



DEPOSIT POLICY

2026-27

STRATEGIC PLANNING AND DEVELOPMENT WING

GRAMEENA BANK
ಕರ್ನಾಟಕ ಗ್ರಾಮೀಣ ಬ್ಯಾಂಕ್

INDEX

Chapter Number	Subject	Page Number
1	KYC Guidelines Of RBI	3
2	Savings Bank Account	4-15
3	Current Accounts	16-22
4	Term Deposit Account	23-34
5	NRE Term Deposits	35-42
6	General Guidelines	43-55
7	Payment of Additional Interest On Domestic Deposit	56-58
8	Nomination	59-61
9	Insurance Cover for Deposits	62-63
10	Special Type of Accounts	64-72
11	Repayment Under Joint Account	73-74
12	Settlement of Dues In deceased Deposit Accounts	75
13	Banks Code of Conduct With Respect To Depositors	76-78
14	Depositors' Rights	79
15	Prohibitions, Exemptions, Terms & Conditions	80-82
16	Operational Setup- Roles & Responsibilities	83-84
17	Annexure - A : Customer Identification Procedure - Features to be verified and Documents that may be obtained from Customers:	85-89
18	Annexure - B : Term Deposits Schemes: Salient features	90
19	Annexure - C : New Nithya Nidhi Deposit Scheme (NNND)	91
20	Annexure - D : Tax Saver Deposit Scheme - Salient Features	92
21	Annexure - E : Recurring Deposit Scheme - Salient Features	93-94

1. KNOW YOUR CUSTOMER (KYC) GUIDELINES OF RBI

Know Your Customer [KYC] is the platform on which Banking system operates to avoid the pitfalls of operational, legal and reputational risks and consequential losses by scrupulously adhering to the various procedures laid down for opening and conduct of account.

The Bank shall adopt appropriate Know Your Customer Policies, procedures and internal controls reasonably designed to:

- 1.1. Determine and document the true identity and address of the customers who establish relationships, open accounts or conduct significant business transactions and obtain basic background information on customers.
- 1.2. Obtain and document any additional customer information, commensurate with assessment of the money laundering risks posed by customers" expected use of Bank's products and services.
- 1.3. Avoid doing business with any individual or entity whose identity cannot be determined or who refuses to provide information or who have provided information that contains significant inconsistencies which cannot be resolved after due investigation.

The regulatory guidelines require Bank to categorize customers based on risk perception and prepare profiles of customers for the purpose of transaction monitoring. 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 and the final decision will be conveyed at the earliest.

Please go Refer the KYC policy for detailed guidelines.

Types of deposit accounts-

The Deposit Products offered by the Bank are broadly categorized in the following types:

- i. Savings Bank Account.
- ii. Current Account.
- iii. Term Deposits.

ACCOUNT OPENING AND OPERATION OF DEPOSIT ACCOUNTS

2. SAVINGS BANK ACCOUNT

Savings Bank account, as the very name suggests, is intended for savings for the future. There are no restrictions on the number and amount of deposit that can be made on any day. Minimum amount of withdrawal/deposit is Rs.10/-. Balance in the account earns interest at rates decided by the Bank, from time to time.

Branches shall not open a Savings Bank deposit account in the name of Government departments / bodies depending upon budgetary allocations for performance of their functions / Municipal Corporations or Municipal Committees/ Panchayat Samitis/ State Housing Boards / Water and Sewerage /Drainage Boards/ State Text Book Publishing Corporations / Societies / Metropolitan Development Authority / State / District Level Housing Co- operative Societies, etc. or any Political Party or any trading/business or professional concern, whether such concern is a Proprietary or a Partnership firm or a Company or an Association and Entities.

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

- a. Primary Co-operative Credit Society which is being financed by the Bank.
- b. Khadi and Village Industries Boards.
- c. Agriculture Produce Market Committees.
- d. 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.
- e. Companies licensed by the Central Government under Section 8 of Companies Act, 2013 or Section 25 of Companies Act, 1956 or under the corresponding provision in the Indian Companies Act, 1913 and permitted not to add to their names the word "Limited" or the words "Private Limited".
- f. Institutions other than those mentioned in paragraph 42(8) and whose entire income is exempt from payment of income tax under the Income-tax Act, 1961.
- g. Government departments / bodies / agencies in respect of grants / subsidies released for implementation of various programs / Schemes sponsored by Central Government / State Governments subject to production of an authorization from the respective Central / State Government departments to open savings bank account.

