

# **Allahabad Bank**

**Deposit Policy of the Bank**

**2018-19**



**Planning & Development Department  
Head Office**



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**DEPOSIT POLICY 2018-19**

**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 behind formulation of various deposit products offered by the Bank and terms and conditions governing the conduct of the Accounts. 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 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. It is expected that this document will impart greater transparency in dealing with the individual customers and create awareness among customers of their rights. The ultimate objective is that the customer will get services they are rightfully entitled to receive without demand.

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

**1. Know Your Customer (KYC) Policies/ Guidelines:**

Know Your Customer (KYC) is the platform on which banking system operates to avoid the pitfalls of operational, legal and reputation risks and consequential losses by scrupulously adhering to the various procedures laid down for opening and monitoring of accounts. The Bank shall follow appropriate Know Your Customer Policies/ guidelines, procedures and internal control mechanism designed to:

- (a)** Establish and document the true identity and address of the customers who maintain/establish relationships, open accounts or conduct business transactions.
- (b)** Obtain background information on existing and/or new customers.
- (c)** Safeguard the Bank from the risks of doing business with any individual or entity whose identity cannot be determined.

- (d) Protect the Bank from the risks of having business relationship with any individual or entity who refuses to provide information, or who has provided information that contains significant inconsistencies which cannot be resolved after due verification.

## 2. Types of Deposit Accounts:

While various deposit products offered by the bank are assigned different name, the deposit products can be broadly categorised into the following types. Definition of major deposit schemes are as under: -

- i) **“Demand Deposit”** means a deposit received by the bank which is withdraw-able on demand;
- ii) **“Savings Deposit”** 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.
- iii) **“Term Deposit”** means a deposit received by the Bank for a fixed period withdraw-able normally after the expiry of the fixed period and includes deposits such as Recurring /Short Deposits/ Double Benefit Deposits/Fixed Deposits /Monthly Income certificate / Quarterly Income certificate etc;
- iv) **“Notice Deposit”** means term deposit for specific period but withdrawable on giving at least one complete banking day’s notice;
- v) **“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;

### 2.1 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 and Prevention of Money Laundering Act and/or such other norms or procedures as per the Customer Acceptance Policy of the bank. 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.
- (b) 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 Small Savings accounts will be opened with relaxed customer acceptance norms as per regulatory guidelines.
- (c) The account opening forms and other materials would be provided to the prospective depositor by the Bank. The same will contain details of information to be furnished and documents to be produced for verification and/ or for record. It is expected from the bank official opening the account, to explain the procedural formalities and provide necessary clarification sought by the prospective depositor when he/she approaches for opening a deposit account. Documents and other information should be collected in respect of different categories of customers depending on perceived risk and keeping in mind the requirements of PML Act, 2002 and instructions/guidelines issued from time to time. Account should not be opened where it is not possible to apply appropriate customer due diligence measures i.e. unable to

verify the identity and /or obtain required documents due to non cooperation of the customer or non reliability of the data/information furnished to the bank.

- (d) Customer also can avail other banking product services offered by bank from time to time like-
  - i. Debit card - Bank issues Debit cards to customers having Saving Bank/Current Accounts in accordance with a comprehensive Debit Card issuance Policy approved by its Board. Bank charges on debit card transactions within stipulated benchmark as per regulatory guidelines.
  - ii. Mobile and Internet banking – Bank has formulated an easy registration process with per transaction limits for Mobile and Internet Banking, with the approval of Bank's Board. Use of mobile banking services for cross border inward and outward transfers is strictly prohibited.
- (e) The regulatory guidelines require the Bank 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 not opening of an account.
- (f) 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 may also place restrictions on the number of transactions, cash withdrawals, etc., for given period. Similarly, the bank may specify charges for issuance of cheque books, additional statement of accounts, duplicate passbook, folio 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 by way of notice displayed prominently on Bank's notice board/on Bank's web site to the prospective depositor while opening the account.
- (g) **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)
- (h) **Current Accounts** can be opened by individuals / partnership firms / Private and Public Limited Companies / HUFs / Specified Associates / Societies / Trusts, Departments of Authority created by Government (Central or State), Limited Liability Partnership etc.
- (i) **Term Deposits Accounts** can be opened by individuals / partnership firms / Private and Public Limited Companies / HUFs/ Specified Associates / Societies / Trusts, Departments of Authority created by Government (Central or State), Limited Liability Partnership etc.
- (j) 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 introduction(if required) of the prospective depositor from a person acceptable to the bank and obtaining recent photograph of the person/s opening/operating the account are part of due diligence process.

