

## POLICY ON BANK DEPOSITS -2023-24

### **PREAMBLE**

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

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

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

### **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:

A) "**Demand deposits**" means a deposit received by the Bank which is withdrawable on demand;

i.) "**Current Account**" means a form of demand deposit wherefrom withdrawals are allowed any number of times depending upon the balance in the account or up to a particular agreed amount and will also include other deposit accounts which are neither Savings Deposit nor Term Deposit;

ii) "**Savings deposits**" means a form of demand deposit which is subject to restrictions as to the number of withdrawals as also the amount of withdrawals permitted by the Bank during any specified period;

B) "**Term deposit**" means a deposit received by the Bank for a fixed period withdrawable only after the expiry of the fixed period and includes deposits such as Recurring/ Short Deposits / Fixed Deposits / Monthly Income Certificate / Quarterly Income Certificate etc.





C) "Notice Deposit" means term deposit for specific period but withdrawable on giving at least one complete banking day's notice;

### Account Opening and Operation of Deposit Accounts

A) The Bank before opening any deposit account will carry out due diligence as required under "Know Your Customer" (KYC) guidelines issued by RBI from time to time. 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. The accounts will also be subject to periodic review cum updation as per the RBI guidelines/directions.

B) The bank is committed to providing basic banking services to society. Banking services will be offered to them through small accounts. Such accounts will be opened with relaxed customer acceptance norms as per RBI regulatory guidelines/directions.

C) The account opening forms and other material would be provided to the prospective depositor by the Bank. The same will contain details of information to be furnished and documents also known as officially valid documents to be produced for verification and/or for KYC compliance as stipulated by RBI. 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 a deposit account.

D) For deposit products like Savings Bank Account (SBA) and Current Deposit Account (CD), 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 apart from taxes on such charges, if any. For Saving Bank Account, the Bank may also place restrictions on number of transactions, cash withdrawals, etc., for given period. Similarly, the Bank may specify charges for issue of cheque books, additional statement of accounts, duplicate pass book and any other such services, as per the service charges of the Bank.

E) Savings Bank Accounts can be opened for eligible person / persons and certain organizations / agencies in line with Reserve Bank of India (RBI) circular/directions issued from time to time)

Current Accounts can be opened by individuals/ partnership firms/ Limited Liability Partnership (LLP)/ Private and Public Limited Companies / HUFs / Specified Associates / Societies / Trusts, etc. as per the RBI stipulated norms/guidelines.

"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,

#### **"Opening of Current Accounts and CC/OD Accounts by Bank"**

This Circular consolidates earlier instructions issued by the Reserve Bank of India, on opening and operation of current accounts and CC/OD accounts with a view to





enforce credit discipline amongst the borrowers as well as to facilitate better monitoring by the lenders.

- The provisions of these instructions shall apply to current accounts and CC/OD accounts opened or maintained with the Bank.
- “Exposure” for the purpose of these instructions shall mean sum of sanctioned fund based and non-fund-based credit facilities availed by the borrower
- (ii) “Banking System” for the purpose of these instructions, shall include Scheduled Commercial Banks and Payments Banks only.
- In case of proprietary firms, the aggregate exposure shall include all the credit facilities availed by the borrower, for business purpose or in personal capacity.
- **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 Rs. 5 crore, banks can open current accounts without any restrictions placed vide this circular subject to obtaining an undertaking from such customers that they (the borrowers) shall inform the bank(s), if and when the credit facilities availed by them from the banking system becomes Rs.5 crore or more.

❖ 1.2. Where the aggregate exposure of the banking system is Rs.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 are not permitted to open current/ collection accounts.
- 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 Rs.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. Banks may compute the aggregate exposure based on the information available from Central Repository of Information on Large Credits (CRILC), Credit Information Companies (CICs), National E-Governance Services Ltd. (NeSL), etc. and by obtaining customers' declaration, if required.
  - 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 Rs.5 crore or more but less than Rs.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, banks 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 Rs. 5 crore or more. The current account of such customers, as and when the aggregate exposure of the banking system becomes Rs. crore or more, and Rs. 50 crore or more, will be governed by the provisions of para 2.2 and para 2.1 respectively.
- ❖ 2.4. Banks 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 their Board approved policies.
- ❖ 2.5. Banks are free to open current accounts, without any of the restrictions placed in this Circular, for borrowers having credit facilities only from NBFCs/ FIs/ co-operative banks/ nonbank institutions, etc. However, if such borrowers avail aggregate credit facilities of ₹5 crore or above from the banks covered under these guidelines, the provisions of the Circular shall be applicable.

