

# **Policy on Bank Deposits 2024-25**

**Planning Development & Operations  
Department  
(Resource Mobilization)**

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## **1. Preamble**

Banking has always been defined as business of accepting deposits from the public for the purpose of lending to generate profit for the stakeholders. So, depositors are the major participants of the Banking System. The depositors, their requirements and protections 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 / advisories on interest rates on deposits and other aspects regarding conduct of deposit accounts. 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.

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

The customer perception has changed from traditional banking and products to personalized products & services with ease of operations. To match the expectations of customers as well as prospects and to adopt the changes taking place in the market, Bank shall require paradigm shift to drive the impact necessary to keep pace with the market and changing market scenario. After analyzing peer bank offerings & processes, prioritizing among multiple initiatives, and actively mobilizing central and field teams to achieve immediate impact, we have created sub verticals within our department with special emphasis on corporate salary accounts, current deposits and wealth management. Business built by the transformation and redesigning our structure, will support us not only in growing our CASA base but also augment overall deposits position of the Bank.

This policy on deposits & interest payment paves the path for race towards our goals and outlines the guiding principles behind formulation of various deposit products offered by the bank and terms and conditions governing the conduct of the Accounts. The policy not only recognizes the rights of the depositors but also encompasses roles and responsibilities of the Bank towards depositors. It also aims at dissemination of information with regard to various aspects of acceptance of deposits from the public & institutions, conduct and operations of various deposit accounts, payment of interest on various deposit accounts, closure of deposit accounts, method of disposal of deposits of deceased depositors, etc., for the benefit of customers.

## **3. Objective of the Policy**

It is a well-known and accepted fact that customer will take services/products from those who they trust the most. It is expected that this document will impart greater transparency in dealing with the customers of different sections and strata of the economic system and create awareness among customers of their rights. This document is a broad framework under which the rights of common depositors are recognized. The ultimate objective is that the customer will get services they are rightfully entitled to receive without demand and delay.

#### **4. Provisions & Applicability of the policy**

This policy lays out the broad guidelines under which key functional areas related to deposits are covered. Detailed operational instructions on various deposit schemes and related services are being issued from time to time.

#### **5. Types of Deposit Accounts & definitions:**

While various deposit products offered by the bank are assigned different name, the deposit products can be broadly categorized into the following types.

Definition of major deposit schemes are as under:

- (i) **“Demand deposit”** means a deposit received by the Bank, which is withdrawable on demand;
- (ii) **“Savings deposits”** means a form of interest-bearing demand deposit which is subject to the restrictions as to the number of withdrawals as also the amounts of withdrawals permitted by the bank during any specified period;
- (iii) **“Current Account”** means a form of non-interest-bearing demand deposit where withdrawals are allowed any number of times depending upon the balance in the account or up to a particular agreed amount and shall also be deemed to include other deposit accounts which are neither Savings Deposit nor Term Deposit;
- (iv) **“Composite Cash Credit”** means a type of loan product having a cash credit limit with features of savings module designed to take care of farmer’s interest.
- (v) **“Term deposit”** means an interest bearing- deposit received by the bank for a fixed period and shall also include deposits such as Recurring /Short Deposits /Fixed Deposits/ Monthly Income Deposit /Quarterly Income Deposit etc;
- (vi) **“Bulk Deposit”** means: Single Rupee term deposits of Rupees two crore & above. Further, it is clarified that multiple Deposits for one depositor in a single day irrespective of the tenor of deposits, amounting to Rs.2.00 crore and above will also be treated as Bulk Deposit. It can be callable or non-callable depending upon the request of the customer. The interest rate applicable to these deposits will be the ALCO approved rates on day to day basis.
- (vii) **“Notice deposit”** means term deposit for specific period but withdrawable on giving at least one complete banking days’ notice or as specified in the scheme of the product;
- (viii) **“Daily product”** means the end of day balance for the purpose of interest payment.
- (ix) **“Domestic Rupee Deposits”** mean rupee deposits maintained in India in the form of current deposit, savings deposits or term deposit.
- (x) **“Individual”** means a natural person.
- (xi) **“Non-Callable Term Deposit”** means term deposits without premature closure facility. Premature closure of non-callable term deposit can only be allowed in circumstances as given below:

- (i) Death of depositor/first depositor in case of joint account.
- (ii) Bankruptcy of the depositor/s.
- (iii) In case of specific order from Government/Regulator.
- (iv) In case of court order.
- (v) In case of any other special circumstances/exigencies.

## **6. Deposits**

Deposits in account can be made by way of cash, cheques, electronic transfers like NEFT, RTGS, UPI, NACH, or through any other mode, which may come into usage after giving due notice on the Bank's website. Cash Deposits at home and non-home branches are subject to certain restrictions and may also involve payment of charges.

## **7. Withdrawals**

Withdrawals in permitted accounts can be by way of Cheques, Withdrawal forms, through the use of ATM's, POS machines, by means of electronic transfer through Internet, by use of biometric cards, by giving Standing Instructions to the Bank, ECS/NACH Instructions or through any other means which may come into usage after giving due notice on the Bank's web-site. Cash withdrawal should be in round rupees. Bank shall not carry out any financial transactions requested by the Customers through e-mail or call to Branch/Branch Manager or its staff even if the request is made by a letter scanned as an attachment. In exceptional cases, bank may consider such request at its sole discretion.

## **8. Account Opening and Operation of Deposit Accounts**

8.1. The Bank, before opening any deposit account, will carry out due diligence as required under "Know Your Customer" (KYC) guidelines issued by RBI Anti Money Laundering rules, and regulations and/ or such other norms or procedures as per the Customer Acceptance Policy of the bank. Know your Customers Business (KYC-B) is an integral and important part of KYC process through which the Bank comes to know its customers, the nature of customers' business/occupation and inflows /outflows associated with that business; this is requisite information to provide customized business products and solutions. KYC-B is also to be done at the time of account opening. Policy on KYC compliance & Anti Money Laundering Measures and other guidelines issued by bank shall be followed while doing KYC of the customers. If the decision to open an account of a prospective depositor requires clearance at a higher level, reasons for any delay in opening the account will be informed to him and the final decision of the bank will be conveyed at the earliest to the customer.