- (k) 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 as specified under the Income Tax Act / Rules.
- (l) Deposit accounts can be opened by an individual in his own name (known as account in single name) or by more than one individual in their own names (known as Joint Account).
- (m) **Operation in 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 /legal guardian can be operated by such natural guardian/ legal guardian only till attainment of majority.
- (n) The joint account holders can give any of the following mandates for the disposal of balance in the above accounts:
- 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.
  - ii. **Anyone or Survivor:** If the account is in the name of two or more individuals say A, B & C, the final balance along with interest if applicable, will be paid to any of account holders i.e. A or B or C, on the date of maturity.  
  
On the death of any one of account holders, 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.
  - 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 anyone of the account holders.
  - iv. **Latter or Survivor:** If the account is in the name of two individuals say, A & B, the final balance along with interest, if applicable, will be paid to the latter i.e. B on date of maturity and to the survivor on death of anyone of the account holders.

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

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

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

- (o) 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 case of absence of any instructions deposits will be treated as an auto renewal deposit and would be renewed for a similar period as that of matured deposit.
- (p) 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.

Bank may provide password encrypted monthly statement of account in PDF format to all depositors, who have registered their e- mail id with the Bank.

**Account portability** facility is available. The customer is allowed to transfer his account from one branch to another branch without restrictions as long as full KYC has been done. Valid PAN/Form 60 obtained from the Customer. Branches may transfer existing accounts at the transferor branch to the transferee branch without insisting on fresh proof of address and on the basis of a self-declaration from the account holder about his/her current address. The account number remains unchanged pan India for any number of transfers requested by customer.

- (q) Inability of an existing customer to furnish details required by the bank to fulfill statutory obligations could also result in closure of the account after due notice(s) is/are provided to the customer.
- (r) Levying of penal charges on non-maintenance of minimum balances in Inoperative A/Cs has been discontinued.
- (s) Individuals residing in India may be permitted to include non-resident close relative (s) (relatives as defined in Section 6 of the Companies Act, 1956) as a joint holder (s) in their resident bank accounts **on “Former or survivor” basis**. However, such non-resident Indian close relatives shall not be eligible to operate the account during the life time of the resident account holder.
- (t) Cash withdrawal at Non-base branches is permitted up to Rs 50,000/- only per day per cheque. The cash payment will be made to account holder only, on production of his identity proof, and not to any third party.(Ref. HOIC 10828/BPR Cell/2009-10/09 dated 04.01.2010)
- (u) With the objective to provide more caring, convenient, and attractive services to the customers and as part of the Bank’s continuous efforts to improve its existing services, Bank has introduced online donation facility to customers. Online donation facility is available through internet Banking Channel ([URL: https://allbankonline.in](https://allbankonline.in)). This facility is available to our Bank’s customers.

- (v) Customers who have registered their mobile numbers with the Bank can avail missed call services by dialing 092-24-150-150. The present balance in the account with last five transactions will be sent to such customers on dialling this number.

## 2.2 INTRODUCTION

In case of KYC complied account introduction will no more be **mandatory requirement** and the account can be opened without introduction. However, it is reiterated that the KYC norms have to be strictly adhered to and there shall not be any compromise on KYC Compliance.

## 2.3 Writing of Cheques in any Language

The bank will accept cheques written in Hindi, English or in the concerned Regional language. The Branches should accept the cheque with Saka calendar date.

## 3. Extension of Alternate Delivery Channels to Savings Bank & Current Deposit account holders

The bank offers choice of electronic channels to customers for conducting their banking transactions. The choice of electronic channels includes ATM, Internet banking, mobile banking etc. Wherever such electronic facilities are offered as a part of the basic account/product, **bank will obtain specific consent of the customers after explaining the risk associated for availing the facility.**

## 4. Interest Payment:

### 4.1 Savings Bank Account:

Interest shall be paid on savings bank account at the rate as decided by bank within the general guidelines issued by the RBI from time to time. Further, in terms of RBI directives dated 03.03.2016, interest on domestic rupee savings deposit accounts shall be calculated on the daily product basis at quarterly intervals or shorter intervals.

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.

**4.2 Term Deposit Account:** Term deposit interest rates are decided by the Bank within the general guidelines issued by the Reserve Bank of India from time to time. In terms of RBI 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. In all cases of domestic term deposits (period of deposit more than a year) where the terminal quarter is incomplete, interest should be calculated for the actual number of days, reckoning the year 365 days, viz the calculation of interest on such deposits should be in order of completed quarters and days.

