

North East Small Finance Bank

Deposit Policy

August 2024

Effective Date	31/08/2024
Approver	Board of Directors
Approved on	31/08/2024
Policy Owner	Business Head
Review frequency	Annual

Version History

Version	Date	Author(s)	Summary of Changes
1.0	05/10/2016		Document Created

Review Record

Version	Date	Reviewer(s)	Designation	Department
1.0	05/10/2016	Mr. Pranjal Goswami	Head – Risk & SPM	Risk & SPM
	05/10/2016	Ms. Rupali Kalita	MD	
1.1	22/08/2017	Mr Sudip Choudhury	Product Head	Created
1.1	24/08/2017	Mr S. Shankar	CCRO	Risk & Compliance
1.1	24/08/2017	Mr. Sashikant Panda	COO	
1.2	05.01.2021	Mr Pritesh Nath	Business Head	Business
1.3	25.08.2024	Mr Sudhesh Chandrasekar	COO	Business

5.2. Contents

Contents.....	3
1. Introduction	5
2. Objectives of the Policy	5
3. Applicability	5
4. Governance Structure	6
5. Types of Deposit Accounts.....	6
5.1. Demand Deposit	6
5.1.1 Savings Account	6
5.1.2 Current Account	6
5.2. Time Deposit.....	6
5.2.1 Traditional Fixed Deposits	7
5.2.2 Cumulative Term Deposit	7
5.2.3 Flexi - Fixed Deposit (FFD)	7
5.2.4 Tax Savings Term Deposit	7
5.2.5 Deposit Scheme for Senior Citizens	7
5.2.6 Recurring Deposit Account	8
6. Opening and Operation of Deposit Accounts	8
6.1 Facilities for all Deposit accounts	8
6.1.1 Minor Accounts.....	9
6.1.2 Accounts for persons with disabilities/illiterate persons/visually impaired person ..	10
6.1.3 Operation of Joint Accounts.....	10
6.1.4 Addition / Deletion of Holders	11
6.1.5 Mandate/ Power of Attorney holder	11
6.2 Facilities for Demand Deposit	12
6.2.1 Minimum Balance / Service charges.....	12
6.2.2 Passbook / Account Statements	12
6.2.3 Stop Payment Facility.....	13
6.2.4 Interest Rates and Calculation of Interest.....	13
6.2.5 Nomination Facility for Deposit Accounts.....	13
6.2.6 Insurance Cover for Deposits	14
6.3 Facilities for Term Deposit	14
6.3.1 Interest Payment on Term Deposits	14

6.3.2 Tax Deduction	15
6.3.3 Premature Withdrawal of Term Deposits	15
6.3.4 Premature Renewal of Term Deposits	16
6.3.4 Renewal of Overdue Term Deposits	16
6.3.5 Intimation before Maturity Date	16
6.3.6 Advances against Term Deposits	17
7. Prohibitions	17
8. Dormant/ Unclaimed Deposits/ Inoperative Accounts.....	18
9. Closure of Account.....	19
10. Secrecy of Customer’s Accounts	19
11. Settlement of Dues	20
11.1. Deceased depositors.....	20
11.2. Missing persons.....	21
12. Redressal of Complaints and Grievances.....	22
13. Record Keeping.....	22
14. Policy Review and Updates.....	22
15. Regulatory References	22

1. Introduction

North East Small Finance Bank (hereinafter referred to as “the Bank”), in furtherance of the objectives for which it is set up, shall primarily undertake basic Banking activities of acceptance of deposits in addition to lending services. 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.

This policy outlines the guiding principles in respect of formulation of various deposit products offered by the Bank and terms and conditions governing the conduct of the account.

While adopting this policy, the Bank reiterates its commitments to individual customers outlined in Bankers' Fair Practice Code of Indian Banks' Association and applicable regulatory requirements.

This comprehensive deposit policy also covers i) interest payable on Deposit Account of Deceased Depositor ii) settlement of claims in respect of missing persons iii) renewal of overdue deposits iv) policy on interest rate v) payment of interest on frozen account vi) Margin on advance against term deposit.

2. Objectives of the Policy

The key objectives of this policy are as under:

- Provide greater transparency in dealing with individual customers and create awareness among customers of their rights with regards to deposit account.
- Lay down the framework on the types of deposits offered by the Bank and operations permitted in these deposits.
- Disseminate 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.
- Ensure that the customer will get services they are rightfully entitled to receive without demand.
- Institutionalize a mechanism for disposal of deposits in case of death of the depositor/s.

3. Applicability

This policy shall be applicable to all its employees and officers as well as Business Correspondent agents/ sub-agents across all branches/ business segments of the Bank. While the provisions of this policy are directly applicable to the staff that are facing clients, all employees of the Bank shall be guided by the principles of this policy. This policy shall be applicable to all deposits offered/ accepted or proposed to be offered/ accepted by the Bank and lays down a framework for accepting, operations, servicing and closure of all time and demand deposits held with the Bank.