8.2. The bank is committed to provide 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.

8.3. The account opening forms and other material on Bank's part shall 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. Bank official

opening the account shall explain the procedural formalities and provide necessary clarification sought by the prospective depositor when he/she approaches the Bank for opening a deposit account.

8.4. The regulatory guidelines require banks to categorize customers based on risk perception and prepare profiles of customers for the purpose of transaction monitoring. Inability or unwillingness of a prospective customer to provide necessary information/details can result in the bank denying to open an account.

8.5. Inability of an existing customer to furnish details required by the bank to fulfill statutory obligations can also result in closure of the account after due notice(s) to the customer.

8.6. For deposit products like Savings Bank Account and Current Deposit Account, the Bank will normally stipulate certain minimum balances to be maintained as part of terms and conditions governing operation of such accounts. Failure to maintain minimum balance in the account will attract levy of charges as specified by the bank from time to time. For Saving Bank Account, the Bank can also place restrictions on the number of transactions, cash withdrawals etc. during given period. Similarly, the bank can specify charges for issuance of cheque books, additional statement of accounts, duplicate passbook, folio charges, SMS charges etc. All such details regarding terms and conditions for operation of the account and schedule of charges for various services provided will be communicated to the prospective depositor while opening the account and will also be available on Bank's website.

8.7. Savings Bank Accounts can be opened for eligible person / persons and certain organizations / agencies (as approved by Reserve Bank of India from time to time- **Annex-I**).

8.8. Current Accounts can be opened by individual/s /proprietorship/ partnership firms / Private and Public Limited Companies / HUFs / Specified Associates / Societies / Trusts, Departments / Authority created by Government (Central or State), Limited Liability Partnership etc. (as approved by Reserve Bank of India from time to time- **Annex-II**)

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

8.10. The due diligence process while opening a deposit account will involve satisfying about the identity of the person, verification of address, satisfying about his/her occupation and source of income. Obtaining recent photograph of the person/s opening/operating the account are part of due diligence process.

8.11. In addition to the due diligence requirements, under KYC norms the Bank is required by law to obtain Permanent Account Number (PAN) or alternatively declaration in Form No. 60 or 61 as specified under the Income Tax Act / Rules.

8.12. FATCA declaration is necessarily required for opening of account.



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

8.14. 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 Savings Bank Account opened by minor jointly with natural guardian/guardian can be operated by such guardian only till the time minor attains age of 18 years.

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

8.15. i 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.

8.15. ii. Anyone or any one of Survivors: If the account is in the name of more than 2 individuals say, A, B & C, the final balance along with applicable interest (if any), will be paid to any one account holders 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.

8.15. iii. 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 former account holder.

8.15. iv. 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 later i.e. B on date of maturity and to the survivor on death of later account holder.

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. Now if the joint depositors prefer premature withdrawal of deposits in accordance with the mandate of 'Either or Survivor', 'Anyone or Survivor', 'Former or Survivor', or Later 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 authorizing another person to operate the account on his/her behalf.

8.16. Nomination facility shall be available on all deposit accounts opened by individual(s).

Nomination is also available to an account opened by a sole proprietor. In deposits, nomination can be made in favour of one individual only. Nomination so made can be cancelled or changed by the account holder/s any time. While making a nomination, cancellation or change thereof, it is required to be witnessed by a third party if the account holder is illiterate. Nomination can be modified by the consent of account holder/s. Nomination can be made in favour of a minor also. 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.

8.17. Bank will advise all depositors to avail the nomination facility. The nominee, in the event of death of the depositor/s, would receive the balance outstanding in the account as a trustee of the legal heirs. The depositor will be informed of the advantages of the nomination facility while opening a deposit account.

8.18. If the person opening the account does not want to nominate anybody, a specific letter/consent to the effect that he/she does not want to make nomination is to be obtained from the person. In case the person opening the account declines to give such a letter, the fact shall be recorded on the account opening form and account will be opened if he/she is otherwise found eligible.

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

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

## **9. CASA Deposits**

CASA deposits refer to Current Accounts Deposits and Savings Accounts Deposits. This policy, inter alia, contains the broad framework for CASA deposits. Detailed operational instructions and features of various deposit schemes are being issued from time to time. Under CASA, Bank will provide variants of current and savings deposits to cater to needs of different customer groups based on their requirements, balances maintained and charges on various services availed through the accounts. Details of all the Deposit Schemes shall also be available on Bank's website.

## **10. Extension of Alternate Delivery Channels to Savings Bank & Current Deposit Account holders**

The Bank offers multiple electronic channels to customers for conducting their banking transactions. The choice of electronic channels includes ATM, Internet banking, mobile banking including WhatsApp Banking, SMS banking facility. QR Code and phone banking. Wherever such electronic facilities are offered as a part of the basic



account/product, bank will obtain specific consent of the customers for availing the facility.

## 11. Interest Payments

### 11.1. **No interest shall be paid on deposits held in current deposit accounts.**

Provided that balance lying in current account standing in the name of a deceased individual depositor or sole proprietorship concern shall attract interest from the date of death of the depositor till the date of repayment to the claimant/s at the rate of interest applicable to savings deposit as on the date of payment.

11.2. Interest rate on savings deposits can be linked to any external bench mark or internal bench mark. The authority for selecting the external bench mark is vested with Board. On approval from the Board, ALCO can decide the interest rate structure, spread etc. depending on the requirements from time to time within the general guidelines issued by the Reserve Bank of India. Interest on domestic rupee savings deposits shall be calculated on a daily product basis.

11.3. Interest in Savings Bank Accounts is paid at quarterly intervals in the months of Feb, May, Aug, & November every year. Interest on savings bank accounts, including those frozen by the enforcement authorities, shall be credited on regular basis irrespective of the operational status of the account.

