) Development of Women and Children in Rural Areas (DWCRA).
 - (8) Self-help Groups (SHGs), registered or unregistered, which are engaged in promoting savings habits among their members.
 - (9) Farmers' Clubs – Vikas Volunteer Vahini – VVV
- Institutions other than those mentioned above and whose entire income is exempt from payment of Income-tax under the Income-Tax Act, 1961.

Explanation

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



(ix) **Current Accounts** can be opened by Individuals/Partnership Firms/Private and Public Limited Companies/HUFs/Specified Associates/Societies/Trusts/Departments of Authority created by Government (Central or State), Limited Liability Partnership etc.,

(ix a) RBI Guideline: Opening of Current Accounts by Branches - Need for Discipline

In Compliance with the directions issued by RBI, vide its Circular RBI/2022-23/27, DOR.CRE.REC.23/ 21.08.008 /2022-23 dated April 19, 2022 on Opening of Current Accounts and CC/OD Accounts by Banks.

The following points are required to be strictly adhered to:

1. OPENING OF CURRENT ACCOUNTS FOR BORROWERS WHO HAVE AVAILED CC/OD FACILITIES FROM BANKING SYSTEM.

1.1 The Bank will open Current Account for borrowers having aggregate exposure from the Banking system of less than ₹5 crores, without any restrictions subject to obtaining an undertaking from such customers that they (the borrowers) shall inform the Bank when the credit facilities availed by them from the Banking system becomes ₹5 crore or more.

1.2 In respect of borrowers where exposure of the Banking system is ₹5 crore or more:

1.2.1 Borrowers can open current accounts with any one of the Banks with which it has CC/OD facility, provided that the Bank has at least 10 per cent of the aggregate exposure of the Banking system to that borrower. In case none of the lenders has at least 10 per cent of the aggregate exposure, the Bank having the highest exposure among CC/OD providing Banks may open current accounts.

1.2.2 Other lending Banks may open only collection accounts subject to the condition that funds deposited in such collection accounts will be remitted within two working days of receiving such funds, to the CC/OD account maintained with the above-mentioned Bank maintaining current accounts for the borrower. Further, Balances in such collection accounts will not be used for repayment of any credit facilities provided by the Bank, or as collateral/ margin for availing any fund or non-fund based credit facilities. However, Banks maintaining collection accounts are permitted to debit fees/ charges from such accounts before transferring funds to CC/OD account.

1.2.3 Non-lending Banks are not permitted to open current / collection accounts.

2. OPENING OF CURRENT ACCOUNTS FOR BORROWERS WHO HAVE NOT AVAILED CC/OD FACILITIES BUT OTHER FACILITIES FROM BANKING SYSTEM.

2.1 In case of borrowers where aggregate exposure of the Banking system is ₹50 crore or more:

2.1.1 Banks will put in place an escrow mechanism. Borrowers will be free to choose any lending Bank as their escrow managing Bank. All lending Banks will be part of the escrow agreement. The terms and conditions of the agreement may be decided mutually by lending Banks and the borrower. Banks having exposures to the borrower only in their capacity as a financier on a Trade Receivables Discounting System (TReDS) platform, will be excluded in the escrow mechanism.

2.1.2 Current accounts of such borrowers can only be opened/ maintained by the escrow managing Bank.

2.1.3 Other lending Banks can open 'collection accounts' subject to the condition that funds will be remitted from these accounts to the said escrow account at the frequency agreed between the Bank and the borrower. Further, balances in such collection accounts will not be used for repayment of any credit facilities provided by the Bank, or as collateral/ margin for availing any fund or non-fund based credit facilities. While there is no prohibition on amount or number of credits in 'collection accounts', debits in these accounts will be limited to the purpose of remitting the proceeds to the said escrow account. However, Banks maintaining collection accounts are permitted to debit fees/ charges from such accounts before transferring funds to the escrow account.

2.1.4 Non-lending Banks will not open any current / collection account for such borrowers.

2.2 In case of borrowers where aggregate exposure of the Banking system is ₹5 crore or more but less than ₹50 crores, there is no restriction on opening of current accounts by the lending Banks. However, non-lending Banks may open only collection accounts as detailed at para 2.1.3 above.

2.3 In case of borrowers where aggregate exposure of the Banking system is less than ₹5 crores, Bank may open current accounts subject to obtaining an undertaking from them that they (the customers) will inform the Bank, if and when the credit facilities availed by them from the Banking system becomes ₹5 crore or more. The current account of such customers, as and when the aggregate exposure of the Banking system becomes ₹5 crore or more, and ₹50 crore or more, will be governed by the provisions of 2.1 and 2.2 respectively.



2.4 The Bank will open current accounts of prospective customers who have not availed any credit facilities from the Banking system.

2.5 The Bank will open current accounts, without any of the restrictions, for borrowers having credit facilities only from NBFCs/ FIs/ co-operative Banks/ non-Bank institutions, etc. However, if such borrowers avail aggregate credit facilities of ₹5 crore or above from the Banking system (all Scheduled Commercial Banks & all Payment Banks), the provisions of 2.2 will apply.

3. EXEMPTIONS REGARDING SPECIFIC ACCOUNTS

3.1 Bank is permitted to open and operate the following accounts without any of the restrictions placed in terms of paras 1 and 2 mentioned above.

(a) Specific accounts which are stipulated under various statutes and specific instructions of other regulators / regulatory departments/ Central and State Governments. An indicative list of such accounts is given below:

(i) Accounts for real estate projects mandated under Section 4 (2) I (D) of the Real Estate (Regulation and Development) Act, 2016 for the purpose of maintaining 70 per cent of advance payments collected from the home buyers.

(ii) Nodal or escrow accounts of payment aggregators/ prepaid payment instrument issuers for specific activities as permitted by Department of Payments and Settlement Systems (DPSS), Reserve Bank of India under Payment and Settlement Systems Act, 2007.

(iii) Accounts for the purpose of IPO/ NFO/ FPO/ share buyback/ dividend payment/ issuance of commercial papers/ allotment of debentures/ gratuity etc. which are mandated by respective statutes or by regulators and are meant for specific/ limited transactions only.

(b) Accounts opened as per the provisions of Foreign Exchange Management Act, 1999 (FEMA) and notifications issued thereunder including any other current account if it is mandated for ensuring compliance under the FEMA framework.

(c) Accounts for payment of taxes, duties, statutory dues, etc. opened with Banks authorized to collect the same, for borrowers of such Banks which are not authorized to collect such taxes, duties, statutory dues, etc.

(d) Accounts for settlement of dues related to debit card/ ATM card/ credit card issuers/acquirers.

(e) Accounts of White Label ATM Operators and their agents for sourcing of currency.

(f) Accounts of Cash-in-Transit (CIT) Companies/ Cash Replenishment Agencies (CRAs) for providing cash management services.



- (g) Accounts opened under funding a specific project for receiving/ monitoring cash flows of that specific project, provided the borrower has not availed any CC/OD facility for that project.
- (h) Inter-Bank accounts.
- (i) Accounts of All India Financial Institutions (AIFIs), viz., EXIM Bank, NABARD, NHB, and SIDBI.
- (j) Accounts attached by orders of Central or State governments/ regulatory body/ Courts/ investigating agencies etc. wherein the customer cannot undertake any discretionary debits.

3.2 Branches maintaining accounts listed in para 3.1 above shall ensure that these accounts are used only for permitted/ specified transactions. Branches lending to such borrowers may also enter into agreements/ arrangements with the borrowers for monitoring of cash flows/ periodic transfer of funds (if permissible) in these accounts.

4. OTHER INSTRUCTIONS

4.1 In case of borrowers covered under guidelines on loan system for delivery of bank credit issued vide circular DBR.BP.BC.No.12/ 21.04.048/2018-19 dated December 5, 2018, bifurcation of working capital facility into loan component and cash credit component will continue to be maintained at individual bank level in all cases, including consortium lending.

4.2 All Branches will monitor/review operations in their respective current accounts regularly, at least on a half-yearly basis, specifically with respect to the aggregate credit risk exposure of the banking system to the borrower, and the Bank's share in that exposure, to ensure compliance with these instructions. For this purpose, an undertaking from customer will be taken permitting the Bank to share KYC Information with CICs to obtain latest data/extracting i-scan/commercial CIBIL report on half yearly basis. If there is a change in exposure of a particular bank or aggregate exposure of the banking system to the borrower availing more than Rs.5 Crore which warrants implementation of new banking arrangements, such changes will be implemented within a period of three months from the date of such monitoring.

4.3 Bank will put in place a monitoring mechanism, at Corporate office, FGMOs and Zonal Office levels to monitor non-disruptive implementation of the guidelines and to ensure that customers are not put to undue inconvenience during the implementation process.

4.4 Further, disbursement from term loans will not be routed through CC/ OD/ Current accounts of the borrower. Since term loans are meant for specific purposes, the funds will be remitted directly to the supplier of goods and services. In cases where term loans are meant for purposes other than for supply of goods and services and where the payment destination is



identifiable, it must be ensured that payment is made directly, without routing it through an account of the borrower. However, where the payment destination is unidentifiable, term loan disbursements may be routed through an account of the borrower opened as per the provisions of the circular. Expenses incurred by the borrower for day-to-day operations may be routed through an account of the borrower.

4.5 Banks having exposures to the borrower only in their capacity as a financier on a Trade Receivables Discounting System (TReDS) platform, will be excluded in the escrow mechanism.