### **Exemptions Regarding Specific Accounts:**

2) Banks are permitted to open and operate the following accounts without any of the restrictions placed in terms of paras 1, 2 of this Circular: (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:

- 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.

- 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.
  - 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.
  - Accounts for settlement of dues related to debit card/ ATM card/ credit card issuers/ acquirers
  - Accounts of White Label ATM Operators and their agents for sourcing of currency
  - Accounts of Cash-in-Transit (CIT) Companies/ Cash Replenishment Agencies (CRAs) for providing cash management services
  - Accounts opened by a bank 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
  - Inter-bank accounts
  - Accounts of All India Financial Institutions (AIFIs), viz., EXIM Bank, NABARD, NHB, and SIDBI
  - Accounts attached by orders of Central or State governments/ regulatory body/ Courts/ investigating agencies etc. wherein the customer cannot undertake any discretionary debits
3. Banks maintaining accounts listed in above para 1 shall ensure that these accounts are used for permitted/ specified transactions only. Further, banks 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.





## Other Instructions

- 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 shall continue to be maintained at individual bank level in all cases, including consortium lending
- All banks, whether lending banks or otherwise, shall monitor all accounts regularly, at least on a half-yearly basis, specifically with respect to the aggregate 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 a particular bank 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.
- Banks shall put in place a monitoring mechanism, both at head office and regional/ zonal office levels to monitor non-disruptive implementation of the circular and to ensure that customers are not put to undue inconvenience during the implementation process.
- Banks 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.

Central Office vide Circular No. 2750 dated 26/07/2021 had also instructed all offices to invariably verify the credit availment status of all prospective Current Account holder before opening of their CD account through Credit Information Companies (CIC) vide URL (Portal) and the CD account thus opened by the branches are activated by respective Regional Offices after due re-verification through CIC Portal.





Further, vide our letter No. CO/PDOD/2022-23/605 dated 17/08/2022, all Regional Offices were instructed to invariably verify, before authorization/activation of the new CD accounts of companies opened by the branches, from ROC site (same as at the time of processing of loan of the companies) about the struck off/ frozen status of the concerned companies and take print out of the report for records at ROs/BRs with account opening form."

Term Deposits Accounts can be opened by individuals / partnership firms/ LLP/ Private and Public Limited Companies / Govt. Department/ Non Trading Organizations/ HUFs/ Specified Associates / Societies / Trusts, etc.

**F)** The due diligence process, while opening a deposit account or periodic review/update will involve satisfying about the identity of the person, verification of address, satisfying about his occupation and source of income apart from other profile of the prospective customer. Obtaining recent passport size photographs of the person/s opening/ operating the account is part of due diligence process.

**G)** As part of the due diligence requirements as stipulated by RBI, customer due diligence (CDD) the Bank is mandated 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.**

**H)** 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) . Savings Bank Account can also be opened by a minor jointly with natural guardian or with mother as the guardian (Status: known as Minor's Account). On attaining majority, the said minor at the time of opening of account should confirm the balance in his/ her account and fresh operating instructions and specimen signature of erstwhile minor should be obtained and kept on record for all operational purposes.

Minors above the age of 10 will also be allowed to open and operate saving bank account independently.

**I)** 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 at any time of the tenure of the deposit with the consent of all account holders. The Savings Bank Account opened by minor jointly with natural guardian / guardian can be operated by natural guardian / guardian only.

**J)** The joint account holders can give any of the following mandates for the disposal of balance either at the closure of account or settled due to death of one of the account holders in the above accounts:





- i. **Either or Survivor:** If the account is held by two individuals say, A & B, the final balance along with interest, if applicable, will be paid to either of the joint account holders or survivor on death of the other account holder
- ii. **Former or Survivor:** If the account is held by two individuals, say, A & B, the final balance along with interest, if applicable, will be paid to A. However, in case of death of A it will be paid to B.