4. Governance Structure

The Bank shall have the following governance structure for the approval and implementation of this policy.

New Product Approval Committee

The Committee shall approve any new product or product variant which forms part of the policy in alignment with this policy and other regulatory requirements. The Committee shall approve such products keeping into view the suitability and appropriateness of the customers for such product.

Head- Liabilities

The Head- Liabilities shall prepare/review the Deposit policy in consultation with the, Risk & Compliance, Operations and IT Departments, which shall be put forward to the New Product Approval Committee and thereafter to the Board for approval. This policy shall seek to cover the broad types of deposits and shall not deal with each individual product/ product variant. The Head- Liabilities shall ensure the review of the policy on an annual basis. Any product/ product variant in alignment with the policy shall be approved by the New Product Approval Committee.

5. Types of Deposit Accounts

The Bank may choose to offer the following types of deposit products:

5.1. Demand Deposit

Demand Deposits means a deposit received by the Bank which is withdrawable on demand. There are two types of Demand Deposits:

5.1.1 Savings Account

Savings Account means a form of interest bearing demand deposit which is a deposit account whether designated as “Savings Account”, “Savings Bank Account”, “Savings Deposit Account”, “Basic Savings Bank Deposit Account (BSBDA)” or other account by whatever name called which is subject to the restrictions as to the number of withdrawals as also the amounts of withdrawals permitted by the Bank during any specified period.

5.1.2 Current Account

Current Account means a form of non-interest bearing demand deposit where from withdrawals are allowed any number of times depending upon the balance in the account or up to a particular agreed amount and shall also be deemed to include other deposit accounts which are neither Savings Deposit nor Term Deposit.

a. Time Deposit

Time deposit means an interest bearing deposit received by the Bank for a fixed period and shall also include deposits such as Recurring /Cumulative /Annuity /Reinvestment deposits and Cash Certificates;

Within these categories, there are specific accounts that can be opened, based on the requirements of the account holder. The Bank shall pay interest at quarterly rests to the depositor or compounded quarterly. The Bank shall pay interest at the specific request of the depositor at monthly rests also, but at a discounted rate.

The following are the illustrative types of Term Deposits:

5.2.1 Traditional Fixed Deposits

The deposits are held for a particular tenor at a contracted rate but interest is paid at a fixed frequency.

- Deposits can be accepted for a period as prescribed by RBI from time to time ranging from 7 days to 10 years.
- Interest shall be payable quarterly/ monthly (at discounted rate).
- Interest may be paid by cash (subject to certain conditions of Income Tax Act, 1961) or credited to operative account or by issuance of PO/DD.

5.2.2 Cumulative Term Deposit

The deposits are held for a particular tenor at a contracted rate but interest is accumulated on quarterly compounding basis and the consolidated amount is paid at the time of maturity.

- Deposits can be accepted for a period as prescribed by RBI from time to time ranging from 7 days to 10 years.
- Interest is calculated on quarterly compounded rests. Interest on cumulative deposits is deemed as reinvested and paid at maturity.
- No interest outflow is allowed under this scheme till the maturity of the Term Deposit.

5.2.3 Flexi - Fixed Deposit (FFD)

Flexi- Fixed Deposit (FFD) also known as Sweep in Term Deposit. This term deposit provides facility to link the term deposit to a saving account.

Whenever the balance in a savings account fall short to clear any debits in the operative account, the FFD can be broken as per the set process of the Bank. This Term Deposit can be either Traditional Fixed Deposit or Cumulative Term Deposit.

5.2.4 Tax Savings Term Deposit

Tax savings Term Deposit is a term deposit wherein the customer gets a tax benefit under Income Tax Act 1961 on the amount invested, although the interest paid on these deposits is taxable. This deposit is maintained for a fixed tenor of 5 years and cannot be prematurely withdrawn. No loans are permitted against such deposits.

5.2.5 Deposit Scheme for Senior Citizens

The Bank has special deposit product for Senior Citizens which permits additional interest in respect of such deposits. These deposits can be traditional fixed deposits or cumulative fixed deposits

5.2.6 Recurring Deposit Account

A recurring deposit is a type of term deposit for a fixed period and which is withdrawable only after the expiry of the said fixed period with regular income deposit a specific amount into the recurring deposit account.

On recurring deposits, the bank shall pay interest for the intervening Sunday/holiday/non-business working day on the maturity value.

5.2.7 Daily Deposits

The Bank shall offer a daily deposit scheme where customers can make predetermined daily deposits for a chosen tenure. As like recurring deposits, the bank shall pay interest for the intervening Sunday/holiday/non-business working day on the maturity value.