**4.3.** 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.



- 4.4. 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. In case where PAN No. is not submitted by the customer or PAN No is in invalid Status, TDS will be deducted at higher rate as per IT rules (20% at present). 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.
- 4.5. Bank will pay interest to its customer on the amount of collection instruments, in case there is delay in giving credit beyond the stipulated time as per guidelines in Compensation Policy.
- 4.6. If the due date of a Term Deposit falls on a holiday, Sunday, non-business working day then interest will be paid for such intervening day(s), at the originally contracted rate, till the succeeding working day.
- 4.7. All transactions, including payment of interest on deposits/ charging of interest on advances, would be rounded off to the nearest rupee; i.e. fractions of 50 paise and above shall be rounded off to the next higher rupee and fraction of less than 50 paise shall be ignored. Issue prices of cash certificates should also be rounded off in the same manner.
- 4.8. Senior Citizens are eligible for an additional interest over and above card rate for all maturities. The additional interest paid to Senior Citizens on Term Deposits is subject to change from time to time. At present additional interest rate for Senior Citizen is 0.50%. This facility is not offered on the term deposit standing in the name of HUF or the Karta of the HUF even if the Karta is a resident Indian senior citizen.
- 4.9. One percent additional rate of interest over its ruling rate of interest on various term deposit schemes and Savings Bank deposits in the name of a staff member, individually or jointly with any member of his / her family shall be paid by the Bank. The Primary Account holder should be a member/ retired member of Bank's staff/ spouse of a deceased member or of deceased retired member of Bank's staff. Exclusive associations of the bank's staff, deposits of CMD, ED or such Executives appointed for a fixed tenure shall be paid by the Bank subject to the following conditions:
- The additional interest is payable till the person continues to be eligible for the same and in case of his ceasing to be so eligible, till the maturity of a term deposit account.
  - Bank Employees' Federations, in which bank employees are not direct members, shall not be eligible for additional interest.
  - The additional interest may be paid on the following deposits after obtaining a declaration from the depositor concerned, that the monies deposited or which may be deposited from time to time into such account belong to the depositor:
    - Member or a retired member of the bank's staff, either singly or jointly with any member or members of his /her family; or
    - The spouse of a deceased member or a deceased retired member of the bank's staff; and

- An Association or a fund, members of which are members of the bank's staff;

## 5. Deposit Accounts

### 5.1. Minors' Accounts:

- i In terms of Indian Majority Act, a minor is a person below the age of 18 years, but in case of minor whose guardian is appointed by the Court, he/she attains the majority at the age of 21 years.
- ii. 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.**
- iii. Minors above the age of 10 years- Bank may allow opening and operating savings bank account independently. **Separate instruction circular will be issued regarding the age limit and transaction amount, cap basis, keeping in view their risk management system, offering additional banking facilities like internet banking, ATM/ debit card, cheque book facility etc., subject to the safeguards that minor accounts are not allowed to be overdrawn and that these always remain in credit. KYC norms & due diligence of minor should be ensured while opening and operating these accounts.**
- iv. On attaining majority, **on the same day, account should be inoperative till the time customer converts the minor account to major with required KYC documents. Thus, bank should initiate the prior communication to Minor accounts that would attain to majority through SMS/E-mail, once on completion of 17 year 11 month and at the age of 18 years with birth day greetings.** The erstwhile minor should confirm the balance in his/her account and if the account is operated by the natural guardian / guardian, fresh specimen signature of the erstwhile minor duly verified by the natural guardian would be obtained and kept on record.

### 5.2. Accounts of Close Relatives

In case of close relatives e.g. wife, son, daughter and parents etc. who live with their husband, father/mother, and son as the case may be, banks can obtain an identity document and utility bill of the relative with whom the prospective customer is living along with a declaration from the relative that the said person (prospective customer) wanting to open an account is a relative and is staying with him/her. Banks can use any supplementary evidence such as a letter received through post for further verification of the address.

### 5.3. Accounts of Migratory Worker Transferred Employee, Etc.

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

In case the proof of address furnished by the customer is not the local address or address where the customer is currently residing, the bank may take a declaration of the local address on which all correspondence will be made by the bank with the customer. No proof is required to be submitted for such address for correspondence/local address. This address may be verified by the bank through positive confirmation, such as acknowledgment of receipt of (i) letter, cheque books, ATM cards; (ii) telephonic conversation; (iii) visits; etc. In the event of change in this address due to relocation or any other reason, customers may intimate the new address for correspondence to the bank within two weeks of such a change

#### 5.4 Other Accounts

The following types of accounts would require higher account opening documentation and due diligence to be carried out at the time of opening new accounts.