As per RBI guidelines on Master circular in Customer Service in Bank, 2015" Premature withdrawal would however require the consent of both the parties, when both of them are alive, and that of the surviving depositor and the legal heirs of the deceased in case of death of one of the depositors

- iii. **Latter or Survivor :** If the account is held by two individuals, say, A & B, the final balance along with interest, if applicable, will be paid to B. However, in case of death of B, it will be paid to A.
- iv. **Anyone or Survivor/s :** If the account is held by more than two individuals say, A, B and C, the final balance along with interest, if applicable, will be paid to any one of the joint account holders or to the survivor(s) on death of any one/ two account holders jointly.

For settlement of deceased claim in Deposits accounts reference may be made to Policy for settlement of claim of Deceased depositors and return of Articles in safe Deposit Lockers/ Safe Custody and Policy for Settlement of claims in respect of Missing Persons

The above mandate for opening joint accounts/ disposal of balances become operational from the date deposit account is opened. This mandate can be modified by the consent of all the a/c holders. In case of joint a/cs, the premature withdrawal of Term Deposits will depend on the mandate given by the depositors jointly at the time of opening the Term Deposit or at any time subsequently during the term/ tenure of deposit as per mandate, without seeking the concurrence of the legal heirs of the deceased joint deposit holder. In the event of the death of the depositor, premature termination of the term deposits would be allowed.

**K)** At the request of the depositor/ NRI Depositor, the Bank will register mandate/ power of attorney given by him authorizing another person to operate the account on his behalf.

**L)** 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

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





## **RENEWAL OF OVERDUE RD/ TERM DEPOSITS**

Roll over facility is not available for recurring Deposit (RD). In case a customer of matured RD approaches to Bank to invest in other time deposit scheme, such amount of RD will be invested in to Time Deposit Receipt from the date of maturity, if the depositor approaches the Bank within 14 days. After 14 days no overdue interest will be paid and maturity amount of RD will be renewed (invested) in fresh time deposit receipt from the date of approaching the Bank.

As per definition of Term Deposit mentioned in RBI Master Direction –Interest Rate on Deposit Direction, 2016 dated March 03, 2016 Recurring Deposit is also a Term Deposit and if it is a term deposit then as per RBI circular on “Review of Instructions on Interest on overdue domestic deposits” dated July 02, 2021, states that “if a Recurring Deposit (RD) matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract rate of interest as applicable to Saving account or the contracted rate of interest on the matured TD, whichever is lower

When a term deposit is renewed on maturity, on renewed deposit, interest rate for the period specified by the depositor as applicable on the date of maturity would be applied.

If request for renewal is received manually after the date of maturity, such overdue deposits will be renewed with effect from the date of maturity at interest rate applicable as on the due date, provided such request is received within 14 days from the date of maturity. In respect of overdue deposits renewed after 14 days from the date of maturity, interest for the overdue period will be paid at the rates decided by the Bank from time to time.

As per RBI instruction circular No. RBI/2021-22/66, DoR.SPE.REC.29/13.03.00/2021-2022 dated July 02, 2021 , if a Term Deposit (TD) matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract rate of interest as applicable to Saving account or the contracted rate of interest on the matured TD, whichever is lower

**M)** At the time of the opening of account, photograph of the person authorized to operate the account will be taken. In case of Minor account wherein 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.

### **N) Nomination facility**

- The depositor will be informed of the advantages of the nomination facility while opening a deposit account.
- Nomination facility is available on all deposit accounts opened by the individuals.
- Nomination is also available to a sole proprietary concern account. Nomination can be made in favour of one individual only.
- As per Para No. 19.7.1(ii) of RBI guidelines on Customer Service, 2015, nomination shall be made only in favour of individuals. As such, a nominee cannot be an Association, Trust





Society or any other Organisation or any office-bearer thereof in his official capacity. In view thereof any nomination other than in favour of an individual will not be valid