- h. Development of Women and Children in Rural Areas (DWCRA).
- i. Self-help Groups (SHGs), registered or unregistered, which are engaged in promoting savings habits among their members.
- j. Farmers' Clubs - Vikas Volunteer Vahini - VVV.

For the purposes of the above clause, "Political Party" means an Association or Body of individual citizens of India, which is, or is deemed to be registered with the Election Commission of India as a Political Party under the Election Symbols (Reservation and Allotment) Order, 1968 as in force for the time being

As required by Law, while opening the account, Bank will satisfy itself about the identity, including verification of address of a person/s seeking to open an account, satisfying about his occupation and source of income, to assist in protecting the prospective customers, members of the public and the Bank against fraud and other misuse of the Banking system duly observing the Know Your Customer [KYC] guidelines of RBI.

Bank will not open savings deposit account in the name of entities belonging to the category of bodies/institutions/ organizations prohibited to open Savings Bank Deposit.

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

2.1.2 The Bank is required to obtain 2 recent photographs of the person/s opening the account. In case of illiterate persons, 3 photographs have to be obtained.

2.1.3 The Officially Valid Documents are as under:

- 1) Passport.
- 2) Driving License.
- 3) Proof of possession of Aadhaar number*.
- 4) Voter Identity Card issued by Election Commission of India.
- 5) Job card issued by NREGA duly signed by an officer of the State Government.

6) Letter issued by the National Population Register containing details of name

[*Where the client submits his proof of possession of Aadhaar number as an Officially Valid Document, he may submit it in such form as issued by the Unique Identification Authority of India (UIDAI)].

Customer Due Diligence (CDD) means identifying and verifying the customer and the beneficial owner.

For undertaking Customer Due Diligence (CDD), Bank shall obtain the following from an individual while establishing an account-based relationship or while dealing with the individual who is a beneficial owner, authorized signatory or the power of attorney holder related to any legal entity:-

- A. The Aadhaar number where,
 - ❖ He/ She is desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016 (18 of 2016); or
 - ❖ He/ She decides to submit his Aadhaar number voluntarily to a bank; or
- B. The proof of possession of Aadhaar number where offline verification can be carried out; or
- C. The proof of possession of Aadhaar number where offline verification cannot be carried out or any OVD or the equivalent e-document thereof containing the details of his identity and address; or
- D. the KYC Identifier with an explicit consent to download records from CKYCR; and
- E. The Permanent Account Number or the equivalent e-document thereof or Form No. 60 as defined in Income-tax Rules, 1962; and
- F. Such other documents including in respect of the nature of business and financial status of the customer, or the equivalent e-documents thereof as may be required by the bank.

Provided that where the customer has submitted,

- i. Aadhaar number under clause (A) above to a bank, such bank shall carry out authentication of the customers Aadhaar number using e-KYC authentication facility provided by the Unique Identification Authority of India.

- ii. Further, in such a case, if customer wants to provide a current address, different from the address as per the identity information available in the Central Identities Data Repository, he may give a self-declaration to that effect to the Bank.
- iii. Proof of possession of Aadhaar under clause (B) above where offline verification can be carried out, the bank shall carry out offline verification.
- iv. An equivalent e-document of any OVD, the bank shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000) and any rules issues thereunder and take a live photo.
- v. Any OVD or proof of possession of Aadhaar number under clause (C) above where offline verification cannot be carried out, the bank shall carry out verification through digital KYC.
- vi. KYC Identifier under clause (D) above, the Bank shall retrieve the KYC records online from the CKYCR.