- **Trust accounts**

Stricter documentation and due diligence to be exercised as given in the KYC Policy. All the trustees should join in opening the account and the account should be opened in the name of the trust mentioning the name of trustees. Trust accounts are not to be open in the personal names of the trustees. **Any account in the name of Trust should be opened only after obtaining permission from ZO. The KYC compliance of all the trustees is to be done along with KYC compliance of TRUST.**

- **Non face to face customers**

Customers with whom the Bank has no direct interaction (with the prime holder of an individual account or one of the signatories of a non individual account) at the time of opening the account would require stricter documentation as per KYC policy.

- **Correspondent Banking**

Transactions conducted through correspondent relationship need to be managed taking a risk based approach. 'Know Your Correspondent' procedures should be established to ascertain whether the Correspondent Bank or counter party is itself regulated for money laundering prevention and if so, whether the correspondent is required to verify the identity of their customers to FATF standards. Where the correspondent Bank does not follow FATF guidelines, additional due diligence should be exercised.

- **Fiduciary Accounts**

Bank must exercise due care at the time of opening fiduciary accounts opened by professional intermediaries.

#### 5.5 Accounts of Foreign Students

- a) Banks may open a Non Resident Ordinary (NRO) bank account of a foreign student on the basis of his/her passport (with appropriate visa & immigration endorsement) which contains the proof of identity and address in the home country along with a photograph and a letter offering admission from the educational institution.
- b) Within a period of 30 days of opening the account, the foreign student should submit to the branch where the account is opened, a valid address proof giving local address, in the form of a rent agreement or a letter from the educational institution as a proof of living in a facility provided by the educational institution. Banks should not insist on the landlord visiting the branch for verification of rent documents and alternative means of verification of local address may be adopted by banks.

- c) During the 30 days period, the account should be operated with a condition of allowing foreign remittances not exceeding USD 1,000 into the account and a cap of monthly withdrawal to Rs. 50,000/-, pending verification of address.
- d) On submission of the proof of current address, the account would be treated as a Normal Non-Resident Ordinary Rupee (NRO) Account. It will be operated in terms of extant guidelines for NRO accounts and the provisions of Schedule 3 of FEMA Notification 5/2000 RB dated May 3. 2000 may also be kept in view.
- e) Students with Pakistani nationality will need prior approval of the Reserve Bank for opening the account.

#### **5.6 Zero Balance Account**

Employees of Central Govt/State Govt/ Corporates/PSUs/Corporations/Educational institutions/Public/Private Ltd. Cos. having Current account with us may open salary Savings account with zero balance.

#### **5.7 Accounts of Married Women**

In order to facilitate newly married women in opening new account, transferring or getting pre marital name and address changed is permitted.

Bank can accept any valid document which provides customer information to their satisfaction as part of implementation of customer identification procedure in the absence of documents prescribed therein.

#### **5.8 Accounts of Illiterate Persons**

- i) The Bank may, at its discretion, open deposit accounts, other than Current Accounts of illiterate persons. 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 would 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.
- ii) No joint accounts of illiterate with literate persons will generally be opened by the Bank as illiterates are gullible and are prone to cheating by the literate in the guise of conducting their account. However, it may be allowed in case of joint accounts of husband and wife, and in the case of illiterates with genuine request.
- iii) No current accounts and non-resident accounts will be opened in the names of illiterate persons. Also cheque books will not be issued to illiterate account holders.

#### **5.9 Account of Visually Challenged Persons**

Bank may, at its discretion, open Savings Bank accounts as well as Term Deposit accounts of persons with visual impairment after observing all necessary formalities. The bank shall take certain special precaution so that the blind customer is not cheated by others. Hence, it is important to explain to him/her the rules of business, the

obvious risks involved and the precautions that he/she should take in operating his/her account, before opening the account.

Such accounts will be operated by the account holders personally. Cheque book facility may 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. While there is no legal provision for the appointment of a guardian of a blind person, the Bank may, at its discretion, allow a properly constituted attorney to operate the account on behalf of the blind account holder. However, in case the Bank is satisfied on merits, the next of the kin of a blind person may also be allowed to operate on his/her account as his/her constituted attorney duly authorized by a letter of Authority or Power of Attorney as may be expedient.

Bank is also committed in introducing technology banking facilities **progressively** via ATM & Internet banking in keeping with the availability of supporting technology which will enable visually challenged persons to operate their own accounts.