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

#### i. **Tenor of Deposits:**

Subject to the condition that minimum tenor of the deposit offered shall be seven days.

#### ii. **Size of Deposits:**

Differential interest rate shall be offered only on bulk deposits. Provided that differential interest shall 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.

#### iii. **Non- availability of Premature withdrawal option:**

Term Deposit without premature withdrawal option: Provided that all term deposits accepted from individuals (held singly or jointly) for amount of Rupees **one crore** and below shall have premature-withdrawal facility.

Existing rules	New rules	Justification
All term deposits accepted from individuals (held singly or jointly) for amount of Rupees fifteen lakh and below shall have premature-withdrawal facility.	All term deposits accepted from individuals (held singly or jointly) for amount of Rupees One crore and below shall have premature-withdrawal facility.	As per RBI instructions guidelines vide circular RBI/2023-24/74 DOR. SPE. REC. No.51/13.03.000/2023-24 dated 26 October,2023

11.5. Resident Senior Citizens will get additional interest of 0.50% on the term deposits. Depositors will get the benefit of additional interest of 0.50% over the contracted rate, on attaining Senior Citizen status during the currency of the term deposits.

Resident Super Senior Citizens (individual who is 80 years or above) will get additional interest of \*1% over and above the rate applicable to general public for the deposit(s)\***at present it is applicable for Non -Callable time Deposits only**. Depositors will get the benefit of additional interest from the date of attaining Super Senior Citizen status even during the currency of the existing term deposits.

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 super senior citizen.

11.6 Staff members/Retired staff members/spouse of **deceased staff** members who are senior citizen will get additional rate of 1.50% p.a. (1% Staff rate +0.50% Sr. Citizen) over the rates payable to general public.

11.6.i Staff members/Retired staff members/spouse of deceased staff members who are super senior citizens will get additional rate of 2.00% p.a. over the rates payable to public for the term deposits.**(At present it is applicable for Non -Callable time Deposits only)**

11.7. No additional preferential rate will be allowed for all categories of customers on the term deposits of above ₹10.00Cr. The normal rates payable to others as decided by ALCO on that day will be applicable in these accounts.

#### 11.8. **Deposits Maturing on non- business working day(s) / Holiday(s)**

i) In case of Fixed deposits/Short Term deposits, Bank shall pay interest at the originally contracted rate on the principal amount for the non-business working day(s)/holiday(s), intervening between the date of maturity of the specified term of the deposit and the date of payment of the proceeds of the deposit on the succeeding working day.

ii) In case of reinvestment deposits (DRIC-Deposit Re-Investment Certificate) and recurring deposits, Bank shall pay interest for the intervening non-business working day(s)/holiday(s) on the maturity value at originally contracted rate.

#### 11.9 **Interest on Overdue Term Deposits**

i) When overdue deposit is presented for payment, shall be paid the maturity value together with the interest for the intervening period i.e. from the date of maturity to the date of payment at the simple rate applicable to savings deposit as on the date of payment or the Contracted rate of interest on the matured Term Deposit, whichever is lower.

ii) If the request for renewal is received for such overdue deposit within 14 days from the date of maturity (both days inclusive), the deposit will be renewed from the date of maturity at the interest rate applicable for deposits as on the date of maturity.

iii) In case the request for renewal is received after 14 days from date of maturity (both the days inclusive), the term deposit will be renewed from date of request at the interest rate applicable on the date of renewal. However, interest for the intervening period i.e. from the date of maturity to the date of renewal will be paid at the simple rate applicable to savings deposit as on the date of payment or the contracted rate of interest on the matured Term Deposit, whichever is lower.

iv). Additional interest of 1% given to staff under normal circumstances is to be provided for payment of overdue deposits too.

11.10. 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 shall also be communicated upfront by way of public notice and/or Bank's web site and shall be prominently displayed.

11.11. The bank has statutory obligation to deduct tax at source if total interest paid/ payable on all term deposits held by a person exceed the amount specified under the Income Tax Act. In case of re-investment deposits, in order to get the full maturity value on the due date, the depositor may give instructions to deduct tax payable on the term deposit, from operative account linked to the term deposit account; otherwise the amount of tax would be deducted from interest payable on term deposit and the maturity proceeds of the deposit will be lower than that mentioned on the term deposit receipt. The bank will issue a tax deduction certificate (TDS Certificate) for the amount of tax deducted. The depositor, if entitled to exemption from TDS can submit declaration in the prescribed format at the beginning of every financial year. Failure to furnish PAN/invalid PAN or Inoperative PAN will result in deduction of the TDS at rates as advised by Income Tax Department. If the total interest paid to the depositor in a financial year exceeds the threshold limit as specified by Income Tax Department, tax will be deducted at source and no declaration will be accepted as per Income Tax rules/laws.

## **12. Term Deposits over Ten Years (Court Order)**

The Domestic & NRO Rupee Term Deposits can be opened for minimum period of 7 days and maximum up to 10 Years. For NRE Rupee Term Deposits, minimum period is 1 Year and maximum up to 10 Years. However, Depositors are allowed for Domestic Rupee Term Deposits to be opened for more than permissible period, i.e. 10 Years, in case of Court Order issued in favour of the depositor.

The Rate of Interest eligible for these Term Deposit Accounts shall be the Rate of Interest applicable for the Domestic, NRO & NRE Rupee Term Deposits of Ten Years as the case may be on the account open effective date.

Accounts of beneficiaries of Motor Accident Claim Tribunal (MACT) Award money, should be opened under Savings & Current & Time Deposit schemes for crediting the award amount as per direction of the court.

### **13. Minors' Accounts**

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.

Minors above the age of 10 years will be allowed to open and operate savings bank account independently with the following terms and conditions-

13.1. There will be no minimum balance requirement in the account.

13.2. The account will always remain in credit and will not be allowed to be overdrawn under any circumstances.

13.3. Cheque book will be issued to minor account holder. However, the cheque book would be allowed to be used for the sole purpose of self-cash withdrawal from the account. Minor account holder cannot issue/draw cheque favouring a third party.