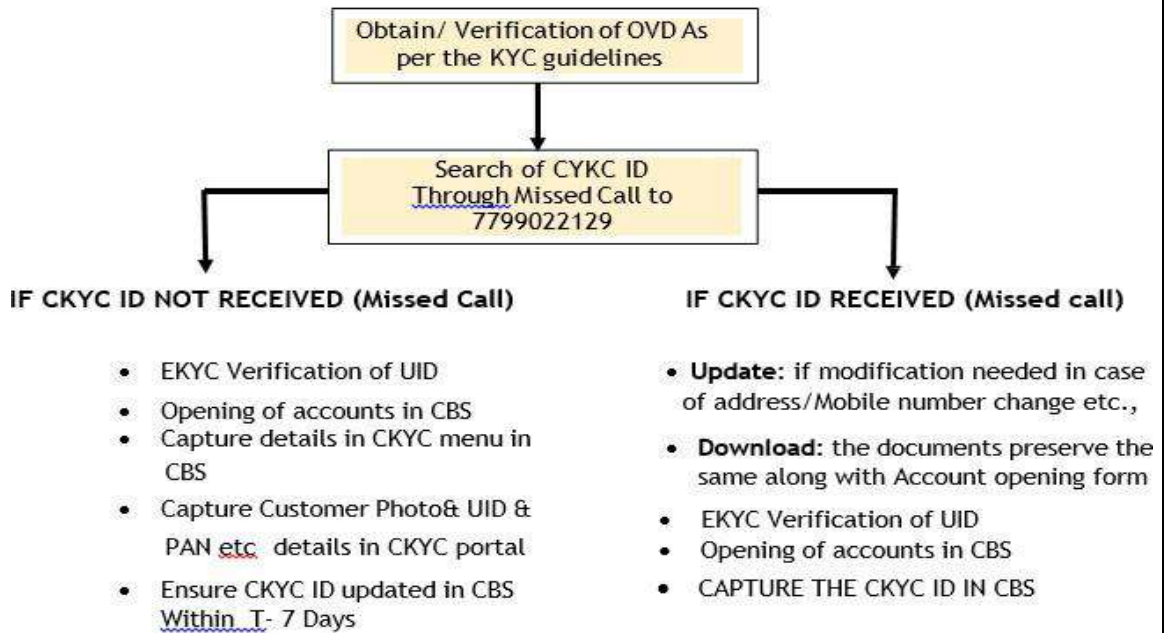
Provided that for a period not beyond such date as may be notified by the Government for a class of Regulated entities, instead of carrying out digital KYC, the Regulated entity pertaining to such class may obtain a certified copy of the proof of possession of Aadhaar number or the OVD and a recent photograph where an equivalent e-document is not submitted.

Note:

- ❖ “Obtaining a certified copy” shall mean comparing the copy of the proof of possession of Aadhaar number where offline verification cannot be carried out or Officially Valid Document so produced by the customer with the original and recording the same on the copy by the authorized officer of the Bank.
- ❖ “Digital KYC” means the capturing live photo of the customer and Officially Valid Document or the proof of possession of Aadhaar, where offline verification cannot be carried out, along with the latitude and longitude of the location where such live photo is being taken by an authorized officer of the Bank.
- ❖ “Equivalent e-document” means an electronic equivalent of a document, issued by the issuing authority of such document with its valid digital signature including documents issued to the digital locker account of the customer as per rule 9 of the Information Technology (Preservation and

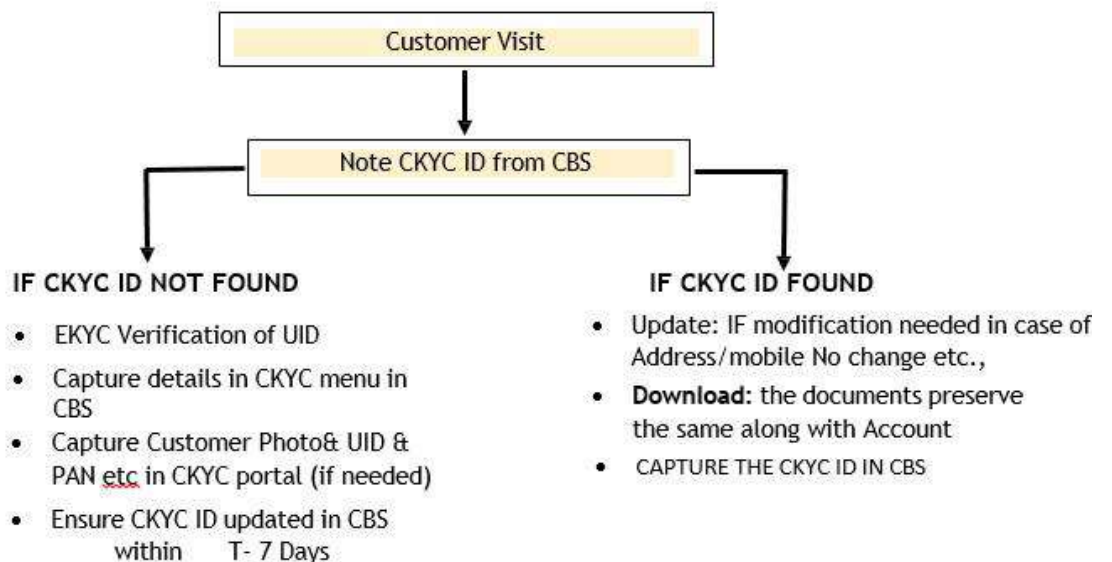
Retention of Information by Intermediaries Providing Digital Locker Facilities) Rules, 2016.