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

i.) 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 account, after due notice(s) is provided to the customer.

j) Deposit accounts can be opened by an individual in his own name (status: known as account in single name) or by more than one individual in their own names (status: known as Joint Account).

k) Operation of Joint Account - The Joint Account opened by more than one individual can be operated by single individual or by more than one individual jointly. The mandate for operating the account can be modified with the consent of all account holders. The joint account holders can give any of the following mandates for the disposal of balance in the above accounts:

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

Anyone or Survivor: If the account 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 accountholders i.e. A or B or C, on the date of maturity.

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

applicable, will be paid to surviving account holder i.e. C.

Former or Survivor: If the account 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 account holders.

Later or Survivor: If the account 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 account holders.

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

If the joint depositors prefer premature withdrawal of deposits in accordance with the mandate of 'Either or Survivor', 'Anyone or Survivor' or 'Former or Survivor', Bank may allow premature withdrawal of term 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 account 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 account on his behalf.

l) 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.

In case of a person claiming to be transgender and needs to open account or to do any banking transaction, the person will be recognized as "Third Gender" and the details will be accepted in the Account 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.

m) 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. Sufficient details of all transactions will be provided in the pass book. Information regarding deposit insurance cover will also be provided in the



passbook. Customer will be able to see last few transactions at the counter. Customer will also be able to see the transactions on ATM or through ATM or through Internet account wherever such facilities are availed.

n) Bank also provides the customer with account statements more often than is normally available on the type of account, at a charge. The charges will be indicated in the Tariff schedule. If the customer desires, Bank will send the statement of accounts by post/e-mail or make it available through its secure Internet Banking Service.

o) 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 / dormant accounts, at present.

p) Levy of charges for non-maintenance of minimum balance in savings bank account is subject to the following additional guidelines w.e.f. 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 will 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 will not be less than one month from the date of notice of shortfall, penal charges will be recovered under intimation to the account holder.
- The penal charges will be directly proportionate to the extent of shortfall observed. In other words, the charges will 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 will be in accordance with suitable slab structure approved by the Board.
- It will be ensured that such penal charges are reasonable and not out of line with the average cost of providing the services.
- It will 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.

q) 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 will levy service charges. The nature of transactions to be reckoned for this purpose may be decided by the Bank from time to time.

r) 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

s) Customers while opening the Recurring Deposit (RD) accounts are required to provide the details of their SB/CA accounts in which the maturity proceeds will be credited on automatic closure of RD Account. Furthermore, the deposit account will be closed automatically without any rollover by the system at Begin of Day (BOD) and the maturity amount subject to TDS will be credited to the linked account on the date of maturity. However, on the date of maturity, if the linked SB/Current account is Inoperative/Dormant/Closed, the applicable maturity amount subject to TDS will be rolled over to ODD category.

t) **Clearing Member of NSE & BSE:** The Bank is empanelled as a Clearing and Settlement Bank with ICCL - "Indian Clearing Corporation Ltd." & NCL – "NSE Clearing Limited" with BSE & NSE for providing clearing & settlement requirements.

u) **E-FDR for Broking Firms:** The Bank has introduced E-FDR facility for enabling trades executed by broking Firms registered with BSE & NSE.

4.4. On boarding Sub Member Banks for Providing Payment & Settlement Services

There are no restrictions on the number of sub-members the Bank could sponsor. Aspects relating to operational feasibility, risk mitigation, fund settlement, collaterals, etc., have to be taken care of by the Bank before sponsoring sub-member/s.

i. The minimum criteria for on- boarding any other bank as a sub-member are :

- ❖ Camels Rating of not below B.
- ❖ Robust Cyber Security Policy, Risk Management Policy and KYC/AML policy at the proposed sub member bank to be ensured through yearly certification in this regard from its SCA .
- ❖ The User Department's (R & GR) Administrative Head will be the Discretionary Authority to on board the sub member bank with CAMELS rating of not below B.



- ii. The charges for customer transactions of sub-member/s cannot exceed the charges applicable to customers of sponsor bank/direct members of the centralised payment systems viz., RTGS and NEFT
- iii. The Bank is not required to take prior approval of the RBI for sponsoring a sub-member/s or cessation of its sub-member/s in the centralised payment systems. However, if and when the Bank sponsors sub-member/s or cease to act as the sponsor bank of any sub-member/s, the Bank should immediately inform the Regional Director, Mumbai Regional Office, Reserve Bank of India, the details of the sub member/s, IFSC/MICR codes allotted to the branch/branches of sub-member/s, date of commencement/ discontinuation of sub-membership etc
- iv. The Bank will bring to the immediate notice of the RBI on :-
 - Any involvement of its sub-member/s in any suspicious transactions, frauds, etc.;
 - Any of its sub-member/s resorting to any unfair practices relating to their participation in centralised payment systems;
 - Any of its sub-member/s not adhering to the rules, regulations, operational requirements, instructions etc. of centralised payment systems
- v. In order to ensure compliance with the timely credit and return disciplines which are of utmost importance in centralised payment systems, branches of sub member/s that are not under core banking system shall be kept out of the centralised payment systems till such time they are brought under core banking.
- vi. All disputes between the sponsor Bank and the sub-member/s will be handled bilaterally amongst them.
- vii. Redressal of all customer complaints/grievance would be the responsibility of the Bank. To aid in this process, the Bank should ensure that the sub-member/s have put in place a transparent and robust mechanism to resolve customer complaints in a quick and efficient manner, as laid down in the procedural guidelines, business rules and regulations of the centralised payment systems
- viii. The bank at all times should ensure that their sub-member/s adhere to and abide by the rules, regulations, operational requirements, instructions, orders, decisions, etc. of the centralised payment systems, as laid down by the RBI from time to time



- ix. The settlement of transactions by/on the sub-members will take place in the settlement accounts of the Bank maintained with RBI. The Bank under this arrangement will assume complete responsibility for the settlement of all transactions by/on the sub-members.
- x. The Bank will put in place a risk management framework and a system of continuous monitoring of the risk management practices of sub member/s that they desire to sponsor. The risk management framework duly approved by the Board of the sponsor bank will be covered in the Risk Management Policy of the Bank.

4.5 Operationalization of Central KYC Registry (CKYCR):

Government of India vide their Notification dated November 26, 2015 authorised the Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI), set up under sub-section (1) of Section 20 of the Securitization 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 will 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 Centralized 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.

As the CKYCR is now fully operational for individual customers, it has been decided to extend the CKYCR to Legal Entities (LEs). Accordingly, Scheduled Commercial Banks (SCBs) will upload the KYC data pertaining to accounts of LEs opened on or after April 1, 2021, on to CKYCR in terms of Rule 9(1A) of the PML Rules. The LE Template will be released by CERSAI well in advance so that SCBs start using it from the notified date. SCBs will also ensure that in case of accounts of LEs opened prior to April 1, 2021, the KYC records are



uploaded on to CKYCR during the process of periodic updation as specified in Section 38 of the Master Direction, or earlier when the updated KYC information is obtained / received from the customer in certain cases. SCBs will ensure that during periodic updation, the customers' KYC details are migrated to current Customer Due Diligence (CDD) standards.

4.6. 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 will help the customer to switch to another account or Bank will give the money back with any interest it might have earned. Bank will ignore any notice period and any extra charges.

If any customer wants to transfer his / her account, the Bank will do so on the same day of receipt of request subject to the account being KYC compliant. Transferor Branch should ensure that customer's original account opening form along with other supporting documents are also to be transferred to the Transferee Branch on the same day.

4.7. Nomination in Deposit Accounts:

a) 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 favor of one individual only. Nomination so made can be cancelled or changed by the account 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 account 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 account holder during the minority of the nominee.

b) Bank recommends that all depositors avail of the nomination facility.

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



4.8. 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 taking into account the cost of funds. The interest rates are subject to revision from time to time.
- As per the powers delegated by ALCO: -
 - Funds and Investment Committee (FIC) will decide interest rates on bulk term deposits.
 - ALCO will decide interest rate on Domestic Retail Term Deposits.
- The interest will be calculated at quarterly rests on term deposits. In the case of term deposits with monthly interest payments, the interest will 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 will be paid on deposits held in current accounts. However, balances lying in current account standing in the name of a deceased individual depositor or sole proprietorship concern will 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.

4.9. RBI Guidelines on Interest rate of deposits:

Scheduled commercial banks will pay interest on deposits of money (other than current account deposits) accepted by them or renewed by them in their Domestic, Ordinary Non-Resident (NRO), Non-Resident (External) Accounts (NRE) and Foreign Currency (Non-resident) Accounts (Banks) Scheme {FCNR(B)} deposit account on the terms and conditions specified in the following directions:

- (a) There will be a comprehensive policy on interest rates on deposits duly approved by the Board of Directors or any committee of the Board to which powers have been delegated.



(b) 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 deposits, between one deposit and another of similar amount, accepted on the same date, at any of its offices.

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

(d) The rates will not be subject to negotiation between the depositors and the bank.

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

Interest rates on term deposits will vary only on account of one or more of the following reasons:

(i) Tenor of Deposits:

Banks will have the freedom to determine the maturity/tenor of the deposit subject to the condition that minimum tenor of the deposit offered will be seven days.

(ii) Size of Deposits

Differential interest rate will be offered only on bulk deposits.

Provided that differential interest will not be applicable on deposit schemes framed on the basis of the Bank Term Deposit Scheme, 2006 or the deposits received under the Capital Gains Accounts Scheme, 1988.

4.10. Payment of Additional Interest on domestic deposits

(a) Scheduled Commercial Banks will, at their discretion, allow additional interest of one per cent per annum, over and above the rate of interest mentioned in the schedule of interest rates on savings or a term deposits of bank's staff and their exclusive associations as well as on deposits of Chairman, Chairman & Managing Director, Executive Director or such other Executives appointed for a fixed tenure, subject to the following conditions:

(i) The additional interest is payable till the person continues to be eligible for the same and in case of his ceasing to be so eligible, till the maturity of a term deposit account.