- Nomination can be made in favour of a minor also. Where the nominee is a minor, the depositor(s) while making the nomination will have to appoint another individual not being a minor to receive the amount of the deposit on behalf of the minor nominee in the event of death of the depositors during the minority of the nominee.
- Nomination facility is available for joint deposit accounts. In the case of joint accounts, the nominee's right arises only after the death of all the depositors.
- As per Para No. 19.7.1(iii) of RBI guidelines on Customer Service, 2015 "There cannot be more than one nominee in respect of a joint deposit account
- Name of Nominee will be printed in the Passbook/ Term Deposit receipts/ statement of accounts, if a customer opts for the same.
- In case of depositors putting his/ her thumb impressions on the prescribed Forms for making nomination, cancellation or change thereof, it is required to be attested by two witnesses.
- Nomination can be cancelled or changed by the account holder/(s) any time.
- As per Para No. 19.7.1(iii) of RBI guidelines on Customer Service, 2015, "Banks may allow variation/cancellation of a subsisting nomination by all the surviving depositor(s) acting together. This is also applicable to deposits having operating instructions "either or survivor
- Bank recommends that all depositors avail nomination facility. If they do not want to give nomination, they will give in writing that they do not want nomination in the account. The nominee, in the event of death of the depositor/s, would receive the balance outstanding in the account as a trustee of legal heirs.

O) 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 these account holders.

#### **P) Account Portability**

The transfer of deposit 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 at 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.

#### **Q) Closure of the Accounts:-**

i) Account can be closed on the written request of all the depositor/s with reason of closure. The Passbook, Debit Card and unused Cheque must be deposited at the time of such request. The joint account can be closed only at the request of all the joint account holders





ii) If the account is closed before 14 days of opening of the account, no service charges 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.

### **Interest Payments**

i) Bank has adopted the method of reckoning the year at 365 days (even for Leap Year) for the calculation of interest on Deposit and Loan.

ii) Interest shall be paid on Savings Bank/ Term Deposit accounts of residents Indians at the rate decided by the Bank within the general guidelines issued by the Reserve Bank of India from time to time. Interest on SB accounts is paid Quarterly on daily product basis.

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.

iii) In terms of Reserve Bank of India directives, interest shall be calculated at quarterly intervals on term deposits and paid at the rate decided by the Bank depending upon the period of deposits. In case of monthly deposit scheme, the interest shall be calculated for the quarter and paid monthly at discounted value. The interest on term deposits is calculated by the Bank in accordance with the formulae and conventions advised by Indian Banks' Association.

iv) The rate of interest on deposits will be prominently displayed in the branch premises. Changes, if any, with regard to the deposit schemes and other related services shall also be communicated upfront and shall be prominently displayed. These will also be displayed in the Bank's website.

v) 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) 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.
- Branch will give an acknowledgment to the customer at the time of receipt of Form 15-G/15-H. This will help in building a system of accountability and customers will not be put to inconvenience due to any omission on the part of the branch.
- The declaration filed in Form 15G and 15H u/s 197A shall not be valid unless the person filing the declaration furnishes his PAN in such declaration. In case of failure to do the same, tax is deducted at the rate mentioned in the relevant provisions of the IT Act or at the rate in force or at the rate of 20%, whichever is applicable.

### **FORM- 15G**

Form 15G 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 & other income received during the financial year should not include the basic exemption limit as per the prevailing Income Tax slab.

### **FORM-15H**

15H 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.

(ii) If the total interest earned on all Time Deposits of a customer, wherever TDS is applicable, exceeds the exemption limit of Income Tax. These exemptions limits are subject to change as per Govt. Policies and are net of Standard Deductions, as may be applicable} Form 15G or 15H will not be accepted. In such case, the depositor may approach Income Tax authority for any exemption in TDS.

### **Facility of on-line opening of Saving and Fixed Deposit Account**

Our Bank provides the facility of opening of on-line Saving Accounts. The customer can also open Fixed Deposit accounts through Net Banking/Mobile Banking.

### **ACCOUNT OF ILLITERATE PERSON**

The Bank may at its discretion open deposit accounts other than Current Accounts of illiterate person. The SB/ RD/ Time Deposit account of such person may be opened provided he/ she is identified by 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.

### **ACCOUNTS OF VISUALLY CHALLENGED PERSON**

A visually challenged person may open a Savings Bank account in his sole name or jointly with other person(s). The Bank may open deposit accounts other than Current Accounts of visually challenged person. The SB/ RD/ Time Deposit account of such person may be opened provided he/she is identified by a witness who is known to both the depositor and the Bank. The Bank official





shall explain the terms and conditions governing the account to such person. All banking facilities such as cheque book, ATM facility, lockers, retail loans etc. are offered to visually challenged persons without any discrimination.