1. On boarding of New customer:



2. Existing Customers:

- I. Customer visits for any modification in In CRM i.e., Mobile/Address/email etc.,
- II. During Sanction /disbursement/modification all Loans including gold loan.]



2.1.4 In case, Officially Valid Documents (OVDs) furnished by the customer does not contain updated address, the following documents or the equivalent e-

documents thereof shall be deemed to be the OVDs for the limited purpose of proof of address:-

- i. Utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
- ii. Property or Municipal tax receipt;
- iii. Pension or family pension payment orders (PPOs) issued to retired employees by Government Department or Public Sector Undertakings, if they contain the address;
- iv. Letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and license agreements with such employers allotting official accommodation.
- v. (The Customer shall submit updated Officially Valid Document with current address within a period of three months of submitting the above document).

2.1.5 The account holder is required to maintain minimum average balance in the account, as specified by the Bank from time to time. Non-compliance of this would attract services charges. Bank has discretion to change the above norms and levy charges for non-compliance of the same. However, adequate notice will be given duly informing the change/s.

2.1.6 The interest on Savings Deposit is calculated on daily product basis and credited to the customer's accounts on quarterly intervals during March, June, September and December every year.

2.1.7 Service charges will be collected if the number of withdrawals (excluding Alternate Channel debits) exceeds 50 for every half year period.

2.1.8 For existing accounts, Issue of cheque book is subject to satisfactory operation in the account. Issue of multiple cheque books is at the discretion of the Branch Manager.

2.1.9 Cheques, Dividend Warrants drawn in the name of account holder/s only will be collected through the account.

2.1.10 An instrument having date as per Saka Samvat calendar is a valid instrument. A Date Conversion inquiry facility is provided in CBS. Bank shall ascertain the Gregorian calendar date corresponding to the National Saka calendar in order to avoid payment of stale cheques.

2.1.11 Pass book is provided to the customers.

2.1.12 The bank will issue a passbook for the account opened. The passbook must be presented for withdrawal other than by cheques. Deposits may be made without production of passbook, but the passbook should be sent to the bank for completion as soon as possible. When passbook is returned duly completed, the depositor should examine the entries carefully and draw the Bank's attention to any error or omission that might be discovered.

2.1.13 Passbook should, as far as possible, be collected from the Bank by the account holder immediately or on the same day. However, if due to any contingency, the passbook is required to be retained overnight, the branch will issue a receipt in the form of a paper token. The passbook should be collected against this token within a week, otherwise, the same will be delivered to the depositor by registered A.D. post at his / her cost to ensure the safe receipt of the passbook.

2.1.14 The depositors are advised to keep their passbooks in a safe place. The Bank shall not be held responsible for any loss or incorrect payment attributable to the neglect of this rule. Any change in the address of the depositor should be immediately intimated to the Bank in his / her own interest.

2.1.15 In case of loss of the passbook, the customer can obtain duplicate passbook paying a service charge as specified by the Bank

2.1.16 Mode of withdrawing Money other than by Cheque

- ❖ When a depositor wishes to withdraw money, other than by cheque book, he / she shall present his passbook personally along with a withdrawal form prescribed by the bank duly completed.**
- ❖ Payment of Savings Bank withdrawal forms to third parties even if they are accompanied by passbooks is not permitted. However, certain relaxations have been allowed for the Savings Bank Accounts of pensioners / old / sick / incapacitated customers who cannot come to bank personally to withdraw money.**
- ❖ As far as possible, only clean notes will be issued to the customers.**

2.1.17 The facility of withdrawal by cheque is also allowed subject to certain restrictions.

(i) In the case of cheque book operated accounts, withdrawals are allowed in the cheque forms supplied by the Bank. Cheque books will normally be issued to a depositor against an application signed by him / her on the Banks's requisition slip from the cheque book in his / her use.

(ii) Normally, the Bank will be supplying three cheque books containing 10 / 25 leaves each to Savings Bank accountholder free of charge in a calendar year. For additional cheque books at such notified centre, charge will be levied by the Bank as prescribed from time to time.