#### **5.10 Account of persons with autism, cerebral palsy, mental retardation & multiple disabilities**

Bank may, at its discretion, open Savings Bank accounts and Term Deposits in the names of persons with autism, cerebral palsy, mental retardation and multiple disabilities. The accounts can be opened in the names of such persons by their legal guardians 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. If the customer is suffering from temporary mental derangement, it is not uncommon for the banker to waive his/ her strict legal rights, and to allow the customer's wife/husband or next of kin to operate on the account, provided that a certificate in the form of a statutory declaration from two medical practitioners is obtained and that satisfactory security is furnished by indemnifying the banker against any claim that may afterwards be made by the customer to recover any amount so withdrawn whilst he/she was mentally deranged. On being satisfied on merits of particular cases, the Bank may exercise discretion in insisting on the proviso in the latter part of the above quoted observations.

#### **6 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.

#### **7 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.

## **8 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.

## **9 Premature Withdrawal of Term Deposit**

The Bank, on request from the depositor, at its discretion may allow withdrawal of term deposit before completion of the period of the deposit agreed upon at the time of placing the deposit. At present Penal interest @ 1% be levied for premature withdrawal of Term Deposits for all periods (irrespective of the period of deposit agreed upon at the time of making the deposit) based on the period for which the deposit has run for the Term Deposits less than Rs. 2.00 crore. No interest shall be paid, where premature withdrawal of deposits takes place before completion of the minimum period of 7 days.

The policy on penalty for premature payment of Term Deposits will not be applicable for Term Deposits opened under CA Plus/ Auto Sweep/ Savi-fix schemes (for individuals and corporate/ institutions) irrespective of amount/ period.

The Bank shall make depositors aware of the applicable penal interest rate along with the deposit rate from time to time.

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

## **10 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 on the date of deposit to the period for which the deposit remained with the bank and not at the contracted rate.

## **11 Renewal of Term Deposits (Retail Term Deposit)**

Depositors can give instructions at the time of opening the account for payment of maturity proceeds to their accounts or by IOI or for renewal of the deposit for the period of their choice. In the absence of any instructions from customer, the bank will renew the deposit on due date for the same period for which the matured deposit was placed. If request for renewal is received after the date of maturity, such deposits will be renewed with effect from the date of maturity at interest rate applicable as on 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, the interest for the overdue period will be paid at the rates decided by the Bank from time to time, which at present is the rate of interest prevailing on the date of maturity OR the rate of interest prevailing on the date of renewal, whichever is less. These deposits can be renewed for minimum period of 15 days to maximum 10 years from the date of presentation.

## 12 **Payment of Interest on Overdue Term Deposits on Encashment**

If an overdue term deposit receipt (irrespective of amount) is presented for encashment, (irrespective of overdue period), simple interest for the overdue period at Savings Bank rate will be paid by the Bank.

## 13 **Bulk Deposit**

All single rupee term deposits of Rs 2.00 crore & above are treated as bulk deposits. Rupee Term Deposits include domestic Term Deposits as well as Term Deposits under NRO and NRE accounts.

For operational convenience, the branches are permitted to quote & accept deposits for Rs. 2.00 Cr & above to less than Rs. 5.00 Cr at the card rate and a post confirmation should be sent to Head Office ALM Cell for information under copy to respective ZO/FGMO & Integrated Treasury.

For Rs. 5.00 Cr & above to less than Rs. 10.00 Cr, Zonal Offices can permit as per card rate given by Head Office ALM Cell and a post confirmation should be sent by ZO to Head Office, ALM Cell for information under copy to Integrated Treasury.

For Rs. 10.00 Cr & above to less than Rs. 50.00 Cr, FGM Offices can permit as per card rate given by Head Office ALM Cell and a post confirmation should be sent by FGMO to Head Office, ALM Cell for information under copy to Integrated Treasury.

For quoting rates for single term deposits of Rs. 50 Cr and above, Zones/FGMs (on behalf of their branches) are required to take prior written permission from GM (IRM) & CRO / DGM (IRM).

It shall be the responsibility of the concerned Zonal Office to ensure that Bulk deposits opened/renewed by their respective branches are strictly as per the rates approved by the Head Office

Additional interest of 1 % p.a. over & above the card rate shall be payable to staff or an association or fund, members of which are members of the Bank's staff. However, no additional interest for Senior Citizens, etc will be applicable on these Deposits.