### **FACILITY TO SICK/ OLD/ INCAPACITATED PERSONS**

Bank will extend all possible help to an account holder who is not only unable to be physically present in the bank but is also not able to put his/ her thumb impression on the cheque/ withdrawal form due to certain physically incapacity.

Where thumb or toe impression of the sick/old/incapacitated account holder is obtained, it will be identified by two independent witnesses known to the bank, one of whom should be responsible Bank official.

### **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.

### **CUSTOMER INFORMATION**

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

### **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 express 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.

### **PREMATURE WITHDRAWAL OF TERM DEPOSIT**

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

The bank has the freedom to determine its own penal interest rate for premature withdrawal of term deposits.

At present provisions of penal interest are as follow:





- i. *Penal interest at the rate of 1% will be charged on premature withdrawal of time deposit irrespective of amount.*
- ii. No Penalty will be levied on premature withdrawal of deposits provided the deposits are renewed for a period longer than remaining period of the original contract.
- iii. The premature payment of auto renewed time deposits will be made with upto date interest as per provisions contained herein above.
- iv. Penalty is waived on premature payment of Deposit upon settlement of claims in the deceased depositor's accounts in the case of a term deposit standing in the name of deceased individual depositor and two or more joint depositors where one of the depositors has died. Interest is paid at the applicable rate for the period actually run on the date of placing the deposit.

The bank shall ensure that the depositors are made aware of the applicable penal rate along with the deposit rate. However, the bank at its discretion may disallow premature withdrawal of large Rupee term deposits of '1 crore and above'. The bank shall, however, notify such depositors of its policy of disallowing premature withdrawal in advance, i.e. at the time of accepting such deposits."

The joint deposit holders shall be permitted to give the mandate for pre-mature payment either at the time of placing fixed deposit or anytime subsequently during the term/ tenure of the deposit. If such a mandate is obtained, bank shall allow premature withdrawal of term / fixed deposits by the surviving depositor without seeking the concurrence of the legal heirs of the deceased joint deposit holder. Further, such premature payment of deposit would not attract any penal charge.

In case of term deposits with "Either or Survivor" or "Former or Survivor" or "Latter or survivor" or "Anyone or Survivors" mandate, bank shall allow premature withdrawal of the deposit by the surviving joint depositor on the death of the other, only if, there is a joint mandate from the joint depositors to this effect.

If the operating instruction is "Either or Survivor" or "Anyone or Survivors" and one of the depositors expires before the maturity, no pre-payment of the fixed / term deposit may be allowed without the concurrence of the legal heirs of the deceased joint holder in absence of mandate by the joint deposit holders.

In Case of term deposits with "Former or Survivor", premature withdrawal would however require the consent of the both parties, when both of them are alive, and that of the surviving depositor and the legal heirs of the deceased in case of death of one of the depositors.

In Case of term deposits with "Latter or Survivor", premature withdrawal would however require the consent of the both parties, when both of them are alive, and that of the surviving depositor and the legal heirs of the deceased in case of death of one of the depositors.

## **PREMATURE RENEWAL OF TERM DEPOSIT**





In case the depositor desires to renew the deposit by seeking premature closure of an existing term deposit account, the bank will permit the renewal at the applicable rate on the date of renewal, provided the deposit is renewed for a period longer than the balance period of the original deposit. While prematurely closing a deposit for the purpose of renewal, interest on the deposit for the period it has remained with the bank will be paid at the rate applicable at the time of issuing deposit receipt to the period for which the deposit remained with the bank and not at the contracted rate.