(iii) The Bank may refuse payment of cheques that have been altered in any way unless the alteration is authenticated by the drawer under his / her signature. Cheque should be drawn in such a way as to prevent alteration after issue and the drawer's signature should conform to that on record at the Bank.

2.2 Basic Savings Bank Deposit Accounts:

As per RBI guidelines, the Basic Savings Bank Deposit Account should be considered a normal banking service available to all. The following basic minimum facilities in the Basic Saving Bank Deposit Account (BSBDA), are to be offered free of charge, without any requirement of minimum balance.

- ❖ The deposit of cash at bank branch as well as ATMs/CDMs
- ❖ Receipt/Credit of money through electronic payment channels or by means of deposit/ collection of cheques drawn by Central/ State Government agencies and departments.
- ❖ No limit on the number and value of deposits that can be made in a month
- ❖ Four withdrawals in a month, including ATM withdrawals
- ❖ ATM card or ATM-cum-Debit Card.

The above facilities will be provided without any charges. Further, no charge will be levied for non-operation/ activation of inoperative "Basic Savings Bank Deposit Account".

Provide additional value-added services, including issue of cheque book, beyond the above minimum facilities, which may/may not be priced (in non- discriminatory manner) subject to extant guidelines of the bank in this regard. The ailment of such

additional services, branches shall not require the customer to maintain a minimum balance.

Offering additional services will not make a BSBD account a non-BSBD account, so long as the prescribed minimum services (mentioned above) are provided free of charge.

The Basic Savings Bank deposit Account is subject to RBI instructions on Know Your Customer (KYC)/ Anti-Money laundering (AML) for opening of bank accounts issued from time to time.

Holders of Basic Savings Bank Deposit Account will not be eligible for opening any other savings bank deposit account in the bank. If a customer has any other existing savings bank deposit account in the bank, he/she will be required to close such existing accounts within 30 days from the date of opening of “Basic Savings Bank Deposit Account”.

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

2.3 Accounts under Relaxed KYC Guidelines (Small Accounts) - “Small Savings Bank Deposit” account.

Although flexibility in the requirements of documents of identity and proof of address has been provided in the KYC guidelines, it has been observed that a large number of persons, especially, those belonging to low income group both in urban and rural areas are not able to produce such documents to satisfy the bank about their identity and address. This would lead to their inability to access the banking services and result in their financial exclusion. In such cases, if a person who wants to open an account and is not able to produce documents mentioned in Annexure, Bank shall open an account with Relaxed KYC guidelines.

The accounts with “Relaxed KYC guidelines” can be opened under “Small Savings Bank Deposit Account”. The features of the above account and restrictions stipulated by RBI/Govt. of India are as under:

- ❖ Accounts where aggregate of all credits in a financial year does not exceed Rs.1.00 lakh;
- ❖ The aggregate of all withdrawals and transfers in a month does not exceed Rs.10,000/- and
- ❖ Where the balance at any point of time does not exceed Rs.50,000/-.

The above limit on balance shall not be considered while making deposits through Government grants, welfare benefits and payment against procurements. Any violation of the stipulations mentioned above will result in restraining the operations in the account after giving due notice to the account holder.

Small Savings Bank Deposit account can be opened on production of a self-attested photograph and affixation of signature or thumb impression as the case may be, on the form for opening the account, provided that the bank official while opening the account certifies under his signature that the person opening the account has affixed his signature or thumb impression as the case may be, in his presence.

A Small Savings Bank Deposit Account shall remain operational initially for a period of twelve months and thereafter for a further period of twelve months if the holder of such an account provides evidence before the Bank of having applied for any of the officially valid documents within twelve months of the opening of the said account. The entire relaxation provisions are to be reviewed in respect of the said account after twenty four months.

Holders of Small Savings Bank Deposit Account will not be eligible for opening any other savings bank deposit account in the Bank. If a customer has any other existing savings bank deposit account in the Bank, he/she will be required to close such existing accounts within 30 days from the date of opening of "Small Savings Bank Deposit Account".

Once the account holder keeps a balance of more than Rs.50,000/- in the account opened under the scheme and in any other deposits accounts put together, or if the total credit in one year in all the deposit accounts including the account opened under the scheme exceeds Rs.1 lakh or if the total withdrawal and transfers in a

month exceeds Rs.10,000/-, the account holder should necessarily undergo full KYC procedure. In case, the account holder fails to undergo full KYC procedure, further transactions in his/her Small Savings Bank Deposit Account shall not be permitted. In respect of "Small Accounts", the prescribed limits/conditions should not be breached and compliance therewith should be strictly monitored.