(ii) In case of employees taken over pursuant to the scheme of amalgamation, the additional interest is allowed only if the interest at the contractual rate together with the additional interest does not exceed the rate, which could have been allowed if such employees were originally employed by the bank.

(iii) In the case of employees taken on deputation from another bank, the bank from which they are deputed may allow additional interest in respect of the savings or term deposit account opened with it during the period of deputation.

(iv) In the case of persons taken on deputation for a fixed tenure or on a contract of a fixed tenure, the benefit will cease to accrue on the expiry of the term of deputation or contract, as the case may be.

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

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

(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 account 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 members of the bank's staff;

(b) Scheduled Commercial Banks will, at their discretion, formulate term deposit schemes specifically for resident Indian senior citizens, offering higher and fixed rates of interest as compared to normal deposits of any size provided that this facility is not offered on the term deposit standing in the name of an HUF or the Karta of the Hindu Undivided Family (HUF), even if the Karta is a resident Indian senior citizen.

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

4.11. RBI Guidelines on Premature withdrawal facility in Term Deposit

Non- availability of premature withdrawal option

The Bank 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:

- i. All term deposits of individuals (held singly or jointly) of Rs.1 Crores and below will, necessarily, have premature withdrawal facility.



- ii. 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 will 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.
- iii. In view of the above RBI direction (ii) Non-Callable Deposits without Premature Withdrawal Option are offered with minimum deposit of above Rs.1 Crores.
- iv. However, in case of death of the Depositor (Single/ Joint)/ Bankruptcy/ winding up /directions by court/ regulators/ receiver/liquidator, premature withdrawal is allowed & interest paid will be as per the card rate for normal deposit for the period for which deposit actually remained with the Bank

Payment of Interest on pre-mature withdrawal:

The interest rates applicable on term deposits withdrawn before the maturity date will be as under:

- (i) Interest will be paid at the rate applicable to the amount and period for which the deposit remained with the bank and not at the contracted rate.
- (ii) No interest will be paid, where premature withdrawal of deposits takes place before completion of the minimum period specified i.e., 7 days.

4.12. 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 will attract penal charge as prescribed by Bank from time to time except the following category of deposits.

- Deposits of value up to Rs.5.00 lakhs provided the deposit has been retained for at least 181 days.
- 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, if prematurely withdrawn.
- Splitting of the amount of term deposit at the request from the claimant/s of deceased depositors or joint account 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.

4.13. 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 will be paid at the rate applicable for the period it has remained with the bank. Further the bank will levy penalty for pre-mature closure / renewal of an existing deposit.

4.14. 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.

4.15. 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 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 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 will be paid on maturity value and in case of other deposits on the principal amount.

4.16. 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 will be rounded off to the next higher rupee and fraction of less than 50 paise will be ignored and all transactions, involving payment of interest on deposits will be rounded off to two decimal places for FCNR Deposits.

4.17. Interest Payments:

Bank is free to determine their savings bank interest rate subject to the following two conditions:

- Uniform interest rate on savings bank deposits up to Rs.1 lakh, irrespective of the amount in the account within this limit.
- For savings bank deposits over Rs.1 lakh, bank may provide differential rates of interest by linking to one of the following approved benchmarks viz.
 - ✓ Reserve Bank of India Policy Repo Rate
 - ✓ Government of India 3-Months Treasury Bill yield published by the Financial Benchmarks India Private Ltd (FBIL)
 - ✓ Government of India 6-Months Treasury Bill yield published by the FBIL
 - ✓ Any other benchmark market interest rate published by the FBIL

if it so chooses, subject to the condition that bank 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 will be applicable to savings bank deposits of Resident Indians only.

- The rate of interest on deposits will be prominently displayed in the branch premises. Changes, if any, with regard to deposit schemes and other related services will also be communicated upfront and will be prominently displayed.
- Interest rate on Non-Resident (External) Accounts Scheme and Ordinary Non-Resident deposit under savings account has been deregulated and at applicable SB rate as revised from time to time.
- As per RBI directions, Interest on Savings Bank account on daily product basis is being 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.

4.18. Periodicity of payment of Interest:

Interest on savings deposit will be credited at quarterly or shorter intervals” and GM (R&GR) will be the competent authority to decide on the periodicity of payment of interest on case to case basis.

In terms of Reserve Bank of India directives, interest will 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 will 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 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.

Bank will not accept Form 60 from a person, if the total income declared by him/her exceeds the maximum amount which is not chargeable to tax, i.e., Rs.3.00 lacs up to 60 years, Rs.3.00 lacs between 60 & 80 years and Rs.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 will be sent as a statement in Form 61 to the Income tax authorities.

4.19. 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 receipt.
- Renewal of deposit will 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 will be kept in a separate interest free sub-account which will 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.

4.20. Undesirable accounts:

In cases where the operations in Savings Bank or Current deposit account are not satisfactory, Bank may decide to close the account except PMJDY, BSBD Accounts 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.

4.21. 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 giving 30 days' notice to customers which is required as per RBI norms.
- In case where the changes are on account of regulatory requirements, 30 days' prior notice to customers may not be given by the Bank.
- All deposit interest rates are to be displayed at a prominent place in all branches.

4.22. Sweep Accounts:

The Bank offers Multi Option Deposit Scheme (MODs) linked to the Specific Product Variants of Savings or Current Account wherein "auto sweep" facility will be executed above a Minimum Threshold Balance. Restriction on Threshold Limit will apply only for availing auto sweep facility.

Penalty for premature closure of MOD will be charged as per the Bank's rules in force on the date of pull sweep transaction.

If no pull sweep has taken place during the term of MOD, the account will be automatically rolled over with interest.

For Retail MODs (Less than Rs.2 Crore)

Reverse Sweep from the MODs will be on “Last in First out” (LIFO) basis and the remaining amount will continue to earn the same rate of interest, as agreed upon in the contract.

For Bulk MODs (Rs.2 Crore and above)

Pull Sweep from the MODs will be on “Last in First out” (LIFO) basis and the residual amount that remains till the final closure of MOD, will attract the applicable ROI on the date of creation of MOD corresponding to that amount bucket and also the tenor run/agreed.

At any point, on single day at EOD only one MOD will be created as per the set parameters.

Branches will inform the customer on implications and procedure involved at the time of opening of account having auto sweep facility.

4.23. Basic Savings Bank Deposit account:

No frill SB account has been renamed as Basic Savings Bank deposit (BSBD) account with requirement of NIL balance with full KYC. The scheme is for reaching out to underserved and unserved sections of population who did not have access to formal banking facilities.

The holders of BSBD Account will not be eligible for opening any other savings bank deposit account in the Bank.

If a customer has any other existing savings bank deposit account in the Bank, he/she will be required to close it within 30 days from the date of opening a BSBD Account.

While opening of BSBD Account, a declaration is to be obtained from the customer that he/she is not having a BSBD Account in any other bank.

The charges applicable for various services / products in such an account will 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.

4.24. Small Accounts:

If the account is opened on the basis of simplified KYC norms, then these accounts will 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 Rs.1.00 lakh; withdrawals and transfers during a month not to exceed Rs.10000; balance at any point of time not to exceed Rs.50000, etc.). These accounts will be converted into regular accounts as soon as the normal requirements for full KYC are fulfilled. These small accounts will be valid normally for a period of twelve months. Thereafter, such accounts will 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 will be treated as inoperative / dormant account and the rules and regulation as applicable to such account will apply.

4.25. Minors' Accounts:-

- i. Saving Bank account and Term Deposit Accounts including Recurring Deposits can be opened in the name of minor (known as Minor's Account) by natural guardian or guardian appointed by court (legal guardian). Savings Bank Account or Term Deposit Account can also be opened in the name of a minor jointly with natural guardian or with mother as the guardian (known as Minor's Account) 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.
- ii. Minors above the age of 10 will be allowed to open and operate savings bank account independently subject to restrictions on transaction amount, keeping in view the risk management system. Additional banking services like internet banking, ATM/Debit card, Cheque Book facility etc., would be offered subject to account will always remain in credit and will not be allowed to be overdrawn. KYC norms & due diligence of minor should be ensured while opening and operating these accounts.
- iii. A Minor account holder will be allowed to transact subject to the following restrictions on transaction amount: -
 - i. Total Debit Transaction through digital channels per day does not exceed Rs.25000/- including withdrawals by Debit Card /Internet Banking/IMPS/UPI.
- iv. On attaining majority on the same day account should be made inoperative till the time customer converts the minor account to major with required KYC documents. Bank would initiate prior communication to Minor accounts that would attain majority.
- v. 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.

4.26. 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.

At the time of withdrawal/repayment of deposit amount and/or interest, the account holder will affix his / her thumb impression or mark in the presence of the authorized officer who will verify the identity of the person. The Bank will explain the need for proper care and safe keeping of the passbook etc. given to the account holder. The bank official will explain the terms and conditions governing the account to the illiterate person.

Visually impaired (Blind) Persons:

Bank will facilitate opening of Savings bank accounts as well as Term Deposit accounts of persons with visual impairment. Such accounts will be operated by the account holder personally. Cheque book facility will be made available.

Such account holders will have to be present before the branch official and affix thumb impression and they will be identified through their photographs to facilitate operations. Bank is also committed in introducing technology banking facilities progressively via ATM and Internet banking in keeping with the availability of supporting technology which will enable visually challenged persons to operate their own accounts.