5.2.8 Non Callable Fixed Deposits

The Bank shall offer a non callable variant for a fixed deposit, wherein the customer will get a higher rate of interest as decided by the bank's ALCO compared to a Traditional Fixed Deposit. In case the customer decides to close the Fixed Deposit prematurely, the interest pay out would be zero. The customer has the option to choose between a quarterly or a cumulative payout option.

Customer can prematurely close the FD only in cases limited to court, regulatory orders or death cases.

However, all term deposits accepted from individuals (held singly or jointly) for amount of Rupees one crore and below shall have premature-withdrawal- facility.

5.2.9 Bulk Deposit

Bulk Deposit is defined as Single Rupee term deposits of Rupees three crore and above. Bank may pay differential interest rate only on bulk deposits.

6. Opening and Operation of Deposit Accounts

6.1 Facilities for all Deposit accounts

The Bank shall provide its customers details of various types of Bank accounts that can be opened and highlight the key features for each type of account. The Bank shall ensure that the product material, brochures or any literature highlighting the terms and conditions as well as service charges/ fees of the product, is fair, clear and not misleading.

- The Bank shall carry out due diligence as required under "Know Your Customer" (KYC) guidelines issued by RBI and or such other norms or procedures adopted by the Bank before opening any deposit account as defined in the KYC/AML Policy of the Bank.

- The Bank shall open accounts providing basic banking services to unbanked / disadvantaged sections of the society with relaxed customer acceptance norms as per regulatory guidelines as elaborated in the KYC/AML policy of the Bank.
- The Bank shall undertake due diligence process, while opening a deposit account which involves identification of the person, verification of address, satisfying about his occupation and source of income.
- The Bank shall categorize customers based on the risk perception and prepare profiles of customers for the purpose of transaction monitoring.
- The rates shall be uniform across all branches and for all customers and there will not be any discrimination in the matter of interest paid on the deposits, between one deposit and another of similar amount, accepted on the same date, at any of its offices.
- The Bank shall communicate to the customer the timeframe within which the account shall be opened. In case, if the account opening requires clearance at higher level, the Branch staff shall communicate the reasons for delay in opening of account.
- The Bank shall provide all necessary information to the prospective depositors with respect to account opening, such as terms and conditions, account opening documents, and provide necessary clarifications if sought by the prospective depositor.
- The Bank shall communicate to the prospective depositor all details regarding terms and conditions for operation of the accounts and schedule of charges and fees for various services provided while opening the account or from time to time as the case may be. The applicants can reach out to the branch or a Bank executive for any queries or clarification that they may have in relation to account opening.
- The Bank staff shall have the right to decline the opening of account if the account holder is not able or willing to provide necessary information regarding his address or identity.
- The Bank reserves the right, at its sole discretion, to open the bank account upon receipt of an application, and at such terms, as the Bank may prescribe from time to time.

6.1.1 Minor Accounts

A minor can open Savings account and the same can be operated by natural guardian or by minor himself/herself, if he/she is above the age of 10 years. The account can also be operated jointly.

The Bank shall not grant overdraft /loan to such minors. The Bank shall ensure that minor accounts are not overdrawn and always remain in credit.

The Bank shall obtain from the account holder (erstwhile minor) on attaining majority, specimen signature, identification documents and his/her latest photograph to commence operations of the account.

Cheques issued by the guardian prior to the date of minor attaining majority but presented after the minor attains majority would require confirmation from the minor.

6.1.2 Accounts for persons with disabilities/illiterate persons/visually impaired person

Accounts for illiterate persons

The Bank shall allow a person to open any accounts provided the applicant shall be accompanied along with a witness, who is known to the Bank. The Bank shall not discriminate while opening accounts for illiterate / blind and follow the guidelines of RBI from time to time.

The Bank official shall be present in case of persons with disabilities/ illiterate persons/ visually impaired person visits the branch for withdrawals/ repayment of term deposit and the account holder is required to affix his/ her thumb impression/ mark. The Bank shall allow operations in the account as elaborated in the Code of Commitment to Customers/ Customer Service Policy of the Bank.

Accounts of illiterate/blind/visually impaired person

The bank may at its discretion open deposit accounts of illiterate/blind person. The account of such person may be opened provided he/she affixes the thumb impression in the presence of a witness who is known to both the depositor and the Bank. Normally, no cheque book facility is provided for such savings 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 authorised 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 to the account holder. The bank official shall explain the terms and conditions governing the account to the illiterate.

Bank shall invariably be offering all banking facilities to the visually challenged without any discrimination and all possible assistance shall be rendered to these persons for availing the banking facilities. The Bank official will be explaining the terms and conditions governing the account to the visually impaired person.

Under-Guardian accounts for Disabled (adult) persons with autism, cerebral palsy, mental retardation and multiple disabilities:

The Bank shall allow opening of accounts of persons with Autism, Cerebral Palsy, Mental Retardation, Mental Illness and Mental Disabilities after appointing guardian/ managers and shall also take note of the legal position and orders/ certificates issued by the competent authority, under the acts applicable to such account holders.