13.4 No overdrafts will be granted to these minors.

13.5 An undertaking indemnifying the Bank relating to operations in the account by the minor will be obtained from the father/mother/legal guardian at the time of opening the account.

13.6 KYC norms & due diligence of minor shall be ensured while opening and operating these accounts. On attaining majority, the erstwhile minor shall confirm the balance in his/her account and if the account is operated by the natural guardian / guardian, fresh specimen signature of the erstwhile minor duly verified by the natural guardian to be obtained and kept on records

### **14. Account of Illiterate Persons**

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

### **15. Accounts 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 shall be

accepted in the AOFs/ or other applicable forms as such. All transgender customers shall be treated equally to other male/ female.

#### **16. Account of Visually Challenged Persons**

Bank will facilitate opening of Saving 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 photograph to facilitate operations.

#### **17. Account 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 set up under the National Trust for welfare of persons with autism, cerebral palsy, mental retardation and multiple disabilities under 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.

#### **18. 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. In all the cases one of the original account holders should remain in the account.

#### **19. Customer Information**

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

#### **20. Secrecy of Customer's Accounts**

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

## **21. Premature Withdrawal of Term Deposit**

The Bank, on a request from the depositor, at its discretion may allow withdrawal of term deposit before completion of the period of the deposit agreed upon at the time of placing the deposit.

The bank shall make depositors aware of the applicable rate along with the deposit rate. The bank has in place following policy for premature withdrawal of term deposit:

21.1 Unless expressly prohibited under a deposit scheme, premature withdrawal of Deposit will be allowed, irrespective of the period, it has run, but no interest will be paid on term deposits, which remain with the bank for less than 7 days.

21.2 For term deposits which have run for 7 days and above, interest will be paid at the rate applicable on date of deposit for the period for which it has actually remained with the bank or the contracted rate whichever is lower with penalty charge if any for premature withdrawal for the term deposits.

At present penal interest is charged at 1% which is subject to change from time to time.

21.3 Penal Interest shall be applicable for NRO deposits also and provision of penal interest shall be applicable for the new as well as renewed of term deposits.

Existing rules	New rules	Justifications
i. In case of premature withdrawal of deposits up to ₹5 lakhs, there will be no levy of penal interest.	Penal interest at the rate of 1% w.e.f 04.01.2023 will be applicable on those time deposit which are issued/ renewed on or after 04.01.2023 irrespective of the amount of deposit.	As per ALCO Directions.
ii. Penal interest at the rate of 1% will be charged on premature withdrawal of time deposit above ₹5 lakhs.		

## **22. Premature Renewal / Extension of Term Deposit**

No Penalty will be levied on premature withdrawal of deposit provided the deposits are renewed for a longer than remaining period of the original contract.

## **23. Renewal of Term Deposits.**

The term deposit account holders at the time of placing their deposits can give instructions with regard to closure of deposit account or renewal of deposit for further period on the date of maturity. In absence of such mandate, the Bank will automatically renew the deposit as under.

If deposit is placed for one year or more than one year, it will be automatically renewed for one year at the prevailing rate on due date.

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



After death of the depositor, renewal (as per mandate given at the time of opening of account) / auto renewal in the account shall be treated as null/void. (In absence of death intimation, if a deposit is renewed/ auto renewed after death of the depositor same will be treated as null/void). Interest for the said deposit will be paid at the simple rate applicable to savings deposit as on the date of payment.

#### **24. Advance Against Deposits**

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

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

**25. Settlement of Dues in Deceased Depositor's Account** will be as per Bank's Deceased claim policy.

#### **26. Closure of CASA Accounts**

26.1. Accounts can be closed on written request of the depositor. Request for closure of account should state the reason for closure. The pass book, unused cheque leaves and ATM cum Debit card (after cutting into two pieces across the magnetic strip) must accompany such request. Joint accounts can be closed only at the request of all such joint signatories.

26.2. If the account is closed before 14 days of opening of the account, no service charge will be recovered from the customer. However, if the account is closed after 14 days and within one year appropriate service charges should be recovered.

#### **27. Insurance Cover for Deposits**

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

#### **28. Stop Payment Facility**

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

## 29. Dormant Accounts

Existing rules	New rules	Justifications
<p>A Savings as well as Current account will be treated as 'inoperative'/ dormant if there are no transactions in the account for a period over two years. For the purpose of classifying an account as 'inoperative', only transactions that are induced at the instance of customers as well as third party will be considered. However, the service charges levied by the Bank or interest credited by the Bank will not be considered.</p>	<p><b>Inoperative Account.</b></p> <p>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.</p> <p>*Customer induced transaction will cover both Financial as well as Non-Financial as specified in RBI Cir no. RBI/2023-24/105 DOR.SOG (LEG). REC.No.64/09.08.024 /2023-24 January 1, 2024.</p> <p><b>Details of instructions are enclosed as per Annexure III</b></p>	<p>As per RBI instructions guidelines vide circular RBI/2023-24/105 DOR.SOG (LEG).REC.No.64/09.08.024/2023-24 January 1, 2024.</p>

## 30. Staff Deposits and Payment of Additional Interest:

### 30.1. Definitions:

30.1.1. **Staff Member:** "A 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 as provided in the bank's Service/Staff Regulations.

30.1.2. **Retired Staff Member:** "A 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, but does not include an employee retired compulsorily or dismissed in consequence of disciplinary action or resigned employees. Such retired staff may also be senior citizen by virtue of their age.

30.1.3. **Family:** "Family" means and includes the spouse of the member/retired member of the bank's staff and the child/children, parents, brothers and sisters of the member/retired

member of the bank's staffs who **are** Dependent on such member/retired member, but does not include legally separated spouse.

### **30.2. Payment of additional interest:**

As per RBI directives, Master Direction DBR.Dir.No.84/13.03.00/2015-16 updated as on Sep 16 2022, scheduled commercial banks shall at their discretion, allow additional interest of 1% (one percent) per annum, over and above the rate of interest mentioned in the schedule of interest rates on savings or 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:

30.2.1. 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 term deposit account.