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

Savings Bank and Term deposits can also be opened in the name of persons with autism, cerebral palsy, mental retardation and multiple disabilities by the legal guardian appointed 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. Legal guardian, so appointed, will furnish an indemnity-cum-undertaking bond duly stamped as per the local law in force along with Guardianship Certificate.

4.28. Accounts of Senior citizen / Super Senior Citizen:

- i. A Super Senior Citizen is an individual resident who is 80 years or above. The Bank will take all efforts to make it easy and convenient for the Senior 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 deposit is allowed to be opened in a day for more than ₹2 Cr within the overall limit of ₹10 Cr tagged to a single CIF as any deposit of Rs.2 Crores and above in a single day will come under Bulk Deposits and additional interest for Senior Citizen will not be applicable.
- ii. The additional rate will be offered on deposits of 7 days to 10 years in respect of Short Term Deposits, Fixed Deposits, Tax Saver Schemes and Money Multiplier Schemes & for the period 6 months to 120 months in respect of Recurring Deposits (in multiples of 3 months).
- iii. The above ceiling is applicable to all types of term deposits standing in the name of the Senior Citizen / Super Senior Citizen as the principal account holder at one or more branches put together. However, deposits of Senior Citizen /Super Senior Citizen opened under Capital Gains Scheme Type B (Term Deposits) 1988 Scheme are not eligible for this benefit.
- iv. As per RBI direction Automatic conversion of status of accounts, a fully KYC compliant account will automatically be converted into a 'Senior Citizen Account' & 'Super Senior Citizen Account' based on the date of birth available in bank's records.
- v. The Maturity value will be subject to change due to additional ROI provided on account of customer attaining Seniority / Super Seniority and also due to TDS as applicable for Senior Citizen and Super Senior Citizens.
- vi. For deposit of above Rs.10 crores, 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.
- vii. 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.

4.29. Accounts of Migratory Worker, Transferred Employee, Etc.

In case of migratory worker, transferred employees etc, customers may submit only one documentary proof of address (either current or permanent) while opening a bank account or while undergoing periodic updation. In case the address mentioned as per 'proof of address' undergoes a change, fresh proof of address may be submitted to the branch within a period of six months.

In case the proof of address furnished by the customer is not the local address or address where the customer is currently residing, the bank may take a declaration of the local address on which all correspondence will be made by the bank with the customer. No proof is required



to be submitted for such address for correspondence/local address. This address may be verified by the bank through positive confirmation, such as acknowledgment of receipt of (i) letter, cheque books, ATM cards; (ii) telephonic conversation; (iii) visits; etc. In the event of change in this address due to relocation or any other reason, customers may intimate the new address for correspondence to the bank within two weeks of such a change.

The Central Government vide Notification G.S.R 840(E) dated 13.11.2019 (Ministry of Finance, Department of Revenue), makes further amendment in the Prevention of Money-laundering (Maintenance of Records) Rules, 2005 in rule 9, after sub-rule (18) namely:

“(19) Where a client has provided his Aadhaar number for identification under clause (a) of sub-rule (4) and wants to provide a current address, different from the address as per the identity information available in the Central Identities Data Repository, he may give a self-declaration to that effect to the reporting entity.

4.30. 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 will the amount or duration of the original deposit undergo a change in any manner in case the deposit is a term deposit.

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.

4.31. Renewal of Overdue Term 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, 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 Term Deposit (TD) matures and proceeds are unpaid, the amount left unclaimed with the bank will attract rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower.

The Bank will quarterly credit the applicable interest in the Over Due Deposits in line with Savings Bank Account.

4.32. Automatic renewal of Term Deposit:

As a customer friendly measure, all domestic term deposits viz., Short Term (STD), Fixed (FD) and Money Multiplier Deposits (MMD) will be auto rolled over 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: -

- i. If Deposit is placed for 1 year or more, it will be automatically renewed for one year at the prevailing rate on Maturity Date.
- ii. If Deposit is placed for less than 1 year, it will be automatically renewed for same period at the prevailing rate on Maturity 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 deposit or automatically renewed deposit. The amount so renewed will be the net of TDS amount as applicable, on case to case basis.

4.33. Procedural reforms for Acceptance of Bulk Deposit:

- i. 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 deposit ROI instead of Bulk Deposit Rate.
- ii. All existing Term Deposits of 2.00 Cr & above will be examined to ensure KYC compliant as per (AML) / Combating Financing of Terrorism (CFT) Policy of the Bank and the SOP on procedural norms on Acceptance / Closure of Bulk Deposits is to be adhered.

- iii. The bulk deposits rates may change as per decision of the bank. The change in rates will be updated from time to time on Bank's Website /Circular Site.

4.34. Advances against Deposits:

- i. The Bank will consider request of the depositor/s for loan/overdraft facility against the Bank's own term deposits duly discharged by the depositor/s on execution of necessary security documents.
- ii. The Bank will consider loan against deposit standing in the name of minor. However, a letter of Undertaking cum Indemnity as per Banks Format (F72) is to be obtained stating that loan is for the benefit of the minor which is to be signed by the guardian of the account.
- iii. Loans / Overdraft granted against minor / third party deposits will be governed by Bank Credit Policy.
- iv. 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.

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 account holder.

5.2. Secrecy of Customer's Accounts:

The Bank will 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.

5.3. Settlement of claims in respect of Deceased Account holders

Bank follows 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 utilized 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;

- i. the identity of the survivor(s) / nominee (s) and the fact of the death of the account holder, are established through appropriate documentary evidence:
- ii. there is no order from the competent court restraining the bank from making the payment from the account of the deceased; and
- iii. It has been made clear to the survivor(s)/ nominee that he/she will 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 will not affect the right or claim which any person may have against the survivor(s)/ nominee to whom the payment is made.
- iv. In case of a joint deposit account, nominee’s right arises only after the unfortunate event of death of all the depositors
- v. 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, will constitute a full discharge of the bank’s liability. In such cases, payment to the survivor(s)/nominee of the deceased depositors will 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 will be levied if the period and aggregate amount of the deposit do not undergo any change.

c. Settlement of Claims in Respect of Missing Persons

The settlement of claims in respect of missing persons will be governed by the provisions of Section 107 / 108 of the Indian Evidence Act, 1872. Section 107 deals with presumption of continuance and Section 108 deals with presumption of death. As per the provisions of Section 108 of the Indian Evidence Act, presumption of death can be raised only after a lapse of seven years from the date of his/her being reported missing. As such, the nominee / legal heirs have to raise an express presumption of death of the subscriber under Section 107/108 of the Indian Evidence Act before a competent court. If the court presumes that he/she is dead, then the claim in respect of a missing person can be settled on the basis of the same.

Banks are advised to formulate a policy which will enable them to settle the claims of a missing person after considering the legal opinion and taking into account the facts and circumstances of each case. Further, keeping in view the imperative need to avoid inconvenience and undue hardship to the common person, banks are advised that keeping in view their risk management systems, they may fix a threshold limit, up to which claims in respect of missing persons could be settled without insisting on production of any documentation other than (i) FIR and the non-traceable report issued by police authorities and (ii) letter of indemnity.

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

Claim form with all necessary enclosures and annexure 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

d. Premature Termination of term deposit accounts:

In the case of term deposits, Bank will 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 will be allowed; subject to certain conditions, such premature withdrawal will be permitted. Such premature withdrawal will not attract any penal charge.

e. 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 will 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 will consider adopting either of the following two approaches:

i. Bank will 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 will 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.

5.4. Time limit for settlement of claims:

Bank 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.

5.5. 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 the amount of the deposit is claimed after the date of maturity, the Bank will pay interest at the contracted rate till the date of maturity. From the date of maturity to the date of payment, amount left unclaimed with the Bank will attract rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower.



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

5.6. Insurance Cover for Deposits:

The DICGC insures all deposits with banks such as savings, fixed, current, recurring, etc. but does not include deposits received from a foreign government, the central government, a state government, another bank, any deposit received outside India or any amount specifically exempted by DICGC with the previous approval of Reserve bank of India.

5.7. Stop Payment Facility:

Bank will 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 will levy charges, if any and the same will 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.

5.8. 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 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.

5.9. 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.

5.10 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 Bank's website
- Display on Branch Notice Board

5.11 Display in Bank's website:

The Policy on Deposits will be displayed on the Bank's website.



SECTION B: - POLICY ON UNCLAIMED DEPOSITS

1. Purpose of the Policy:

The aim of this policy is to bring to the knowledge of customers the various features relating to classification of unclaimed deposits/ inoperative / dormant accounts, maintaining record of these accounts and carrying out review periodically. This policy is also prepared taking into account the inherent risk associated with the inoperative / dormant accounts and the need to take proactive steps to find out the account holders of inoperative / dormant accounts with an intention to convert accounts into operative state and/or to settle the amount to the proper persons.

The objective of this policy is to establish a system of classification of inoperative / dormant accounts, enumerate various steps to be taken by the bank to make the procedure simple and safe to the account holders to convert these accounts into operative state and/or to get the amount in these accounts.

The document also outlines the guiding principles in respect of formulation of various safeguards and obligations on the part of the bank to fulfill its commitments towards the customers and recognize their rights.

2. Objective of the Policy:

2.1 To segregate and maintain separately, the deposit accounts which have not been operated upon over a period of two years. This segregation of the inoperative / dormant accounts is from the point of view of reducing risk of frauds, record keeping and periodic review of accounts.

2.2 To have a mechanism for periodic transfer of unclaimed deposits to DEAF, settlement of refund claims, complaint redressal etc.

2.3 The need to identify the owners of the unclaimed deposits/ inoperative / dormant accounts is closely linked to KYC due diligence. Bank will display the list of unclaimed deposits/ inoperative / dormant accounts which are inactive / inoperative / dormant for ten years or more on the website. The list so displayed on the website will contain only the names of the account holder(s) and his/her address.