6.1.3 Operation of Joint Accounts

The Bank shall allow the deposit accounts to be opened by the account holder singly or jointly with any other eligible person. Joint accounts can be opened by more than one individual and can be operated either singly or jointly, as specified by the all the account holders. The operating rules in a joint account can be modified only with the consent of all account holders.

The joint account holders can give any of the following mandates for operations of the account:

Either or Survivor: This is applicable for accounts with 2 holders. The account can be operated by any one of the account holders during the lifetime of the account holders and the survivor in case of death of any of the account holders.

Anyone or Survivors: This is applicable for accounts with more than 2 account holders. The account can be operated by any one of the account holders during the lifetime of all the account holders and the survivors in the case of the death of any of the account holders.

Former or Survivor: This is applicable for accounts with more than 2 account holders. The account can be operated by the first holder of the account and the survivors in the case of death of any of the account holders.

Joint signatories: This is applicable for accounts with 2 or more account holders. The account shall be operated by all the account holders during the lifetime of all the account holders.

6.1.4 Addition / Deletion of 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 or allow an individual depositor to add the name of another person as a joint account holder.

The Bank shall allow the account holders to split the joint deposit amount in case of fixed deposit, if the period and aggregate amount of the deposit do not undergo any change.

6.1.5 Mandate/ Power of Attorney holder

The Bank shall register mandate/ power of attorney given by the customer authorizing another person to operate the account on his/ her behalf at the specific request of the depositor subject to adequate due diligence of the person being authorized to operate the account.

6.1.6. Additional Interest Rate on Domestic Deposits:

The Bank may offer an additional interest rate over and above the prevailing rate of interest in the Bank to bank's staff subject to

- Additional interest rate is applicable only during the tenure of employment
- If employees are taken on deputation from another bank, the bank from which they are deputed may allow additional interest in respect of the savings or term deposit account opened
- Additional interest paid to the spouse/ joint holder/ association where the staff is a member after obtaining a declaration from the staff (depositor) that the money deposited is that of his own

The Bank shall give additional rates to their retired senior citizen staff by virtue of their being retired members of the banks' staff.

6.2 Facilities for Demand Deposit

The Bank shall open savings and current accounts for eligible persons in line with the applicable regulatory requirements, which shall be elaborated in the Product note on savings accounts and current accounts.

6.2.1 Minimum Balance / Service charges

In respect to the BSBDA accounts, the Bank shall not stipulate any minimum balance to be maintained. In accounts other than BSBDA, the Bank shall stipulate the minimum balance to be maintained on a monthly/ quarterly/ annual basis, which shall be communicated upfront to the customer by way of the Schedule of Charges.

The Bank shall levy penal charges in the event of non-maintenance of minimum balance, which shall be notified to the customer clearly by SMS / email / letter etc. If the customer does not restore the minimum balance within 1 month from the date of notice of the shortfall, the Bank shall recover the penal charges after due intimation to the customer. However, if the account is inoperative, the Bank shall not charge penal charges for minimum balance.

Information on other charges, where applicable, for services rendered by the Bank are provided in the Schedule of Charges that are included as part of terms and conditions governing operation of such accounts, which shall be explained by the Bank staff and also given to the customer at the time of account opening.

6.2.2 Passbook / Account Statements

The Bank shall offer pass book facility or monthly statement of account at the option of its savings bank account holders (individuals) without any cost. The passbook/ statement of accounts shall have full address, telephone number, MICR and IFSC codes of the branch.

The Bank shall regularly update the passbooks/ monthly statement of account with brief, informative and intelligible entries. However, if passbook is tendered for posting after a long interval or after very large number of transactions, the Bank staff shall give a printed slip requesting the depositor to tender the passbook periodically for updation.

In case if the branch retains the passbook for updation, the Bank staff shall accept the pass books against tokens which indicates the date of receipt and the date by when the passbooks can be collected after due updation. The Bank staff shall return such passbooks only against the paper tokens. The Bank shall keep the passbooks in the custody of the named responsible official, under lock and key overnight for passbooks remaining at the branch.

The Bank shall ensure that the statement of accounts in respect of current accounts shall be sent in a staggered manner.

6.2.3 Stop Payment Facility

The Bank will accept stop payment instruction from the account holders in respect of cheques issued by them within the specified timeframe. Charges, as specified in the Schedule of Charges, will be applied. In case of loss of the cheques in transit or clearing or at the branch, the Bank staff shall immediately inform the customer so that he/ she can place the stop payment instructions in respect of such cheques. Such stop payment of instruction shall not be subject to any charges.

6.2.4 Interest Rates and Calculation of Interest

The Bank shall pay interest on savings account and term deposits at the rates as decided by the Bank within the general guidelines issued by the RBI from time to time. The Bank would obtain prior approval of its Asset Liability Management Committee for fixing interest rates on deposits.