It is clarified that, deposits made with our Bank, if any, by such Officials prior to their appointment will not be eligible for Staff benefit and shall continue till maturity at the contracted rate. However, deposits made by such Officials on or after their date of joining our Bank will be eligible for the additional interest benefit (as available for staff deposits).

Further, it is clarified that, on deposits made by the Chairman, Chairman & Managing Director, Executive Director or such other Executives appointed for a fixed tenure, after their tenure, shall be eligible for additional Rate of interest, as mentioned in this policy, if they are superannuating from the Bank and are eligible to draw pension/ retirement benefits from our Bank. The Deposits created by such officials (as per terms of this policy) after their tenure shall also be entitled for the benefit of additional interest along with the interest benefit available for Senior Citizen.

30.2.2. 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 savings or term deposit account opened with it during the period of deputation. It is clarified that, persons on-boarded on deputation as per the above Regulatory guidelines will be eligible for the additional interest benefit on deposits created during his/her tenure till its maturity and in case of his/her ceasing to be so eligible, till the maturity of the Term Deposit account. In case these Official/Executive/person is a Senior Citizen, the benefit as available for Senior Citizens will also be available on deposits created during his/her tenure with the Bank.

Employees deputed from our Bank to DFS, IBA, CBI/Enforcement Directorate, other Govt. offices, Other Agencies, Joint Venture entities of the Bank, Foreign Branches of the Bank/Foreign Subsidiaries of the Bank, Domestic Subsidiaries of the Bank etc. will be eligible for the benefit of additional interest on staff deposit till such time they remain on the rolls of the Bank.

30.2.3. In 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.

It is clarified that such persons will be eligible for the additional interest benefit on deposits created during his/her tenure till its maturity and in case of his ceasing to be so eligible, till the maturity of a Term Deposit account. In case these Official/Executive/person is a Senior Citizen, the benefit as available for Senior Citizens will also be available on deposits created during his/her tenure with the Bank.

In the above context, Internal Ombudsman appointed on a contract for a fixed tenure, this extra interest benefit shall be available for those deposits created during his/her tenor in the Bank. However, deposits created during the tenure will continue to receive the interest rate benefit at the contracted rate till its maturity. The benefit will cease to accrue on fresh deposits created after the expiry of the term of contract, as the case may be.

30.2.4. Bank Employee Federations, in which bank employee are not direct members, shall not be eligible for additional interest.

**30.2.5. Additional interest of 1% p.a. over the rates payable to public shall be allowed in all term deposit and in all types of saving deposit schemes opened in the name of the following:**

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

On the above, herein above shall exclude legally separated spouse of a staff member/retired staff member.

### **30.3. Joint Deposits of Staff:**

33.3.1. Staff Deposits jointly with family members: Where a joint holder of a deposit is a staff member, in order to be entitled for 1.0% p.a. additional interest, the name of the staff member should be first and not subsequent.

32.3.2. Deposit of Retired Staff (Senior Citizen) jointly with family members: If a deposit is held by a retired staff member who is also a Senior Citizen jointly with his parents / spouse / child /children, brother or sister, then the branch can offer both Staff benefit and Senior Citizen benefit. In order to be entitled for Senior Citizen benefit, name of the retired staff member should be first and not subsequent in a joint deposit.

In other words, deposits maintained by retired staff members (who incidentally are senior citizens) jointly with eligible family members would be entitled for the staff benefit by way of additional 1.0% interest along with senior citizen benefit, only when the retired staff member is named first and not subsequent to the deposit.

30.3.3. Deposits in the name of spouse of a deceased staff (jointly or singly): If a deposit is held jointly by the spouse of the deceased member of the staff who is senior citizen, then the branch can offer both staff interest and senior citizen interest subject to obtaining of the declaration that deposits belong to him/her. Here again, in order to be entitled for Senior Citizen benefit, name of the spouse of the deceased staff member, who is also a Senior Citizen, should be first in a joint deposit.

#### 30.3.4. Premature closure of staff account:

On premature closure of a staff member's Term Deposit, penalty as applicable shall be levied (1% less than the card rate applicable for staff deposits as prevailing on the date of deposit for the tenure up to which the deposit remained with the Bank), irrespective of amount.

#### 30.3.5. Accounts which are ineligible for benefits of staff accounts:

(i) Ex-staff members who have resigned from the service of the Bank (irrespective of the number of years of service put in) will not be eligible for the benefit of the staff accounts in respect of the deposits placed/renewed by them after their resignation from the service of the Bank.

(ii) Even if the Karta of the family is a member of Bank's staff, the accounts of HUF shall not be eligible for staff rate of interest.

(iii) **Bank Employees Federations, in which bank employees are not direct members, shall not be eligible for additional interest.**

(iv) Deposits in the name of staff under Capital Gains account: If a deposit is held by the staff under Capital Gains Account, no additional interest benefit is available on that deposit. Likewise, additional interest for Senior citizen is also not available for staff deposits under Capital Gains.

(v) NRE/NRO Deposits of Staff Members: Deposits held by the staff under NRE / NRO Deposit Account shall not be eligible for the additional interest benefit.

### 31. **The Depositor Education and Awareness Fund Scheme, 2014 (DEAF)**

Existing rules	New rules	Justifications
RBI has established The Depositor Education and Awareness Fund (the Fund). Under the provisions of Fund the amount to the credit of any account with the Bank which has not been operated upon for a period of ten years or any deposit or any amount remaining unclaimed for more than ten years shall be credited to the	<b>Unclaimed Deposits</b> The credit balance in any deposit amount maintained with banks, which have not been operated upon for ten years or more or any amount remaining unclaimed for ten years or more.	As per RBI instructions guidelines Vide circular RBI/2023-24/105 DOR.SOG (LEG).REC. No. 64/09.08.024/2023-24 January 1, 2024.