2.4 The process for the above includes (i) annual review of accounts in which there are no operations, (ii) permitting operations in such accounts after due diligence and (iii) settlement of claims as per the laid down procedure etc.



3. Scope of the Policy:

Definition of Inoperative / dormant and Unclaimed Deposits:

3.1. Inoperative / dormant accounts:

RBI vide their letter no. RBI/2023-24/105/DOR.SOG(LEG).REC/64/09.08.024/2023-24 dated 01/01/2024 issued revised instruction on Inoperative Accounts / Unclaimed Deposits in Bank and the revised instruction shall come into force from April 1, 2024.

i. **Bank induced transaction-** Transactions in the account initiated by the bank as per its extant policy such as charges, fees, interest payments, penalties, taxes.

ii. **Customer induced transaction-** The transactions in account which are in the nature of:

a) a financial transaction initiated by or done at the behest of the account holder by the bank/ third party (an illustrative list is given as under)

1. ATM/ Cash withdrawal/deposit
2. RTGS / NEFT/ IMPS /UPI/ AePS/ ABPS Transactions
3. Internet Banking Transactions
4. Debit Card Transactions
5. Transfer of funds from / to the linked CBDC(e-Rupee) account
6. Cheque Clearing
7. Remittance of funds by way of demand drafts
8. Cash withdrawal by third party through cheque
9. Standing Instructions issued by the customer
10. NACH Debit / Credits
11. Term Deposit Interest / proceeds
12. Dividend on shares/Interest on Debentures or any other investment proceeds
13. Direct Benefit Transfer (DBT) credits
- n) Refunds like refunds related to e-commerce payments, Income Tax Returns, etc.
- o) National Electronic Toll Collection (NETC) debit

or;

b) a non-financial transaction,

or;

c) KYC updation done in face-to-face physical mode or through digital channels such as internet banking or mobile banking application of the bank.

iii. **Financial transaction-** A monetary transaction in the savings/ current account of the customer with the bank either by way of a credit or debit transaction.



iv. Inoperative Account- A savings/ current account shall be treated as inoperative, if there are no 'customer induced transactions' in the account for a period of over two years.

v. Non-financial transaction- An enquiry or request for any product/ service initiated by the account holder through any ATM or internet banking or mobile banking application of the bank or through Third Party Application Providers, which requires two-factor authentication (2FA) and leaves a trail for audit purposes or successful log-in to the internet banking/ mobile banking application. Illustratively, this includes transactions such as change in transaction limit, request for issue of cheque book/ credit card/ debit card, nomination facility, balance enquiry, etc.

vi. Unclaimed Deposits- The credit balance in any deposit account maintained with bank, which have not been operated upon for ten years or more, or any amount remaining unclaimed for ten years or more as mentioned in paragraph 3(iii) of the "Depositor Education and Awareness" (DEA) Fund Scheme, 2014.

vii. Unclaimed Deposit Reference Number (UDRN)- It is a unique number generated through Core Banking Solution (CBS) and assigned to each unclaimed account/ deposit transferred to DEA Fund of RBI. The number shall be such that the account holder or the bank branch where account is maintained, cannot be identified by any third party.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Banking Regulation Act, 1949 or the Reserve Bank of India Act, 1934 or any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

3.2. Unclaimed Deposits:

- i. Savings Bank accounts and Current accounts which have not been operated (other than interest credits and service charges debits) for 10 years and above from the date of last operation are classified as unclaimed deposits. Identification of such deposits has been system enabled.
- ii. A term deposit account will be classified as unclaimed deposit if the same is not withdrawn after 10 years or more from the date of original maturity i.e., the period specified by the customer while placing the deposit.

4. Regulatory Reference:

Reserve Bank of India guidelines:

Section 26 of the Banking Regulation Act, 1949 provides, inter alia, that every banking company will, within 30 days after close of each calendar year, submit a return in the



prescribed form and manner to the Reserve Bank of India as at the end of each calendar year (i.e., 31st December) of all accounts in India which have not been operated upon for 10 years.

In view of the increase in the amount of the Unclaimed deposits with banks year after year and the inherent risk associated with such deposits, banks will play a more pro-active role in finding the whereabouts of the account holders whose accounts have remained inoperative / dormant.

5. Policy statement and Details & Resources:

5.1. Review of accounts not operated for more than one year:

5.1.1 Reserve Bank of India had directed the Bank to play a more pro-active role in finding the whereabouts of the account holders whose accounts have remained inoperative / dormant. Bank will follow the Reserve Bank of India's instructions with regard to inoperative / dormant accounts.

5.1.2 Bank will undertake at least an annual review in respect of accounts, where there is no customer induced transactions for more than a year. In cases where there is no explicit mandate to renew the term deposit, the bank will review such accounts if the customers have not withdrawn the proceeds after maturity or transferred these to their savings/current account in order to prevent such deposits from becoming unclaimed.

5.1.3 The bank will inform the account/deposit holders in writing through letters or email or SMS (if the email and mobile number are registered with the bank) that there has been no operation in their accounts/deposits in the last one year, as the case may be. The alert messages will invariably mention that the account would become 'inoperative' if no operations are carried out during the next one year and, the account holder would be required to submit KYC documents afresh for reactivating the account in such case.

5.1.4 If the letters are returned undelivered or no response is received through registered email, Branches concerned will immediately undertake an enquiry to find out the whereabouts of account holder or his/her nominee/legal heirs in case the account holder is deceased.

5.1.5 In case any response is received from the account holder giving the reasons for not operating the account, the bank will continue to classify the account as operative for one more year and the account holder will be advised to operate the account within a period of one year (herein after referred to as 'extended period'). In case the account holder still fails to operate the account within the extended period, the bank will classify the said account as inoperative account after the expiry of the extended period.



5.1.6 For the purpose of classifying an account as 'inoperative', only customer induced transactions and not bank induced transactions will be considered. There may be instances where the customer has given a mandate like Standing Instructions (SI)/ auto-renewal instructions and there are no other operations in the Savings /Current account or the Term Deposit. These transactions will also be treated as customer induced transactions.

5.1.7 The classification of an account as inoperative will be for a particular account of the customer and not with reference to the customer. In case a customer is maintaining multiple accounts/deposits with a bank, all such accounts/deposits will be assessed individually for the purpose of classifying them as inoperative account/ unclaimed deposit, as the case may be.

5.1.8 In case the account holder is not carrying out transaction and the account is - inoperative due to shifting of primary account to another bank, the account holder may be requested to provide the details of the new bank account with authorization to enable the bank to transfer the balance from the existing bank account.

5.1.9 Treatment of accounts opened for credit of scholarship amount and credit of Direct Benefit Transfer under Government Schemes

Bank will open zero balance accounts for beneficiaries of Central/State government schemes and for students who receive scholarship. Central and State governments have been expressing difficulty in crediting cheques / Direct Benefit Transfer/ Electronic Benefit Transfer/ scholarship amount in these accounts as they are also classified as inoperative due to non-operation for two years.

Based on the purpose of opening of this account, stipulation of 'inoperative' account will not be applicable to these accounts due to their non-operation for a period of more than two years. To avoid the risk of fraud, etc., in such accounts, while allowing operations in these accounts, the bank will exercise due diligence by ensuring the genuineness of transactions, verification of signature and identity etc. However, it will be ensured that the customer is not inconvenienced in any manner.

5.2 Segregation and Audit of Inoperative Accounts/ Unclaimed Deposits

5.2.1 The segregation of inoperative accounts is required to be done to reduce the risk of frauds. The transactions in inoperative accounts, which have been reactivated, shall be monitored regularly, for at least six months, at higher levels (i.e. by controlling authorities of the concerned branch) without the knowledge and notice of the customers and the dealing staff.

5.2.2 The amount lying in inoperative accounts/unclaimed deposits and reactivated inoperative accounts/ unclaimed deposits, are subjected to concurrent audit.



5.3 Tracing of Customers of Inoperative Accounts/ Unclaimed Deposits

5.3.1 Bank will contact the holder(s) of the inoperative account/ unclaimed deposit through letters, email or SMS (if the email and mobile number are registered with the bank). Letter /Email/ SMS shall be sent on a quarterly basis.

5.3.2 In case the whereabouts of the holder(s) of the inoperative account/ unclaimed deposit are not traceable, the bank will contact the introducer, if any, who had introduced the account holder to the bank at the time of opening of the account.

5.3.3 The Branches concerned will also contact the nominee, if registered, for tracing the customer.

5.3.4 Bank will undertake special drives periodically to find out the whereabouts of the customers, their nominees or legal heirs in respect of inoperative accounts / unclaimed deposits.

6 OPERATIONAL GUIDELINES

6.1 Activation of Inoperative Accounts:

6.1.1 The facility of updation of KYC for activation of inoperative accounts/ unclaimed deposits at all branches (including non-home branches) and through Video-Customer Identification Process (V-CIP) will be made available by branches concerned if requested by the account holder,

6.1.2 The V-CIP related instructions under Master Direction - Know Your Customer (KYC) Direction, 2016 dated February 25, 2016 (as updated from time to time) will be adhered to by the bank.

6.1.3 Branches will activate the inoperative accounts/ unclaimed deposits, including those which are under freeze by orders of various agencies like Courts, Tribunals, Law Enforcement Agencies, only after adhering to the KYC guidelines provided in the Master Direction - Know Your Customer (KYC) Direction, 2016 dated February 25, 2016 (as updated from time to time) such as Customer Due Diligence (CDD), customer identification, risk categorization, etc.