Interest rates payable on deposits shall be strictly as per the schedule of interest rates disclosed in advance. The banks shall maintain the bulk deposit interest rate card in their Core banking system.

The Bank shall display the rate of interest on deposits in the branch premises/ website. The Bank shall communicate upfront to the deposit account holder of any changes, if any, with regard to the deposit schemes and other related services.

The Bank shall determine the rate of interest on savings account on a daily product basis. The interest should be credited on regular basis whether the account is operative or not. The Bank shall pay the customer interest on his savings balance on quarterly basis

For the purpose of interest calculation for actual number of days (in case interest is calculated for incomplete month), the denominator is taken as 365 days and 366 days in case if it is a leap year.

Interest on overdue fixed deposits remaining unclaimed shall be calculated on savings bank interest rate till the date of payment to the depositor

6.2.5 Nomination Facility for Deposit Accounts

The Bank shall publicize the nomination facility by printing compatible message on cheque books, pass-book and any other literature reaching the customers as well as launching periodical drives.

The Bank shall recommend nomination in respect of deposit accounts opened by individuals or sole proprietary concerns. The Bank shall ensure that the nomination is made only in favour of individuals and no association, trust or society shall be permissible as a nominee. The Bank staff shall communicate to the customer that there cannot be more than 1 nominee per deposit account.

The Bank shall ensure that the account opening form has space for the nomination related fields. The Bank shall generally insist that the person opening a deposit account makes a nomination. In case the person opening an account declines to fill in nomination, the Bank official shall follow the procedure as elaborated in the Code of Customer's Commitment to Customers/ Customer Service policy.

The Bank shall have a proper system of acknowledging the receipt of the duly completed form of nomination, cancellation and / or variation of the nomination, which shall be given to all the customers irrespective of whether the same is demanded by the customers.

The Bank shall indicate the name of the Nominee in the Pass Books / Statement of Accounts / FDRs, in case the customer agrees for the same, in addition to the legend "Nomination Registered".

6.2.6 Insurance Cover for Deposits

The Bank shall inform the customers that all bank deposits are covered under the insurance scheme offered by Deposit Insurance and Credit Guarantee Corporation of India (DICGC) subject to a maximum of Rs 5 lakh. The Bank shall communicate to the customer that the limit of Rs 5 lakh is inclusive of both the principal and accrued interest on such deposit held by the customer in the same capacity and right in all branches of the Bank.

However, deposits held by banks, central and state governments (including quasi government bodies, local autonomous bodies, Government Corporation) and foreign government are not covered under the scheme.

6.3 Facilities for Term Deposit

6.3.1 Interest Payment on Term Deposits

The Bank shall calculate interest at quarterly intervals on term deposits and paid at the rate decided by the Bank depending upon the period of deposits. In case of time deposits with monthly interest pay-outs, the Bank shall calculate the interest for the quarter and pay the interest monthly at discounted value.

The rate of interest on deposits will be prominently displayed in the branch premises and also on the Bank's website. Changes, if any, with regard to the deposit schemes and other related services shall also be communicated upfront and shall be prominently displayed as mentioned in the Code of Commitment to Customers/ Customer Service Policy.

The Bank shall compute interest based on the actual number of days in a year. In case, the Deposit is spread over a leap and a non-leap year, the interest is calculated based on the number of days i.e., 366 days in a leap year & 365 days in a non-leap year.

The Bank shall round off transactions including payment of interest on deposits to the nearest rupee i.e., fractions of fifty paise and above shall be rounded off to the next higher rupee and fractions of less than fifty paise shall be ignored.

Payment of interest on term deposit maturing on Sunday/ holiday/ non-business working day:

The Bank shall pay interest at the originally contracted rate on the original principal deposit amount for the Sunday/ holiday/ non-business working day, intervening between the date of the expiry of the specified term of the deposit and the date of payment of the proceeds of the deposit on the succeeding working day.

6.3.2 Tax Deduction

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 shall give an acknowledgment at the time of receipt of Form 15-G/ 15-H submitted by customers for non-deduction of tax. The Bank shall put in place systems that will enable it to provide Form 16A to customers, pertaining to Tax Deducted at Source (TDS) as per time-frame prescribed under the Income Tax Rules.

The Bank shall deduct TDS at the applicable rates as per the Income Tax Act, 1961. The Bank shall not refund, any tax already deducted on interest in any case.

Interest earned/accrued on NRE & FCNR term deposits is tax free in India under the relevant provisions of Income Tax Act in India and hence no tax at source is deductible in respect of these deposits. However, bank has statutory obligation to deduct tax at source on any interest paid/payable on NRO term deposits at the specified rates. The depositor can claim the benefit of reduced rates of tax under Double Tax Avoidance Act (DTAA) which India has with the governments of various countries by submitting the documents prescribed by the bank at the beginning of the financial year.