<p>Fund, within a period of three months from the expiry of the said period of ten years. The Fund shall be utilized for promotion of depositors' interest and for such other purposes which may be necessary for the promotion of depositors' interests as specified by RBI from time to time. The depositor would, however, be entitled to claim from the Bank his/her deposit or any other unclaimed amount or operate his/her account after the expiry of ten years, even after such amount has been transferred to the Fund. The Bank would be liable to pay the amount to the depositor/claimant and claim refund of such amount from the Fund</p>	<p><b><u>Unclaimed Deposit Reference Number (UDRN)</u></b> - 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. The revised instructions shall come into effect from <b>April 1, 2024</b>.</p> <p>Enclose Annexure III</p>	
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### 32. Safe Deposit Lockers

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

### 33. Digital Deposits and Accounts

In digital era, the expectations of customers have shifted from traditional branch banking to digital banking. The transactions and account opening without visiting branch is the need of the hour. In line with customers' need, Bank has also formulated products, digital offerings and providing operations through multiple digital modes. End to end digital account opening will also be extended. Digital deposits, digital and digitally assisted customer acquisition, online partnership and onboarding of customers through online account opening facility etc., will be governed by the Policy on Digital Deposits issued by Transaction Banking/PDOD Department in line with Policy on Bank Deposits of the Bank.



#### 34. Renewal of Overdue time deposits procedure

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

As per directions of RBI - Interest Payment on Overdue Time Deposit is to be done as under:  
On the portion of overdue deposits (in part or full) renewed as fresh deposits, is be paid for the actual overdue period as under-

- a) ROI applicable for the actual overdue period as prevailing on the date of maturity OR
- b) ROI applicable for the actual overdue period as prevailing on the date on which the deposit is renewed as fresh deposits. OR
- c) ROI applicable for the period for which overdue deposit is made as fresh deposits.

#### WHICH EVER IS LEAST

In case if deposits are not renewed, saving Rate @ simple interest will be paid for overdue period.

#### 35. Floating rate domestic term deposits

Floating rate domestic term deposit shall be linked to a directly observable and transparent Market determined external benchmark.

At present our Bank is having a term deposit product "Cent Floating" linked with Repo-rate.

#### 36. Redressal of complaints and grievances

Depositors having any grievance with regard to services rendered by the Bank has a right to lodge complaint on line through our website [www.centralbankofindia.co.in](http://www.centralbankofindia.co.in) / Email Id [cocomplaints@centralbank.co.in](mailto:cocomplaints@centralbank.co.in) or Toll free number i.e. 1800 22 1911/ 1800 202 1911- for All, 1800 203 1911 for Pensioners or Tolled No. 02241903900 or can approach authority (ies) designated by the Bank for handling customer complaint/ grievances. The details of the internal set up for redressal of complaints/ grievances will be displayed in the branch premises. The branch officials shall provide all required information regarding procedure for lodging the complaint

A customer aggrieved with a banking service as hitherto can complain to bank. Bank will internally escalate all cases to the IO for final decision where either the complaint is rejected or only partial relief is provided to the complainant. Bank will resolve the grievance within a timeline of 30 days from the date of receipt of complaint including period required for conciliation meeting etc. Upon failing to get a reply from the Bank, the complainant can appeal to the Banking Ombudsman of the relevant Jurisdiction.

### **37. Attachment / Freezing Order received from various Law Enforcement Agencies (LEA)**

Attachment orders are being received from various Law Enforcement Agencies viz Court, DRT, Income tax, Custom, GST (sale tax), SEBI, Cyber Cell, SFIO-Serious Fraud Investigation Office, Enforcement Directorate, CBI, Police etc. are to be dealt accordingly as per the Law for the concerned authorities by the concerned branches.

Attachment / freezing orders received directly at Central Office / Regional Office/ Zonal Office/Branches are first checked in CBS system at concerned offices and if No information found for the required name/ ID then the same will be informed to concerned LEA from respective receiving office.

In no cases, orders received at RO/ZO/CO should be forwarded to branches without verifying the same in CBS system and if any account is found than after freezing/attaching the same in CBS system from the receiving offices, the copy of AO be sent to concerned branches invariably.

If any account has been found in our Bank the same should be attached / freezed in CBS system through the concerned receiving offices through following MENU and informed the concerned LEA accordingly:

Deposit/CC/OD Accounts→Stops/Hold(lien)/Messages→Set Hold/Lien—After putting a/c No. and amount of hold select Hold Reason →04-others→ Additional Hold Reason-Select either 02 or 03 or 04, as the case be, and also mention Additional Hold description invariably.

Some LEA are also seeking information viz statement of account for certain period and copy of KYC of the account holders, the same should be provided by the concerned branches within the stipulated tentative time line as per our Circular No. 2854 dated 11/10/2021.

### **38. Account Portability**

The transfer of deposits accounts of the customers from one branch to the other branch within the bank is possible without change in the account number.

The customer will be required to tender a written request letter for transfer of his/her accounts to the home branch or at the branch where he/she wants to transfer his/her account. In case he/she opt to submit application as transferee branch, the transferee branch will forward the request application of the customer to home branch and only Home Branch will transfer the account.

After the accounts are transferred, the account holder has to provide local address proof at the transferee branch.

### **39. Miscellaneous:**

At the time of the opening of account, photograph of the person authorised to operative the account will be taken. In case of minor jointly with his/her natural/appointed guardian, photo

of guardian will be taken and in other cases where minor operates the accounts, photograph of the minor will be taken.

Form 15 G can be submitted by Non- Senior Citizens i.e. individuals who are less than 60 years of age and who satisfy both the criteria mentioned below:

(i) The final tax on the estimated total income computed as per the provisions of the Income Tax Act should be NIL.

(ii) The aggregate of the interest and other income received during the financial year should not include the basic exemption limit as per the prevailing Income Tax slab.

Form 15 H can be submitted by Senior Citizens only i.e. those who are above 60 years of age and satisfy the following criteria:

(i) The financial tax on the estimated total income computed as per the provisions of the Income Tax Act should be NIL.