6.1.4 Bank will ensure that activation of inoperative account/ unclaimed deposits in CBS necessarily requires second level of authorizations by another officer at the same or higher level (i.e., through maker and checker). System logs will invariably be maintained in case of any activity in or activation of inoperative accounts/unclaimed deposits for concurrent audit purpose. The preservation period of such system logs will be as per the internal guidelines of the bank.



6.1.5 The bank will automatically intimate the inoperative account/ unclaimed deposit holders through SMS and registered email stating that on the basis of the KYC documents submitted by them, the inoperative status of the account has been removed. The intimation shall also mention the remedial measures available to them to report unauthorized access, if any. This would alert the account/ unclaimed deposit holder against any possible fraudulent activity in his/her inoperative account. The bank shall have in place adequate operational safeguards to ensure that the claimants in case of inoperative accounts/ unclaimed deposits are genuine by obtaining quarterly certificate from the Concurrent Auditor and also through measures detailed in Clause 9 on Fraud Risk Management, Clause 10 on customer awareness, data security, intimation through alert SMS, Clause 3.1(vii) on URDN, Clause 5.1.2 on annual review of accounts.

6.1.6 Branches will process requests for activation of inoperative account/ unclaimed deposits within three working days from the receipt of the complete application.

6.2 Payment of Interest

Interest on savings accounts shall be credited on a regular basis irrespective of the fact that the account is in operation or not. If a Term Deposit matures and proceeds are unpaid/unclaimed for more than Ten years from the original maturity date, the same will be classified as Unclaimed deposit and the amount left unclaimed with the bank will attract interest as per the Bank Policy on Deposits.

6.3 Levy of Charges

The bank will not levy penal charges for non-maintenance of minimum balances in any account that is classified as an inoperative account. No charges shall be levied for activation of inoperative accounts.

6.4 FCY Deposit with fixed maturity period, viz. FCNR

Auto renewal of FCNR deposits for original tenor will continue till customer revokes the auto renewal instruction.

In the absence of auto renewal mandate: On due date, the deposit will be moved to Overdue FCY deposit for a period of three years. After the expiry of three years from due date, if there is no further instruction from the customer during such period, the deposit will be crystallized to Indian Rupee at the exchange rate prevailing as on date.



Seven years from the date of crystallization, the deposit will be transferred to DEAF. Till transferring date, interest as applicable to resident deposits will be paid.

6.5 FCY deposit without fixed maturity period

In case of FCY denominated deposit with no fixed maturity period, if there are no customer induced transactions in the account for a period of over two years, the account will be classified as Inoperative.

After three years from the date of the last customer induced transaction, the Bank shall, after giving a 3 months' notice to the customer in the last known address as available with the Bank, crystallize the Foreign Currency deposit to INR, at the end of the notice period at the prevailing exchange rate. FCY deposit thus crystallised to INR will be transferred to DEAF at the end of 10 years from the date of last customer induced transaction. Till transfer to DEAF, interest as applicable to resident deposits will be paid.

Process post crystallization

Post crystallization, the depositor shall be entitled to claim either the said Indian Rupee proceeds and interest thereon, if any, or the foreign currency equivalent (calculated at the rate prevalent as on the date of payment) of the Indian Rupee proceeds of the original deposit and interest, if any, on such Indian Rupee proceeds.

The other procedural aspects viz. review of accounts, tracing of customers of Inoperative and Unclaimed deposits of customer, contact to revive the accounts will be in line with the RBI guideline stipulated for domestic deposit accounts.

7. Transfer of Unclaimed Deposits to DEAF Fund:

Pursuant to establishment of the "Depositors Education and Awareness Fund" (the FUND) as notified in the "Depositors Education and Awareness Fund Scheme, 2014" by Reserve Bank of India (RBI), any deposit or any amount remaining unclaimed for more than ten years will be credited to the FUND with RBI with effect from 23.05.2014. The amount becoming due in each calendar month (i.e. proceeds of the inoperative / dormant accounts and balances unclaimed for ten years or more) will be transferred to the FUND in the subsequent month.

Savings Bank accounts and Current accounts which have not been operated (other than interest credits and service charges debits) for 10 years and above from the date of last operation and Term deposit amount remaining unpaid/unclaimed for more than ten years from the original maturity date will be marked as Unclaimed Deposits by the system and the home branch will be changed to CO: Development Department on monthly basis. Branches can only view such accounts and no operations are permitted in the accounts at Branch level.



Separate GL codes have been created for this purpose. System will take care of interest application for Savings Bank accounts periodically.

7.1 **Refunds and Interest:**

The depositor will, however, be entitled to claim from the Bank his deposit or any other unclaimed amount or operate his account after the expiry of ten years, even after such amount has been transferred to the Fund.

In case of demand from customer/depositors whose unclaimed amount/deposit had been transferred to Fund, bank will repay the customer/depositor along with interest if any and lodge a claim for refund for an equivalent amount paid to the customer/depositor. The Interest payable, if any, from the fund on a claim will accrue only from the date on which the balance in an account was transferred to the Fund to the date of payment to the customer/depositor.

Payment of interest on accounts transferred to DEA Fund of RBI:

The Bank will be liable to pay the amount to the depositor/claimant and claim refund of such amount from the DEA Fund. The interest payable on the amount will be as follows:

| Type of account | Interest paid till transfer to DEA Fund of RBI. | Interest paid after transfer of the amount to DEA Fund of RBI |
|---|--|--|
| Current Account | NIL | NIL |
| Savings Bank Account Term Deposits | At applicable Savings Bank interest as revised from time to time by the Bank. From the date of maturity till transfer to DEA Fund, the customer will be eligible for interest for overdue period as under: <ul style="list-style-type: none"> • If the maturity proceeds are withdrawn, interest as per prevailing Savings Bank interest rate. In case of renewal of the deposit, it will attract interest as per the Banks Policy on Deposits. | As specified by RBI the Bank to calculate the interest payable on interest bearing deposits transferred to RBI at the rate of 4 per cent p.a. up to June 30, 2018, 3.5 per cent w. e. f. July 1, 2018 up to May 10, 2021 and at 3 per cent with effect from May 11, 2021 till the time of payment to the depositor/ claimant. The Bank will claim such interest only from the date on which the balance in the account was transferred to the Fund till the date of payment to the customer/ depositor. |

The Bank will carry out proper due diligence as per the risk category of the customers before making payments to the customers approaching the Bank for repayment of amount transferred to the Fund. Also the Bank will invariably verify the genuineness of the transactions and ensure that the amounts paid to the customers are properly audited by the internal auditors/statutory auditors.

The above guidelines on DEAF Scheme have come into operation with effect from 24.05.2014, the date of notification of the Scheme in the Official Gazette.

8. Process for claim of unclaimed deposits

8.1 Display of Unclaimed Deposits and Search Facility

The Bank will host the details of unclaimed deposits {only name, address (without pin code) and Unclaimed Deposit Reference Number (UDRN)}, which have been transferred to DEA Fund of RBI on their respective websites, which shall be updated regularly, at least on a monthly basis. The database hosted on the website will provide a search option to enable the public to search for their unclaimed deposits using name in combination with the address of the account holder/ entity. Upon a successful search, details of unclaimed deposits shall be displayed in a format comprising account holder's name(s), his/her address (without pin code) and UDRN only. In case such accounts are not in the name of individuals, the search input and result should include names of individuals authorised to operate the accounts. However, the account number, its type, outstanding balance and the name of the branch will not be disclosed on the bank's website.

The procedure for claiming the Unclaimed Deposit account(s) and the claim form to be submitted by the depositor will be displayed in Bank's website.

8.2 Process for claim of unclaimed deposits:

Claim from customers:

- Account holders after confirming the availability of their name and address on the list of Unclaimed deposits displayed on website are to visit the branch where they are maintaining their account and submit the "Claim Form" (As ported in the website), duly filled in and signed, along with the available details of the account viz., Pass book/Statement of account, Term Deposit Receipt etc., with recent photographs, valid Identity and address proof documents (KYC documents) with originals for verification.
- The same approach will be adopted where customers directly approach the branch with details of their unclaimed deposits.

**Claim from legal heir / Nominee – legal heir/ Nominee:**

- Legal heir/Nominee(s) to visit the branch and submit the Unclaimed deposits claim form duly filled in and signed, along with the following documents/other documents as required by branch, Passbook/Term Deposit Receipt, valid Identity proof of the claimant(s), copy of death Certificate of the account holder, Copy of legal heirship certificate, if available.
- For detailed process, the Policy on Deposit, Settlement of claims in respect of Deceased Account holders may be referred to which is placed on the Bank's website.

Claim of Non-individuals accounts:

For claim of non-individual accounts including Proprietorship and HUF, the claim forms are to be submitted on Company's/Firm's letter head duly signed by authorized signatories along with valid identity proof.

9. Fraud Risk Management in Inoperative Accounts

Branches will not allow any debit transaction in an inoperative account unless there is a customer induced activation as per the procedure (SOP) prescribed for this purpose. Further, bank may also consider imposing a cooling-off period on reactivation, with restrictions on the number and amount of transactions, as may be applicable for newly opened accounts with the bank.

The bank will ensure that there is no unauthorized access to customer data pertaining to the inoperative accounts. The bank will also ensure that adequate steps are taken to prevent data theft and related misuse for fraudulent purposes which has been detailed in Bank's Policy on Information Technology.

10. Customer Awareness

The bank will provide the information on the process for activation of the unclaimed deposits and claiming the balances therein on website as well as at the branches. Necessary claim forms and documents will be made available for the benefit of customers.

The bank will conduct public awareness and financial literacy campaigns regularly to educate the members of public about the activation of inoperative accounts/unclaimed deposits and the prescribed procedure to claim amounts lying therein by a depositor or his/her nominee/ legal heir in case of deceased depositor.