6.3.3 Premature Withdrawal of Term Deposits

At the time of opening of the deposit, the Bank shall inform the customer of the premature withdrawal option, if available for the deposit being opened and the penal charges in respect of such withdrawal. The Bank shall also publicise this information by way of its website and the notice board at branches. Further, the Bank shall pay interest at the rate applicable (on the date of creation of the FD) to the amount and period for which the deposit remained with the bank and not at the contracted rate. Further, the bank may levee a penalty charge as applicable and communicated to the customer at time of FD creation for any premature withdrawal of the FD.

The Bank shall incorporate a clause in the account opening form for term deposit account itself to the effect that in the event of the death of the depositor, premature termination of term deposits would be allowed. The conditions subject to which such

premature withdrawal would be permitted may also be specified in the account opening form. Such premature withdrawal would not attract any penal charge.

The Bank at its discretion shall allow withdrawal of term deposit before completion of the period of the deposit agreed upon at the time of placing the deposit on request from the depositor/s. Such premature withdrawal shall be subject to the penalty applicable on premature withdrawal.

The term deposit must run for a minimum tenor of 7 days from the date of depositor request in order to earn any interest. Premature withdrawals before this minimum tenor will result in zero interest payment to the client.

In compliance with RBI directives, no interest is payable on premature closure of NRE term deposits in less than a year.

6.3.4 Premature Renewal of Term Deposits

In case the depositor desires to renew the deposit by seeking premature closure of an existing term deposit account, the Bank shall 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 to the period for which the deposit remained with the Bank and not at the contracted rate

6.3.5 Renewal of Overdue Term Deposits

When a term deposit is renewed on maturity, the Bank shall apply the interest rate as applicable on the date of maturity on the maturity amount.

If the request for renewal is received within 14 days from the date of maturity, the Bank shall renew such overdue deposits with effect from the date of maturity at the interest rate applicable as on the due date.

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 savings bank rate till the date of the request for renewal. The interest rate as applicable on the date of the request for renewal shall be applied in respect of renewal of such term deposits.

If a Term Deposit matures and the proceeds remain unpaid, the amount left unclaimed would attract savings bank Rate of Interest.

6.3.6 Intimation before Maturity Date

The term deposit holders may give specific instructions to the Bank with respect to the disposal of the deposits at the time of account opening. If such mandate is not available, then the Bank will intimate depositors of term deposits by post, courier, email or SMS at the registered contact details of the depositor 15 days prior to the date of maturity of the deposit.

On maturity of deposit, while obtaining request letter from the depositor for renewal, banks will advise the depositor to indicate the term for which the deposit is to be renewed. In case the depositor does not exercise his option of choosing the term for renewal, banks may renew the same for a term equal to the previous term.

6.3.7 Advances against Term Deposits

The Bank may offer advances against term deposits to depositor/s provided such term deposits receipts duly discharged by the depositor/s are available with the Bank along with the necessary security documents. The Bank shall charge such advances without reference to the marginal cost of lending rate if the advance is given against the term deposits and the deposit stands in the name of either singly or jointly:

- the borrower, either singly or jointly;
- one of the partners of a partnership firm and the advance is made to the said firm;
- the proprietor of a proprietary concern and the advance is made to such a concern;
- a ward whose guardian is competent to borrow on behalf of the ward and where the advance is made to the guardian of the ward in such a capacity

7. Prohibitions

The Bank shall not

- pay interest/ countervailing interest on current accounts or margin money maintained in current accounts in any form or manner or accept any interest-free deposits except in current accounts
- pay interest on “deposit at call” receipts issued by it to the tenderers (contractors) for submission to Government Departments/Semi-Quasi Government bodies, local bodies, etc. against the money held in current account.
- employ/ engage any individual, firm, company, association, institution or any other person for collection of deposit or for selling any other deposit linked products on payment of remuneration or fees or commission in any form or manner except the use of Business Correspondents
- pay brokerage in the form of commission or gift or incentives on deposits in any manner or in any other form to any individual, firm, company, association, institution or any other person except -
 - reasonable commission paid to agents employed to collect door-to-door deposits under a special scheme such as the use of services of intermediaries/ Business Correspondents in providing financial and banking services including collection of deposits
 - inexpensive gifts to customers costing not more than Rs. 250 and
 - incentives granted to staff members as approved by RBI from time to time.
- launch prize/lottery/free trips (in India and/or abroad), etc. oriented deposit mobilisation schemes including online remittance schemes
- resort to unethical practices of raising of resources through agents/ third parties to meet the credit needs of the existing/ prospective borrowers or to grant loans to the intermediaries based on the consideration of deposit mobilisation