If the total interest earned on All Time deposits of a customer, wherever TDS is applicable, exceeds the exemption limit of Income Tax, as may be applicable, Form 15 G or 15 H will not be accepted. In such case, the depositor may approach Income Tax authority for any exemption in TDS.

#### **40.FCNR(B), NRE, Foreign Currency Deposits & RFC scheme.**

Features & Interest rate of FCNR(B), NRE, Foreign Currency Deposits & RFC scheme shall be as per instructions manual and operational guidelines on NRI accounts issued by treasury department.

#### **41. Sweep in/out facility in CASA accounts.**

Bank will provide sweep in/sweep out facility in CASA accounts on T&C mentioned in circular on CO:PDOD:RM:2023-24: 96 dated 25.08.2023 as amended from time to time.

#### **42. Government Deposit Schemes:**

Features & other details on various small savings scheme of Government shall be as per Bank's policy on Government Business.

#### **43. Review and Validity of the Policy**

The policy shall be valid for the financial year 2024-25 and its continuity may be extended for a further period not exceeding three months with the specific approval of MD & CEO. All related statutory guidelines /circular issued by RBI/GOI are incorporated in the policy.

## Annexure I

### RBI master Direction on Interest Rate of Deposit, 2016.

**Branches shall not open a Savings Bank 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.**

Branches shall open a Savings Bank deposit account only in the name of Individuals, Karta of HUF and Organizations/Agencies listed hereunder:

- i. Primary Co-operative Credit Society which is being financed by the Bank.
- ii. Khadi and Village Industries Boards.
- iii. Agriculture Produce Market Committees.
- iv. Societies registered under the Societies Registration Act, 1860 or any other corresponding law in force in a State or a Union Territory except societies registered under the State Co-operative Societies Acts and specific state enactment creating Land Mortgage Banks
- v. Companies licensed by the Central Government under Section 8 of Companies Act, 2013 or Section 25 of Companies Act, 1956 or under the corresponding provision in the Indian Companies Act, 1913 and permitted not to add to their names the word ,Limited or the words ,Private Limited"
- vi. Institutions other than those mentioned in Section 28(h) of RBI Master Direction on Interest Rate of Deposit, 2016 (Updated as on 16.09.2022) ineligible to open Savings Bank accounts and whose entire income is exempt from payment of Income-tax under the Income-Tax Act, 1961.
- vii. Government departments / bodies / agencies in respect of grants / subsidies released for implementation of various programs / Schemes sponsored by Central Government / State Governments subject to production of an authorization from the respective Central / State Government departments to open savings bank account.
- viii. Development of Women and Children in Rural Areas (DWCRA)
- ix. Self-help Groups (SHGs), registered or unregistered, which are engaged in promoting savings habits among their members.
- x. Farmers' Clubs - Vikas Volunteer Vahini - VVV

For the purposes of the above 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.

As required by Law, while opening the account, Bank will satisfy itself about the identity, including verification of address of a person/s seeking to open an account, satisfying about his occupation and source of income, to assist in protecting the prospective customers, members of the public and the Bank against fraud and other misuse of the Banking system duly observing the Know Your Customer [KYC] guidelines of RBI. Bank will not open savings deposit account in the name of entities belonging to the category of bodies/institutions/ organizations prohibited to open Savings Bank Deposit.

**4.1 Introduction:** Introduction from an existing customer is **not mandatory** for opening accounts, including those of legal entities. After passing of Prevention of Money Laundering Act (PML Act) and introduction of document based verification of identity/address of the proposed account holders, the accounts opened with proper documents are considered as acting in good faith and without negligence by the banks. An account will be considered fully KYC compliant if documents of KYC, i.e., Proof of identity and Proof of address are submitted by the proposed account holder

## Annexure II

*Reserve Bank of India, vide circular no. RBI/2022-23/27  
DOR.CRE.REC.23/21.08.008/2022-23 dated April 19, 2022 has issued a consolidated  
Circular on Opening of Current Accounts and CC/OD Accounts by Banks and accordingly  
Bank has issued circular No. 3093 dated 20/04/2022.*

The detailed guideline for opening of current account is as under:

1. Opening of Current Accounts for borrowers availing Cash Credit / Overdraft Facilities from the Banking System:

1.1 For borrowers, where the aggregate exposure of the banking system is less than ₹5 Crore:

Branch can open current accounts without any restrictions subject to obtaining an undertaking from such customers that they (the borrowers) shall inform the branch, if and when the credit facilities availed by them from the banking system becomes ₹5 Crore or more.

1.2 Where the aggregate 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.(para 1.2.1) maintaining current accounts for the borrower. The balances in such collection accounts shall 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 shall not open any current account for such borrowers.

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



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

2.1.1 Banks shall be required to put in place an escrow mechanism. Borrowers shall be free to choose any lending bank as their escrow managing bank. All lending banks should be part of the escrow agreement. The terms and conditions of the agreement may be decided mutually by lending banks and the borrower.

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 shall 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 shall 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 shall not open any current 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 Crore:

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 Crore:

Branch may open current accounts subject to obtaining an undertaking from them that they (the Customers) shall inform the bank(s), 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 Para 2.2 and para 2.1 respectively.

2.4 Branches are free to open current accounts of prospective customers who have not availed any credit facilities from the banking system, subject to necessary due diligence as per existing guidelines

2.5 Opening of Current Account for Customer who **has** availed credit facilities only from NBFCs/FIs/Co-operative Banks/ Non-Bank Institutions:

Banks are free to open current accounts, without any of the restrictions as mentioned above, 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 banks covered under these guidelines, the provisions as per the above shall be applicable.

2.6 Opening of Current Account for Customers who have not availed any credit facilities from Banking System.

Branches are free to open current accounts of prospective customers who have not availed any credit facilities from the banking system, subject to necessary due diligence as per existing guidelines.