### 13.1 **Premature Withdrawal of Bulk Deposits**

- a) All term deposits of Rs 2.00 crore and above can be withdrawn prematurely subject to the condition that withdrawal notice period of **more than 30 days** is given by the depositor. This implies that so long as the original maturity of bulk deposit is upto 30 days, notice for premature withdrawal is not required but where the original maturity is more than 30 days, withdrawal notice period of minimum 31 days is required to be given by the depositor.
- b) Penalty of 1% shall be applied on all such withdrawals. The penalty, however, shall not be applicable for term deposits opened under CA Plus / Auto Sweep / Savi-Fix schemes.
- c) The applicable rate on which the said penalty of 1% is to be applied shall be lower of the following two bulk deposit rates as on the date of issue of term deposit –
  - The rate at which the term deposit was originally issued.
  - The rate for the period for which the term deposit has actually remained with the Bank.
- d) As such, the interest rate payable on such deposits shall be c) minus b).

- e) No interest shall, however, be payable in respect of deposit accepted for a period upto 30 days, if the deposit has actually remained with the bank for less than 7 days.

### **13.2 Rollover of Bulk Deposits**

Bulk Deposits will not be rolled over automatically on maturity at present. As such, branches should keep track of maturity dates on the basis of monthly report generated by CBS on month end and take mandate of the customers before the due date so that the concerned deposits can be renewed or repaid on the due date.

### **13.3 Interest for Overdue Period**

#### In case of encashment of overdue Bulk Deposits

If an overdue Bulk deposit receipt (irrespective of amount) is presented for encashment (irrespective of overdue period), simple interest for the overdue period at Savings Bank rate will be paid by the Bank.

#### In case of renewal of overdue Bulk Deposits

For renewal request of Bulk Deposit coming after maturity date, the Overdue interest for the intervening period i.e. from the date of maturity to the date of renewal may be paid at the rate of Bulk deposit for the specified period on the date of maturity or on the date of renewal whichever is less.

### **13.4 Precautions to be taken in respect of Bulk Deposits**

- All existing Fixed Deposits above Rs 2.00 crore shall be examined to ensure KYC and other compliance.
- The Fixed Deposit against which loans/overdrafts have been sanctioned to the Beneficiary of the account shall be reviewed, once in 6 months, to ensure that the same is in order. The status of the same shall be confirmed from the organization, corporate, individual in whose name the FDR has been issued.
- No new loans can be sanctioned against third party fixed deposit receipt of our Bank.
- Only specified Branches, as decided by the respective Zonal Offices, are authorized to accept Bulk Deposits. In case of all fixed deposits, a confirmatory letter in the form of a 'thank you' message shall be sent to the beneficiary through post as well as email and SMS wherever email-id and mobile number is available, giving the necessary details.
- Opening of all fixed deposits of Rs. 2.00 crore and above shall be followed by a personal visit of Bank official to the office of the beneficiary. For deposits of Rs 2-10 crore, officials can be deputed and for deposits of more than Rs 10.00 crore, the Branch Head shall visit the beneficiary.
- Extant guidelines on sanctioning and monitoring of loans/ overdraft facilities against fixed deposits shall be adhered to meticulously.

### **14. Advances against Deposits:**

The Bank may consider request of the depositor/s for loan / overdraft facility against term deposits after execution of necessary security documents. Proper care should be taken in case of Cash option through Internet banking where no security documents have been executed by the depositor. 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 (Demand/Term) will be given against 3<sup>rd</sup> party Fixed Deposit Receipt.

**15. Settlement of Dues in Deceased Depositor's Account:**

**15.1** Bank is following a simplified procedure for settlement of accounts of deceased account holders. The claims in respect of deceased depositors and release of payments to survivor(s)/nominee(s) will be made within a period not exceeding 15 days from the date of receipt of the claim, subject to the production of proof of death of the depositor and suitable identification of the claimant(s) to the bank's satisfaction.

**15.2** 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 itself about the identity of the nominee, etc.

**15.3** The above procedure will be followed even in respect of a joint account where nomination is registered with the Bank.

**15.4** 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.

**15.5** 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 Rs.15000. This is to ensure that the common depositors are not put to hardship on account of delays in completing legal formalities.

**15.6** In case of accounts where involved amount exceeds the "Threshold limit" of Rs.15,000/-, production of succession certificate will not be insisted upon for settlement of claims, irrespective of the amount in the deceased depositor's account, subject to the conditions that:

(a) There is no dispute among the legal heirs of the deceased and all the legal heirs join in indemnifying the bank.

(b) There is no doubt about genuineness of the claimant/s being the only legal heir/s of the deceased depositor.