- issue any advertisement/ literature soliciting deposits from public highlighting only the compounded yield on term deposits without indicating the actual rate of simple interest offered for the particular period
- accept deposits from/at the instance of private financiers or unincorporated bodies under any arrangement which provides for either issue of deposit receipt/s favouring client/s of private financiers or giving of an authority by power of attorney, nomination or other-wise, for such clients receiving such deposits on maturity.
- grant advances against fixed deposit receipts or other term deposits of other banks.
- open savings accounts in the name of Government departments/ bodies depending upon budgetary allocations for performance of their functions/Municipal Corporations or Municipal Committees/ Panchayat Samitis/ State Housing Boards/ Water and Sewerage/ Drainage Boards/ State Text Book Publishing Corporations/ Societies/ Metropolitan Development Authority/ State/ District Level Housing Co-operative Societies, etc. or any political party or any trading/business or professional concern, whether such concern is a proprietary or a partnership firm or a company or an association.

8. Dormant/ Unclaimed Deposits/ Inoperative Accounts

A savings as well as current account, which are not operated for a period of two years, would be treated as a dormant/inoperative account. The depositor can request the Bank to activate the account for operating it.

The Bank shall conduct an annual review of accounts in which there are no customer induced transactions including credits or debits other than levy of service charges of credit of interest, for the last one year. The Bank shall send letters to the customers advising them to transact in the account, failing which the account would be classified as inoperative if there are no transactions for the succeeding one year. 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.

In case the account has turned inoperative due to shift of address of the customer, the branch officials shall assist the customer in transferring the account to any branch which is within the proximity of the customer. The branch officials shall try to contact any other persons related to the customer such as introducer, employer or any other persons whose contact details are available with the Bank.

The Bank shall not levy any charges for activation of the accounts. The Bank shall credit the interest on savings bank accounts on regular basis whether the account is operative or not.

A standardized Customer Request Form for activating an inoperative account is available at the branches. The customer is expected to submit the same citing the reasons for not operating the account along with the documents for proof of identity and address. The Bank shall ensure that the branch officials do not inconvenience the customers whose accounts are inoperative, in any form.

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 identity etc.

The Bank shall ensure that the amounts lying in inoperative accounts ledger are properly audited by the internal auditors/ statutory auditors of the Bank.

Unclaimed deposit accounts mean accounts, which have not been operated upon the last ten years. In the case of money deposited for a fixed period, the said term of ten years would be reckoned from the date of the expiry of such fixed deposits.

The Bank shall display the list of unclaimed deposits/inoperative accounts which are inactive / inoperative for ten years or more on its website. The list so displayed on the websites shall contain only the names of the account holder(s) and his/her address in respect of unclaimed deposits/inoperative accounts.

As required by Section 26 of the Banking Regulation Act, 1949, the Bank within 30 days after close of each calendar year will submit a return to RBI as at the end of each calendar year (i.e., 31st December) of all accounts in India which have not been operated upon for 10 years.

9. Closure of Account

In absence of a mandate by 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, the Bank shall retain the proceeds of the fixed deposit in a separate account on which savings bank rate of interest shall be paid to the depositor.

The Bank shall close the accounts either based on written instruction from the customer or suo moto by the Bank, where necessary, in line with the Code of Commitment of Customers/ Customer Service Policy and the KYC/AML Policy of the Bank.

The Bank shall close the current/savings account upon customer's request within 3 working days of receiving instructions, subject to the customer completing all formalities and submitting all required documents.

10. Secrecy of Customer's Accounts

The Bank shall maintain complete confidentiality of the customers' information and shall not disclose details / particulars of the customer's account to a third person or party. The Bank shall not share any such information for the purposes of cross-selling. In certain exceptions, the Bank shall share the customer information:

- Where disclosure is under compulsion of law
- Where there is duty to the public to disclose
- Where interest of bank requires disclosure and
- Where the disclosure is made with the express or implied consent of the customer.

The Bank shall obtain necessary information from the customer in order to ascertain the identity of the customer. Any additional information sought by the Bank shall only be on a voluntary basis and the Bank official shall explain to the customer the reasons on why such information is necessary/ required.

11. Settlement of Dues

11.1. Deceased depositors

Accounts with survivor/nominee clause

In the case of deposit accounts where the depositors had utilized the nomination facility and made a valid nomination, the Bank shall make the payment of the balance in the deposit account to the survivor(s) and the nominee of the deceased deposit account holder jointly: 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, the payment will be made as per the mandate to avoid delays in production of legal papers by the heirs of the deceased account holder.

The Bank shall exercise due care and caution in establishing the identity of the survivor(s)/ nominee and the fact of death of the account holder, through appropriate documentary evidence. The Bank shall desist from insisting on production of succession certificate, letter of administration or probate, etc., or obtain any bond of indemnity or surety from the survivor(s)/nominee, irrespective of the amount standing to the credit of the deceased account holder.