2.7. Branches should not route drawal from term loans through CC/ OD/ Current accounts of the borrower. Since term loans are meant for specific purposes, the funds should 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, banks shall ensure that payment is made directly, without routing it through an account of the borrower. However, where the payment destination is unidentifiable, banks may route such term loans 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.

2.7 Branches are permitted to open and operate the following accounts without any of the restrictions placed in terms of the above mentioned guidelines:

(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) 1 (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 by a branch 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.

Branches maintaining accounts exempted as per the above list shall ensure that these accounts are used for permitted/ specified transactions only. Further, branch shall flag these accounts in the CBS for easy monitoring. Lenders 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.

Banks shall monitor all current accounts and CC/ODs regularly, at least on a halfyearly basis, specifically with respect to the exposure of the banking system to the borrower and the bank's share in that exposure, to ensure compliance with these instructions. If there is a change in exposure of banks or aggregate exposure of the banking system to the borrower which warrants implementation of new banking arrangements, such changes shall be implemented within a period of three months from the date of such monitoring

## Annexure- III

RBI instructions guidelines Vide circular RBI/2023-24/105 DOR.SOG (LEG).REC. No. 64/09.08.024/2023-24 January 1, 2024

RBI has issued comprehensive guidelines covering various aspects of classifying accounts and deposits as inoperative accounts and unclaimed deposits; as the case may be. These guidelines can be broadly classified under following categories:

- a) Periodic review of such accounts and deposits,
- b) Measures to prevent fraud in such accounts/deposits,
- c) Grievance redressal mechanism for expeditious resolution of complaints,
- d) Steps to be taken for tracing the customers of inoperative accounts/ unclaimed deposits including their nominees/ legal heirs for re-activation of accounts, Settlement of claims or closure and the process to be followed by Banks.

The revised instructions shall come into effect from **April 1, 2024**.

### Definitions

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

**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.
- 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.

**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.

**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.

**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.

**Unclaimed Deposits-** The credit balance in any deposit account maintained with banks, 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.

**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.

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

ATM /Cash withdrawal/Deposit.

RTGS/NEFT/IMPS/UPI/AePS/ABPS Transactions.

Internet Banking Transactions.

Debit Card Transaction.

Transfer of funds from /to the linked CBDC (e-Rupee) account.

Cheque Clearing.

Remittance of funds by way of demand draft.

Cash withdrawal by third party through cheque.

Standing Instructions issued by the customer.

NACH Debit/Credits.

Term Deposits interest /Proceeds.

Dividend on shares /Interest on Debentures or any other investment proceeds.

Direct Benefit Transfer (DBT) credits.

Refunds like refunds related to e-commerce payment, Income Tax Returns, etc.

National Electronic Toll Collection (NETC) debits.

**Bank induced Transactions:**

All types of charges levied by banks including taxes deducted on Savings Bank account interest.

Banks shall 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 banks should 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. The banks shall accounts/deposits in the last one year, as the case may be. The alert messages shall 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.

If the letters are returned undelivered or no response is received through registered email, the bank shall 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.

In case any response is received from the account holder giving the reasons for not operating the account, the banks shall continue to classify the account as operative for one more year and the account holder shall 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 banks shall classify the said account as inoperative account after the expiry of the extended period.

For the purpose of classifying an account as 'inoperative', only customer induced transactions and not bank induced transactions shall 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 shall also be treated as customer induced transactions.

The classification of an account as inoperative shall 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 shall be assessed individually for the purpose of classifying them as inoperative account/ unclaimed deposit, as the case may be.

**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.**

The banks 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. The banks shall, based on the purpose of opening of the account, segregate the aforementioned accounts in their CBS, so that the stipulation of 'inoperative' account is not 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 should exercise due diligence as per the extant instructions.



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. The banks shall ensure that amounts lying in inoperative accounts/unclaimed deposits and reactivated inoperative accounts/ unclaimed deposits, are subjected to concurrent audit.

The bank shall 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). The email/ SMS shall be sent on a quarterly basis.

In case the whereabouts of the holder(s) of the inoperative account/ unclaimed deposit are not traceable, the banks shall contact the introducer, if any, who had introduced the account holder to the bank at the time of opening of the account. The banks shall also contact the nominee, if registered, for tracing the customer.

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

The banks shall make available 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) if requested by the account holder, subject to the facility of V-CIP being provided by the bank. The V-CIP related instructions under [Master Direction - Know Your Customer \(KYC\) Direction, 2016 dated February 25, 2016](#) (as updated from time to time) shall be adhered to by the bank.

The banks shall 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.

The banks shall ensure that activation of inoperative account/ unclaimed deposits in CBS necessarily requires second level of authorisation by another officer at the same or higher level (i.e., through maker and checker). System logs shall 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 shall be as per the internal guidelines of the bank.

The bank shall 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 unauthorised access, if any. This would alert the account/ unclaimed deposit holder against any possible fraudulent activity in his/her inoperative account. The banks shall have in place adequate operational safeguards to ensure that the claimants in case of inoperative accounts/ unclaimed deposits are genuine. The banks shall process requests for activation of inoperative account/ unclaimed deposits within three working days from the receipt of the complete application.

Interest on savings accounts shall be credited on a regular basis irrespective of the fact that the account is in operation or not.

The banks are not permitted to 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.

Banks shall 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 banks, which do not have their own websites, shall make available the above list of unclaimed deposits in their respective branches. The database hosted on the website shall 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 shall not be disclosed on the bank's website.

The banks shall not allow any debit transaction in an inoperative account unless there is a customer induced activation as per the procedure mentioned in paragraph 6 of these guidelines. Further, banks 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 banks shall ensure that there is no unauthorised access to customer data pertaining to the inoperative accounts. The banks shall also ensure that adequate steps are taken to prevent data theft and related misuse for fraudulent purposes.

The banks shall provide on their website as well as at their branches, the information on the process for activation of the inoperative account/ unclaimed deposits and claiming the

balances therein. Necessary claim forms and documents may be made available for the benefit of customers.

The banks shall 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.

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