However, certain prescribed legal documents/papers, as decided by the Bank from time to time, will be obtained from the claimant(s)/legal heir(s) of the deceased depositors while settling the claims.

Branches will exercise due care and caution in ascertaining the identity of the legal heir(s)/claimant(s) and the fact of death of the account holder, through appropriate documentary evidence.

However, in case there is dispute among the legal heirs of the deceased and all the legal heirs do not join in indemnifying the Bank and/ or there is a doubt about the genuineness of the claimant/s being the only legal heir/s of the deceased depositor, succession certificate will be obtained to ascertain as to whether the person is eligible to receive the amount in the deceased depositor's account.

Further, in cases where two females claim to be the wife of the deceased or claim is raised by the relatives of the deceased, etc., succession certificate will be necessary to ascertain the person, who according to law is eligible to receive the amount from the Bank.

#### **16. 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 operating on the date of maturity, for the period for which the deposit remained with the Bank beyond the date of maturity as per Bank's policy in this regard.
- ii) If the amount of deposit is claimed before the date of maturity, interest at the rate applicable to the period for which the deposit has remained with the bank will be paid.
- iii) However, in the case of death of the depositor after the date of maturity of the deposit, interest shall be paid at the contracted rate till the date of maturity and 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.

#### **17. Settlement of Claims in Respect of Missing Persons**

The nominee/legal heirs of the missing depositor have to raise an express presumption of death of the depositor after a lapse of seven years from the date of his/her being reported missing under Section 107/108 of the Indian Evidence Act before a competent Court of Law. The claim in respect of such missing person will be settled by the Bank if the Court presumes that he/she is dead.

#### **18. Nomination Facility**

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. 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.**

Bank recommends that all depositors avail 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 legal heirs. The depositor will be informed of the advantages of the nomination facility while opening a deposit account.

**19. 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 limits and conditions. The details of the insurance cover in force will be made available to the depositor.

**Bank while offering deposit products linked to insurance benefits will give choice to the customer for availing the insurance benefit and will explicitly specify the insurance cost if the depositor opts for insurance cover.**

**20. 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.

**21. Dormant / Inoperative Accounts**

Accounts which are **not operated for a period of two years** will be classified as dormant / inoperative account status in the interest of the depositor as well as the Bank. As per the prevalent guidelines a savings as well as current account is treated as Inoperative/ dormant if there are no transactions in the account for over a period of two years. For the purpose of classifying an account as in-operative both the type of transactions i.e., debit as well as credit transactions induced at the instance of customers as well as third party are considered. However, the service charges levied by the bank or interest credited by the bank is not considered. The depositor will be informed of charges, if any, which the Bank will levy on dormant / inoperative accounts. The depositor can request the Bank to activate the account for operating it after complying with the conditions as per KYC norms.

The operations in these accounts are governed by the directives issued by Bank from time to time which at present are as under:

Operation in an “in-operative account” is allowed after due diligence as per risk category of the customer. The genuineness of the transaction, verification of the signature and identity of the customer is ensured.

Branch Manager will permit “Credits” into “in-operative accounts” after complying with KYC requirements a fresh i.e. identity of the customer is established again that too beyond doubt.

For authorizing “Debits” in “in-operative accounts”, branches should obtain mandate from Zonal Office, after confirming to the Zonal Office in writing through e-mail that KYC documents have been obtained a fresh and customer’s identity has been established beyond doubt, seeking approval that branch may be permitted to allow the operations in the account. At Zonal Office, the officer in 2nd command will be empowered to give the approval to the branch.

The unclaimed deposits beyond 10 years will be transferred to RBI account Depositor Education and Awareness Fund (DEAF).

**22. Procedure for opening of accounts of small business vendors in Rural/Semi Urban areas:**

Small business accounts for vendor can be opened under separate Current Account product available in CBS, whereas in case of individual, he/she can open SB Account under product code defined for rural/SU area Account opening procedure and documents to be submitted for opening such accounts are mentioned in AML/KYC Policy (HOIC 15553/AML&KYC/2017-18/14 dated 19.03.2018) in detail.

**23. Procedure for opening Government Department accounts in Savings Bank:**

Government departments / bodies / agencies in respect of grants/ subsidies released for implementation of various programmers' / Schemes sponsored by Central Government / State Governments subject to production of an authorization from the respective Central / State Government departments, can open savings bank account. An illustrative list is enclosed as Annexure - II

For opening SB accounts of Government or its Departments, societies, universities and local bodies like village panchayats, a certified copy of the following documents shall be obtained:

- Document showing name of the person authorized to act on behalf of the entity;
- Officially valid documents for proof of identity and address in respect of the person holding a power of attorney to transact on its behalf and
- Such documents may be required by the Bank to establish the legal existence of such an entity/juridical person.