### **ADVANCES AGAINST DEPOSITS**

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

**No Loan facility shall be allowed to Minor in sole name and HUF**

### **SETTLEMENT OF DUES IN DECEASED DEPOSIT ACCOUNT**

- i. If the depositor has registered nomination with the Bank; - the balance outstanding in the account of the deceased depositor will be transferred to the account of / paid to the nominee after the Bank satisfies about the identity of the nominee, etc.
- ii. The above procedure will be followed even in respect of a joint account where nomination is registered with the Bank. In the case of joint accounts, the nominee's right arises only after the death of all the depositors.
- iii. In a joint deposit account, when one of the joint account holders dies, the Bank is required to make payment jointly to the legal heirs of the deceased person and the surviving depositor(s). However, if the joint account holders had given mandate for disposal of the balance in the account in the forms such as "either or survivor, former / latter or survivor, anyone of survivors or survivor; etc., the payment will be made as per the mandate to avoid delays in production of legal papers by the heirs of the deceased.
- iv. In the absence of nomination and when there are no disputes among the claimants, the Bank will pay the amount outstanding in the account of deceased person against joint application and indemnity by all legal heirs or the person mandated by the legal heirs to receive the payment on their behalf without insisting on legal documents up to the limit approved by the bank's board. This is to ensure that the common depositors are not put into hardship on account of delays in completing legal formalities.
- v. Bank may call for succession certificates from the legal heirs of deceased depositors in cases:
  - a. where there are disputes and all the legal heirs do not join in indemnifying the Bank and
  - b. in certain other exceptional cases where the Bank has a reasonable doubt about the genuineness of the claimant(s) being the only legal heir(s) of the depositor.





## INTEREST PAYABLE ON TERM DEPOSIT IN DECEASED ACCOUNT

- i) In the event of death of the depositor before the date of maturity of deposit and amount of the deposit is claimed after the date of maturity, the Bank shall pay interest at the contracted rate till the date of maturity. From the date of maturity to the date of payment, the Bank shall pay simple interest at the applicable rate operative on the date of maturity, for the period for which the deposit remained with the Bank beyond the date of maturity; as per the Bank's policy in this regard.
- ii) However, in the case of death of the depositor after the date of maturity of the deposit, the bank shall pay interest at savings deposit rate operative on the date of maturity from the date of maturity till the date of payment.
- iii) In case of above point i) if the deceased depositor was senior citizen / Staff / Ex-staff senior citizen and Bank is paying additional Rate of Interest. @ 0.5% /@1.00% /@1.5% respectively than facility of additional ROI ceased after the date of death till maturity of the deposit i.e. from the date of deposit till date of death, payment of interest at contracted rate and there after till maturity/prematurity closure at normal rate. This additional Rate of Interest should be recovered manually by the branch at the time of payment of the deposit either to Nominee or legal heirs of the deceased depositor.

It is further clarified that in case of deceased staff/ Ex-staff, if the nominee or the all legal heir/s, as the case may be, is/are eligible for getting additional rate of interest as per Bank's norms then the same be dealt accordingly

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

**Stop Payment Facility:-** The Bank will accept stop payment instruction from the depositors in respect of cheques issued by them. Charges, as specified, will be recovered.

**Dormant Accounts/ Inoperative Accounts:-** Section 26 of the Banking Regulation Act, 1949 provides, inter alia, that every banking company shall, 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 a/cs in India which have not been operated upon for 10 years.

As per Depositors Education and Awareness Fund Scheme 2014 (DEAF), the Banks are required to transfer to the Fund (RBI) the proceeds/ credit balances in any account or any deposit in a bank remaining unclaimed or inoperative for ten years or more as specified in the scheme and the interest accrued thereon on last day of subsequent month.

**Procedures for converting inoperative/ unclaimed accounts in to operative accounts without any exception:-**





- Customers should provide fresh KYC documents
- Name of nominee if earlier it is not on record.
- Customer should provide fresh signature card