The Bank shall confirm that there is no order from the competent court restraining the Bank from making the payment from the account of the deceased. The Bank shall inform the survivor(s)/ nominee that he/ she would be receiving the payment from the bank as a trustee of the legal heirs of the deceased depositor and that such payment to him shall not affect the right or claim which any person may have against the survivor(s) / nominee.

Accounts without the survivor/ nominee clause

In case where the deceased depositor had not made any nomination or for the accounts other than those styled as "Either or Survivor" (such as single or jointly operated accounts), the Bank shall keeping in view their risk management systems, fix a minimum threshold limit, for the balance in the account of the deceased depositors, up to which claims in respect of the deceased depositors could be settled without insisting on production of any documentation other than a letter of indemnity. The Bank shall release the balances of the deceased depositor to their legal heirs upto INR 50,000/- without any letter of indemnity or any other documentation.

Premature Termination of term deposit accounts

The Bank shall permit premature closure of a joint deposit only if all the deposit holders sign a request to that effect. In the case of Term deposits with operating instructions Either or Survivor, Former or Survivor, Later or Survivor and Anyone Or Survivor. In the event of death of one of the joint holders and in the absence of relevant mandate, premature closure of such deposit will be allowed only if the legal heirs of the deceased agree for such

premature closure. In cases where relevant mandate is available with the Bank, premature closure of such deposits shall be allowed in the favour of survivors.

Treatment of flows in the name of the deceased depositor

The Bank, if authorized by the survivor(s)/ nominee of a deceased account holder, shall open an account styled as 'Estate of Shri _____, the Deceased' where all the pipeline flows in the name of the deceased account holder could be allowed to be credited, provided no withdrawals are made.

Alternatively, the Bank, if authorized by the survivor(s)/ nominee, shall return the pipeline flows to the remitter with the remark "Account holder deceased" and shall intimate the survivor(s) / nominee accordingly.

Payment of interest in case of death of depositor

In the case of balances lying in current account standing in the name of a deceased individual depositor/ sole proprietorship concern, interest should be paid from the date of death of the depositor till the date of repayment to the claimant/s at the rate of interest applicable to savings deposit as on the date of payment.

The Bank shall pay interest on term deposits in the name of the deceased depositor/s at the contracted rate till the date of maturity in the event of death of the depositor takes place before the date of maturity of deposit and amount of the deposit is claimed by survivor/ nominee after the date of maturity. The Bank shall pay interest at savings deposit rate obtaining on the date of maturity from the date of maturity till the date of payment 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 obtaining on the date of maturity from the date of maturity till the date of payment.

Time limit for settlement claims

The Bank shall settle the claims in respect of deceased depositors and release payments to survivor(s) / nominee(s) within a period not exceeding 15 days from the date of receipt of the claim subject to the production of proof of death of the depositor and suitable identification of the claim(s), to the Bank's satisfaction.

The Bank shall provide the claim forms on its Bank's website to facilitate timely settlement of deceased claims.

Reporting

Bank will report to the Customer Service Committee of the Board, at quarterly intervals, the details of the number of claims received pertaining to deceased depositors accounts and those pending beyond the stipulated period, giving reasons therefor.

11.2. Missing persons

The Bank shall settle the claims up to Rs. INR 50,000/- by survivors/ nominees in respect of persons missing for 7 years or more without production of any FIR or police complaint

and letter of indemnity in respect of the missing person. In respect of the claims above Rs. INR 50,000/-, the Bank shall obtain legal opinion and settle such claims as detailed in para 11.1 of this policy subject to production of evidence/ documentation of the missing person as deemed adequate by the Bank.

12. Redressal of Complaints and Grievances

If the customer is unhappy or has any complaint regarding the products/ services offered to him/ her, the designated authority of the Bank shall handle customer complaint/ grievances raised by depositors.

The Bank shall display the names of the nodal officers for redressal of complaints / grievances in the branch premises and internal set up for redressal of complaints shall be displayed on the Bank's website. The branch officials shall provide all required information regarding procedure for lodging the complaint. The customer's grievance shall be handled in the manner as elaborated in the Customer's Grievance Redressal Policy of the Bank

13. Record Keeping

The Bank shall retain all customer records at least for a period of 5 years from the date of the transaction so as to permit the reconstruction of the customer transaction. The Bank shall also retain the KYC records of the customer at least for a period of 5 years from the date of cessation of the relationship with the customer.

14. Policy Review and Updates

The policy shall be reviewed by the Board as and when required or at least annually for incorporating regulatory updates and changes, if any.

15. Regulatory References

- RBI Master Direction – Interest Rate on Deposits
- RBI Master Circular on Interest Rates on Domestic, NRO and NRE Accounts dated July 1, 2015
- RBI Master Circular on Customer Service in Banks dated July 1, 2015
- RBI guidelines on Small Finance Banks dated November 27, 2014
- IBA Model Deposit Policy
- IBA Model Customer Rights Policy
- IBA Code of Banking Practice