**24. Checklist of documents to be obtained for opening an account:**

Documents required for opening of accounts are mentioned in AML/KYC Policy (HOIC 15553/AML&KYC/2017-18/14 dated 19.03.2018) in detail as per various category of the account. Branches should provide Checklist of Documents required for opening an account.

**25. 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 (not being 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 and on the lines as applicable to deposit accounts.

To ensure prompt payment of locker rent, banks may at the time of allotment, obtain a Fixed Deposit which would cover 3 years rent and the charges for breaking open the locker in case of an eventuality. However, banks should not insist on such Fixed Deposit from the existing locker-hirers.

## 26. **Non-Resident Accounts:**

As defined by FEMA, Non Resident Indian (NRI) means person resident outside India who is citizen of India or is a person of Indian origin. NRI may open following types of accounts.

Non-Resident (External) account:

Account can be opened in any form i.e. Savings, Fixed, Current, Recurring with the bank.

Non-Resident Ordinary account:

Account can be opened Jointly with resident Indian for the purpose of putting through bonafide transactions not involving any violation of the provisions of the FEMA, 1999, rules and regulations and in any form i.e. Savings, Fixed, Current, Recurring with the bank.

Existing accounts of resident in India (i.e of Indian Nationals) are to be redesignated as Non-Resident ordinary accounts, when they go abroad indicating their intention to stay outside India for an uncertain period for taking up employment, profession, business, vocation or for any other purpose.

Foreign Currency Non-Resident account (B):

Account can be opened in permitted foreign denominated currencies which are freely exchanged in form of Time deposit only with minimum period of one year. (USD, GBP, Euro, JPY, CAD, AUD etc.)

NRI, as defined in FEMA, notification no.5, Ibid, may be permitted to open NRE/FCNR (B) account with their resident close relative (relative as defined in Section 6 of the Companies act, 1956) on "former or survivor" basis. The resident close relative shall be eligible to operate the account as a Power of Attorney holder in accordance with extant instructions during the life time of the NRI/PIO account holder.

## 27. **Accounts of Transgender persons**

27.1 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.

27.2 The salutation of such person shall be "Mx"

27.3 All transgender customers shall be treated equally to other male/ female customers without any discrimination.

## 28. **Redressal of Complaints and Grievances:**

Depositors having any complaint / grievance with regard to services rendered by the Bank have a right to approach authority (ies) designated by the Bank for handling customer complaint / grievances. The details of the internal set up for redressal of complaints /grievances will be displayed in the branch premises. The branch officials shall provide all required information regarding procedure for lodging the complaint. **In case the depositor does not get response from the Bank within 30 days from date of complaint or he is not satisfied with the response received from the Bank, he has a right to approach Banking Ombudsman appointed by the Reserve Bank of India.**

**29. Code of Bank's Commitment to Customers:**

Being a member of Banking Codes and Standard Board of India, the Bank has formally adopted its Code of Commitment to Customers for implementation and shall always observe it, in letter and spirit. This is a voluntary Code, which sets minimum standards of banking practices for banks to follow when they are dealing with individual customers. It promotes good and fair banking practices to be followed by the Bank with transparency and provides protection to customers and explains how banks are expected to deal with them for their day-to-day operations. Detailed Code of Bank's Commitment to Customers is available on the Bank's official website.

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**SCHEDULE-I**

1. Primary Co-operative Credit Society which is being financed by the bank.
2. Khadi and Village Industries Boards.
3. Agriculture Produce Market Committees.
4. Societies registered under the Societies Registration Act, 1860 or any other corresponding law in force in a State or a Union Territory except societies registered under the State Co-operative Societies Acts and specific state enactment creating Land Mortgage Banks.
5. Companies 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 words 'Limited' or the words 'Private Limited'.
6. Institutions other than those mentioned in section 26(h) and whose entire income is exempt from payment of Income-tax under the Income-Tax Act, 1961.
7. Government departments / bodies / agencies in respect of grants/ subsidies released for implementation of various programmer / 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.
8. Development of Women and Children in Rural Areas (DWCRA).
9. Self-help Groups (SHGs), registered or unregistered, which are engaged in promoting savings habits among their members.
10. Farmers' Clubs – Vikas Volunteer Vahini – VVV.