11. Grievance Redressal Mechanism for quick resolution of complaints:

The entire Bank's grievances redressal machinery is committed to resolve the complaints received against the branches or any other organ of the Bank. Branch Manager will also be responsible to ensure closure of all complaints received at the branches. It is the Branch Manager's foremost duty to see that the complaint is resolved to the customer's satisfaction



and if the customer is not satisfied, then the complainant will be provided with alternative avenues to escalate the issue. If the Branch Manager feels that is not possible at his/her level to solve the problem, he/she can refer the case to Zonal Office for guidance. Similarly, if Zonal Offices find that they are not able to solve the problem, such cases may be referred to the Nodal Officer at Corporate Office.

12. Role of Internal Audit and Compliance:

Record Keeping:

In case of unclaimed deposits, the liability continues to be outstanding and the records will be maintained /preserved. Necessary care will be taken in preserving the records pertaining to the unclaimed deposits till the outstanding is paid and rounded off.

Notwithstanding anything contained in the Banking Companies (Period of Preservation of Records) Rules, 1985 or Co-operative Banks (Period of Preservation of Records) Rules, 1985, the records/documents containing details of all accounts and transactions has to be preserved, including deposit accounts in respect of which amounts are required to be credited to the Fund permanently. All records/documents in respect of such accounts and transactions, has to be preserved for a period of at least five years from the date of refund from the Fund.

RBI, may call for all relevant information in respect of an account or deposit or transaction for which a claim for refund has been submitted accordingly.

Managing Director & Chief Executive Officer is empowered to make addition/deletion/modification and any other amendment to the policy on Unclaimed Deposits henceforth.



SECTION C: POLICY ON NON RESIDENT INDIAN DEPOSIT

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

1. Purpose / Objective / Scope of Policy & Regulatory Reference:

1.1. Non-resident Indian (NRI)

As FEMA (Deposit) Regulations, 2000 have been repealed and replaced by FEMA (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.

As per Union Budget 2020, an NRI who visited India will be considered a resident if they spent 182 days or more in the previous year in the country, in addition to an aggregate stay of 365 days or more in the preceding four years.

1.2. 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 will indicate his intention to stay outside India for an uncertain period and Indian students studying abroad.

Students going abroad for studies are treated as Non-resident Indians (NRIs) and are eligible for all the facilities available to NRIs under FEMA.

1.3. 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.

Following categories of foreign nationals are eligible for registration as Overseas Citizen of India (OCI) Cardholder: -

(a) Any person of full age and capacity: -

i. who is a citizen of another country, but was a citizen of India at the time of, or at any time after the commencement of the Constitution i.e. 26.01.1950; or

ii. who is a citizen of another country, but was eligible to become a citizen of India at the time of the commencement of the Constitution i.e. on 26.01.1950; or

iii. who is a citizen of another country, but belonged to a territory that became part of India after 15.08.1947; or

iv. who is a child or a grandchild or a great grandchild of such a citizen;

or

(b) a person, who is a minor child of a person mentioned in (a) above; or

(c) a person, who is a minor child, and whose both parents are citizens of India or one of the parents is a citizen of India; or

(d) spouse of foreign origin of a citizen of India or spouse of foreign origin of an Overseas Citizen of India Cardholder registered under section 7A of the Citizenship Act, 1955 and whose marriage has been registered and subsisted for a continuous period of not less than two years immediately preceding the presentation of the application.

Such spouse shall be subjected to prior security clearance by a competent authority in India.

Note: No person, who or either of whose parents or grandparents or great grandparents is or had been a citizen of Pakistan, Bangladesh or such other country as the Central Government may, by notification in the Official Gazette, specify, shall be eligible for registration as an Overseas Citizen of India Cardholder.

1.4. Exemptions:

These restrictions are not applicable for the following:

- (i) Deposits in rupee accounts and special rupee accounts maintained by foreign diplomatic missions and diplomatic personnel and their family members.
- (ii) 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 will be such as may be determined by the authorized dealer maintaining the account;
 - e) The funds in the account may be repatriated outside India without the approval of Reserve Bank.
- (iii). Deposits with authorized dealer maintained in rupees by person's resident in Nepal and Bhutan.
- (iv). 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.

2. Policy statements and details:

Types of Accounts:

1. Accounts in Indian Rupees

- Non-Resident Ordinary (NRO) Account
- Non-Resident (External) Rupee (NRE) Account
- Special Non-Resident Rupee Account – SNRR



2. Accounts in Foreign Currency

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

2.1. 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 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.
- Authorized Dealers may open only one Non-Resident Ordinary (NRO) Account for a citizen of Bangladesh or Pakistan, belonging to minority communities in those countries, namely Hindus, Sikhs, Buddhists, Jains, Parsis and Christians, residing in India and who has been granted a Long Term Visa (LTV) by the Central Government.
- A person being a citizen of Bangladesh or Pakistan belonging to minority communities in those countries, namely, Hindus, Sikhs, Buddhists, Jains, Parsis and Christians who is residing in India and has applied for a Long Term Visa (LTV) which is under consideration of the Central Government is permitted to open with an authorised dealer only one NRO Account which will be opened for a period of six months and may be renewed at six monthly intervals subject to the condition that the individual holds a valid visa and valid residential permit issued by Foreigner Registration Office (FRO) / Foreigner Regional Registration Office (FRRO) concerned. Such accounts can be opened by Authorised Dealers only.
- The said NRO account will be converted into a resident account once the person becomes a citizen of India within the meaning of the Citizenship Act, 1955.
- Foreign Students – Foreign students pursuing education in India are allowed to open and maintain NRO account during their stay in India subject to certain conditions stipulated by RBI.

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. However, transactions of the resident cannot be routed through this account.
- 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, will 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, through the AD Bank.

Foreign Nationals returning from India

- 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 such NRO account will be repatriated abroad immediately, subject to payment of the applicable income tax and other taxes in India.
- The amount repatriated abroad will not exceed USD one million per financial year.



- The debit to the account will be only for the purpose of repatriation to the account holder's account maintained abroad.
- The account will 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.

Permitted Credits:

- Transfer of funds from one NRO Account to another NRO Account is permitted
- 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/exchange houses.
- 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 or Foreign currency notes together with travelers cheque exceeding USD 10,000 or its equivalent will be supported by currency declaration form. Rupee funds will 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 relative of the resident individual ['relative' as defined in Section 2(77) of the Companies Act, 2013] by way of crossed cheque /electronic transfer. The amount will 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 will be within the overall limit prescribed under the Liberalized Remittance Scheme (LRS) for a resident individual.
- Resident individual is permitted to lend to a Non-resident Indian (NRI)/ Person of Indian Origin (PIO) close relative ['relative' as defined in Section 2(77) of the Companies Act, 2013] 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 will 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.

- Transfer from NRO /NRE /FCNR(B) (including interest)
- Sale proceeds of shares, debentures, Govt. Securities

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 will be mandatory on the part of Authorized Dealers to comply with the requirement of tax laws, as applicable.
- Settlement of transactions relating to International Credit cards. Authorized Dealer banks have been permitted to issue International Credit Cards to NRIs/PIOs, without prior approval of Reserve Bank. Such transactions may be settled by inward remittance or out of balances held in the cardholder's FCNR (B) / NRE / NRO Accounts.

Penalty on Pre Closure of NRO Deposits

- For Deposits up to Rs. 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. However, if the deposit is closed before 181 days, the rate applicable for the completed period less 1% (penalty) will apply.

- For Deposits above Rs. 5 Lakhs:
- Eligible rate will be the applicable card rate for the actual period run prevailing on the date of deposit less 1.00% penalty for fore closure charges.

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 will 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.
- Loans cannot be repatriated outside India

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 will 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 will be complied with.



- The usual norms and considerations as applicable in the case of advances to trade/industry will be applicable for such loans/facilities.
- Foreign currency loans are not permitted in India and abroad.
- Loans cannot be repatriated outside India.

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 will continue to be treated as non-resident during such visit.
- When a resident Indian becomes a person resident outside India, the existing account will 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 will be credited to NRO account of the nominee with an authorized dealer/authorized bank in India.

Nomination facility is available to NRE/NRO account holders as per rules applicable/relevant to Resident depositors. Nominee can be a Resident Indian or an NRI.

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 the non-resident account holder himself/herself.

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.



2.2. Non-Resident (External) Rupee Account:

Eligibility:

- All Non-resident Indians (NRIs) and Person of Indian Origin (PIO) are permitted to open and maintain Non-Resident (External) Rupee account.

- The account will be opened by the Non-resident account holder 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 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 2(77) of the **Companies Act 2013**, on former (non-resident) or survivor (resident) basis, the resident close relative will be eligible to operate the account only 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 or PIO during his temporary visit to India against tender of foreign currency travelers' cheques/ foreign currency notes/cheques/drafts representing foreign (repatriable) funds, 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 favor 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.
- Branches will not allow any credit to NRE accounts against proceeds of foreign currency notes/ Travelers Cheques tendered by the PA holder (i.e. in the absence of the account-holder) under any circumstances.
- PA holder can transfer funds from NRE SB/CA account for parking the same in Term Deposits, close the term deposits for re-credit to NRE SB/CA account, renew the deposits for further term and transfer the entire accounts to other branches of our bank (not partly), provided, a clear mandate and authority are given by the NRI. However, care is to be taken to ensure that the above relaxations do not lead to repatriation on instructions from PA holder.
- The resident Power of Attorney holder is not allowed to
 - (a) Open or close 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 Authorized 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.
- Transfer of balances from EEFC/RFC/RFC(D) accounts consequent to change in status from resident to non-resident.
- Maturity proceeds of Insurance, Investment made in India, provided the same were originally purchased by debit to the account holder's NRE account or FCNR(B) account

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 (except agricultural/plantation/farm house property) provided such investment/ purchase is covered by the regulations made, or the general/special permission granted by RBI.
- Payment of passage fare to travel from/to India.
- Investment in insurance, NSC, deposits etc.
- Settlement of transactions related to international credit cards.
- Issue of FC notes/FCTC encashable outside India for self, spouse or dependents.