**Bank shall follow the instructions detailed below while dealing with inoperative accounts:-**

- i) Bank shall make an annual review of accounts in which there are no operations (i.e., no credit or debit other than crediting of periodic interest or debiting of service charges) for more than one year. The bank may approach the customers and inform them in writing that there has been no operation in their accounts and ascertain the reasons for the same. In case the non-operation in the account is due to shifting of the customers from the locality, they may be asked to provide the details of the new bank accounts to which the balance in the existing account could be transferred.
- ii) If the letters are returned undelivered, they may immediately be put on enquiry to find out the whereabouts of customers or their legal heirs in case they are deceased.
- iii) In case the whereabouts of the customers are not traceable, banks shall consider contacting the persons who had introduced the account holder. They can also consider contacting the employer / or any other person whose details are available with them. They can also consider contacting the account holder telephonically in case his Telephone number / Cell number has been furnished to the bank. In case of Non Resident accounts, the bank may also contact the account holders through e-mail and obtain their confirmation of the details of the account.
- iv) A savings as well as current account shall be treated as inoperative / dormant if there are no transactions in the account for over a period of two years.
- v) In case any reply is given by the account holder giving the reasons for not operating the account, banks shall continue classifying the same as an operative account for one more year within which period the account holder may be requested to operate the account. However, in case the account holder still does not operate the same during the extended period, bank shall classify the same as inoperative account after the expiry of the extended period.
- vi) For the purpose of classifying an account as 'inoperative' both the type of transactions i.e., debit as well as credit transactions induced at the instance of customers as well as third party shall be considered. However, the service charges levied by the bank or interest credited by the bank shall not be considered.
- vii) There may be instances where the customer has given a mandate for crediting the interest on Fixed Deposit account to the Savings Bank account and there are no other operations in the Savings Bank account. Since the interest on Fixed Deposit account is credited to the Savings Bank accounts as per the mandate of the customer, the same shall be treated as a customer induced transaction. As such, the account shall be treated as operative account as long as the interest on Fixed Deposit account is credited to the Savings Bank account. The Savings Bank account can be treated as inoperative account only after two years from the date of the last credit entry of the interest on Fixed Deposit account.





- vii.) Further, the segregation of the inoperative accounts is from the point of view of reducing risk of frauds etc. However, the customer shall not be inconvenienced in any way, just because his account has been rendered inoperative. The classification is there only to bring to the attention of dealing staff, the increased risk in the account. The transaction may be monitored at a higher level both from the point of view of preventing fraud and making a Suspicious Transactions Report. However, the entire process shall remain un-noticeable by the customer.
- ix) Operation in such accounts may be allowed after due diligence as per risk category of the customer. Due diligence would mean ensuring genuineness of the transaction, verification of the signature and KYC documents etc. However, it would be ensured that the customer is not inconvenienced as a result of extra care taken by the bank.
- x) There shall not be any charge for activation of inoperative account.
- xi) Banks will ensure that the amounts lying in inoperative accounts are properly audited by the internal auditors / statutory auditors of the bank.
- xii) Interest on savings bank accounts shall be credited on regular basis whether the account is operative or not.
- xiii) Banks will also consider launching a special drive for finding the whereabouts of the customers / legal heirs in respect of existing accounts which have already been marked as 'inoperative accounts'.

**Treatment of Saving Bank accounts opened for credit of Scholarship amounts and credit of Direct Benefit Transfer under Government Schemes:**

Accounts opened by the Branches for this purpose will not be classified as inoperative / dormant accounts due to stipulation of non-operation of the account for over two years.

**Display list of Inoperative Accounts:-** Bank will display the list of unclaimed deposits/inoperative accounts which are inactive / inoperative for ten years or more on their respective websites. The list so displayed on the websites will contain only the names of the account holder(s) and his/her address in respect of unclaimed deposits/inoperative accounts. In case such accounts are not in the name of individuals, the names of individuals authorized to operate the accounts will also be indicated. However, the account number, its type and the name of the branch shall not be disclosed on the bank's website. The list so published by the banks shall also provide a

**"Find"** option to enable the public to search the list of accounts by name of the account holder. Banks will also give on the same website, the information on the process of claiming the unclaimed deposit/activating the inoperative account and the necessary forms and documents for claiming the same. Banks will have adequate operational safeguards to ensure that the claimants are genuine.





### 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. However the matter of pre mature payment of time deposit (kept for Locker), will deal as per Locker policy.

### 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 Tolloed 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.

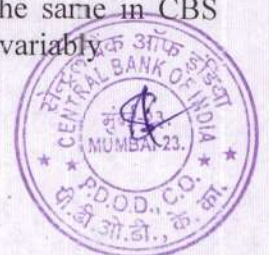
A customer aggrieved with a banking service as hitherto can complain to bank Bank will internally escalate all cases to the IO for final decision where either the complaint is rejected or only partial relief is provided to the complainant. Bank will resolve the grievance within a timeline of 30 days 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.

### 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 then 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.

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