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 | <ul style="list-style-type: none"> • The interest rates are deregulated by RBI and banks are permitted to fix own rate of interest. However, interest rates |

| | |
|--|---|
| | <p>offered by banks on NRE deposits cannot be higher than those offered by them on comparable domestic rupee deposits. In our bank, for NRE deposits 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.</p> <ul style="list-style-type: none"> • For NRO deposits, rates and tenor are in line with domestic deposit. • The benefit of additional interest rate on deposits on account of being bank's own staff or senior citizens will not be available to NRE and NRO deposits. |
|--|---|

NRE Deposits- Pre closure

For Deposits up to Rs.5 Lakhs:

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 Rs.5 Lakhs:

- Eligible rate will be the applicable card rate for the actual period run prevailing on the date of deposit less 1.00% (penalty for fore closure charges).
- Where the NRE deposit is to be closed before maturity on or after completion of twelve months from the effective date of deposit, there will be penalty applicable for premature closure. i.e. The eligible rate will be the applicable card rate for the actual period run prevailing on the date of deposit less 1%.

Penalties for premature withdrawal will 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.

Where NRE deposit is to be closed before maturity, before completion of 12 months from the date of deposit, no interest will be payable on such premature closure.

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 will 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 will be paid as under:

- (i) If the NRE deposit has not run for a minimum period of one year, interest will be paid at a rate not exceeding the rate payable on savings deposits held in RFC accounts.
- (ii) In all other cases, interest will 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 will however be levied for conversion of NRE deposit into FCNR (B) deposit and vice versa.
- No penalty for premature withdrawal will be levied, where depositors of our bank desires premature withdrawal of deposit consequent to the transfer of business of the bank to another bank.

Loans against security of funds held in the account:

- Authorized 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.
- Authorized 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 will not be available during the pendency of the loan, where loan against such deposits has been availed.

- Bank will not mark any type of lien, direct or indirect, against NRE saving deposits.
- The loan amount cannot be repatriated outside India.
- 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 NRE/NRO account of the account holder or by transfer from the account of a relative in India through account to account transfer.

A) To Account holder:

Authorized 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:

Authorized 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 will 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 will 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.

On the death of a foreign currency account holder –

a. the authorized dealer with whom the account is held or maintained may remit to a nominee being a person resident outside India, funds to the extent of his share or entitlement from the account of the deceased account holder

b. a nominee being a person resident in India, who is desirous of remitting funds outside India out of his share for meeting the liabilities abroad of the deceased, may apply to the Reserve Bank for such remittance.

c. a resident nominee of an account held outside India in accordance with Regulation 5 of Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2015, dated January 21, 2016, (viz., paragraph 4 of Part I of this Master Direction) has to close the account and bring back the proceeds to India through banking channels.

- For details please refer RBI Master Direction on Remittance of Assets

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 will be treated as a domestic rupee term deposit and interest will 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.
- For detailed instructions regarding NRE/NRO accounts please refer our circular FX-45/2020-21 dated 14.12.2020

2.3. Foreign Currency (Non-Resident) Banks Scheme (FCNRB) Account:**Eligibility:**

- NRIs/PIOs 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 generally will 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 will be converted into the designated currency by the Bank at the risk and cost of the remitter and account will 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 8 currencies viz. USD, CAD, GBP, EUR, AUD, JPY, CHF, SGD.
- 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

- Exact 1 year
- Above 1 year 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 **ARR/SWAP rates announced by Financial Benchmarks India Pvt. Ltd. (FBIL)**, as informed by CO: NR Vertical 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 will 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 will 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 will pay interest for the intervening Saturday/Sunday/holiday/non-business working day on the maturity value.

Payment of interest on overdue FCNR (B) deposits at the time of renewal

- 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 will 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. Banks will convert the FCNR (B) deposits on maturity into Resident Rupee Deposit Account or RFC Account (if eligible) at the option of the account holder.

- Except the provision relating to rate of interest and reserve requirements as applicable to FCNR(B) deposits, for all other purposes, such deposits will be treated as resident deposits from the date of return of the account holder to India.
- Premature withdrawal of such FCNR (B) deposits will be subject to penal provisions of the Scheme.
- The rate of interest on the new deposit (Rupee account or RFC Account) will be the relevant rate applicable for such deposit account.

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

Interest will 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 will be paid at the contracted rate;
- If the deposit is claimed before the maturity date, interest will 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 will 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 will be paid from the date of maturity till the date of payment.
- ♦ In case the claimants are residents, the maturity proceeds will be converted into Indian Rupees on the date of maturity and interest will be paid for the subsequent period at the rate applicable to a domestic term deposit of similar maturity.

Pre-closure of FCNR (B) deposits and Penalty thereof

- Where FCNR deposit is to be closed before maturity, before completion of 12 months from the date of deposit, no interest will be payable on such premature closure.
- If a FCNR (B) deposit is closed before maturity on or after completion of twelve months from the effective date of deposit, there will be no penalty for premature closure. The applicable interest rate for the period run without penalty, is payable.

Penalty will be levied on premature withdrawal of FCNR(B) deposits in the following cases.

- (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
- (iii) Penalty will 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.

Cases of Premature closure where penalty is not applicable.

- 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 will be levied if the period and aggregate amount of the deposit do not undergo any change.
- No penalties will 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 will be levied, where depositors of one Bank desires premature withdrawal of deposit consequent to the transfer of business of the bank to another bank.

Permissible Debits:

- Debits as applicable to an NRE account will be applicable.
- 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:

- Credits as applicable to an NRE account will be applicable.

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

- Remittances received in Indian rupees for opening these accounts will 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 will 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 will not be available during the pendency of the loan, where loan against such deposits are to be availed of.
- The margin requirement will be notionally calculated on the rupee equivalent of the deposits.

The loan cannot be repatriated outside India and will 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 NRE/NRO account of the account holder or by transfer from the account of a relative in India through account to account transfer.



In case of loans sanctioned to a third party, there will 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.

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, will apply mutatis mutandis to FCNR (B) accounts.

2.4. 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 Life insurance 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.
- The balances in RFC accounts are free from all restrictions regarding utilization of foreign currency balances outside India.

Rate of Interest:

Savings Bank / Term Deposits---Linked to ARR/SWAP rates, as advised time to time.

2.5. Resident Foreign Currency (Domestic) Accounts:

1) Account can be opened by a resident **Individual** out of foreign exchange acquired in the form of currency notes, Bank notes and travelers' 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 authorized 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 will 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 will 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 is also applicable to RFC (Domestic) accounts.

2.6. 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 authorized 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 there under. The business interest, apart from generic business interest, will include the following INR transactions, namely:

- i. Investments made in India in accordance with Foreign Exchange Management (Non-

Debt Instruments) Rules, 2019 dated October 17, 2019 and Foreign Exchange Management (Debt Instruments) Regulations, 2019 notified vide Notification No. FEMA 396/2019-RB dated October 17, 2019, as applicable and as amended from time to time.

- ii. Import of goods and services in accordance with Section 5 of the Foreign Exchange Management Act 1999 (42 of 1999), read with Notification No. G.S.R.



381(E) dated May3, 2000, viz., Foreign Exchange Management (Current Account Transactions) Rules,2000, as amended from time to time;

iii. Export of goods and services in accordance with Section 7 of the Foreign Exchange Management Act 1999 (42 of 1999), read with Notification No. G.S.R. 381(E) dated May3, 2000, viz. Foreign Exchange Management (Current Account Transactions) Rules,2000, as amended from time to time, and further read with FEMA Notification No.23(R)/2015-RB dated January 12, 2016, as amended from time to time;

iv. Trade credit transactions and lending under External Commercial Borrowings (ECB)framework in accordance with Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended from time to time; and

v. Business related transactions outside International Financial Service Centre (IFSC) by IFSC units at GIFT city like administrative expenses in INR outside IFSC, INR amount from sale of scrap, Government incentives in INR, etc. The account will be maintained with a bank in India (outside IFSC).

- The SNRR account will carry the nomenclature of the specific business for which it is opened and will not earn any interest.
- The debits/ credits and the balances in the account will be incidental and commensurate with the business operations of the account holder.
- Authorized Dealers will ensure that all the operations in the SNRR account are in accordance with the provisions of the Act, rules and regulations made there under.
- The tenure of the SNRR account will be concurrent to the tenure of the contract/ period of operation/ the business of the account holder and in no case will exceed seven years. Approval of the Reserve Bank will be obtained in cases requiring renewal. However, the restriction of seven years will not be applicable to SNRR Accounts opened by persons' resident outside India for the purposes stated under (i) to (v) above.
- The operations in the SNRR account will 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 will 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/NRE account of the nominee with an authorized dealer/ authorized bank in India or by remittance through normal banking channels.
- Opening of SNRR accounts by Pakistan and Bangladesh nationals and entities incorporated in Pakistan and Bangladesh requires prior approval of Reserve Bank.

2.7. 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 unutilized 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 is 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 will not be construed as export realization 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 will 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 will 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.

Balances held in EEFC accounts may be credited to NRE/FCNR (B) accounts, at the option/request of the account holder's consequent upon change of their residential status from resident to non-resident.