A Small Savings Bank Deposit Account shall be monitored and when there is suspicion of money laundering or financing of terrorism or other high risk scenarios, the identity of customer shall be established through the production of officially valid documents.

Foreign remittances shall not be allowed to be credited into a Small Savings Bank Deposit Account unless the identity of the customer is fully established through the production of officially valid documents.

2.4 Documents required by a foreign student to open a Bank account :

- ❖ Proof of Identity: Passport, Valid Visa with photograph.
- ❖ Proof of Admission: A letter from the University or College.
- ❖ Address Proof: A letter from the College or Hostel, certificate from the Embassy of the country of origin or any appropriate Legal Authority certified local address in India/rent agreement/certification of registration issued by Foreigner Registration Regional Office (FRRO).

Branches may open NRO Account on the basis of the passport (with appropriate visa & immigration endorsement) which contains proof of identity and address in the home country along with a photograph and a letter offering admission from the educational institution in India.

- ❖ Provided that a declaration about the local address shall be obtained within a period of 30 days of opening the account and the said local address is verified.
- ❖ Provided further that pending the verification of address, the account shall be operated with a condition of allowing foreign remittances not exceeding USD 1000 or equivalent into the account and a cap of rupees fifty thousand on aggregate in the same, during the 30-days period.

The account shall be treated as normal NRO account and shall be operated in terms of RBI's instructions on Non-Resident Ordinary Rupee (NRO) Account, and the provision of FEMA 1999.

2.5 Students with Pakistani nationality will need prior approval of RBI for opening the account.

RBI has clarified that in terms of Section 2(V) of FEMA 1999 definition of a person resident in India does not include a person who has come to stay in India for any purpose which would indicate his stay for a definite period. Accordingly a foreign student coming to India would be considered as "Non-resident" and a resident account cannot be opened for him.

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3. CURRENT ACCOUNT

Current Accounts are designed to meet the needs of such sections of the public who operate their account regularly and frequently. i.e., Traders, Businessmen, Corporate bodies or the like, who receive money and make payments very often. Current accounts are suitable to such category of customers as there are no restrictions on the number of withdrawal or deposit. Current accounts can be opened by individuals, proprietary concerns, partnership firms, Private & Public Ltd Co., HUFs/Specified associations, Societies, Trusts, Limited Liability Partnerships, Departments of Authority created by Government (Central or State) etc.

As required by law, while opening the account, the Bank will satisfy itself about the identity, satisfying about his occupation and source of income, including verification of address of the person/s seeking to open an account to assist in protecting the prospective customers, public and the Bank against fraud and other misuse of the Banking system duly observing the KYC guidelines of RBI.

Introduction from an existing customer is not mandatory for opening accounts, including those of legal entities. An account will be considered fully KYC compliant if documents of KYC, i.e., Proof of identity and Proof of address are submitted by the proposed account holder (For details refer Annexure).

Only the Officially Valid Documents mentioned in Annexure would be accepted for opening accounts of individuals/entities. Branches should not accept any other document for this purpose. (For details refer Annexure). Branches should invariably obtain permission from Controlling Office for opening of Trust accounts-

- ❖ The Bank is required to obtain 2 photographs of all the person/s who are opening and operating the account.
- ❖ The Bank is required to obtain Permanent Account Number [PAN] or alternatively obtain declaration in Form No.60 as per the Income Tax Act from the person/s opening the account [i.e., including partners or registered/unregistered partnership as also registered/corporate bodies/companies, etc.].
- ❖ The Bank will provide to the prospective customers details of the documents required for identification of the person/s opening the account. Minimum

Balance as stipulated from time to time is required to be maintained by the customers.

- ❖ No interest is paid on credit balance kept in Current Account.
- ❖ Service charges are levied for :
 - Ledger folio used.
 - Cheque books issued.
 - Non-maintenance of minimum balance.
 - Return of cheques, etc.
- ❖ Current Accounts for Executors, Administrators, Trustees, liquidators, etc., can also be opened.
- ❖ Statement of account is provided to the account holder monthly or at periodic intervals, as per the choice of the account holder.
- ❖ For Proprietary concerns, Customer Due Diligence of the individual (proprietor) are to be carried out and any two of the following documents or the equivalent e- documents in the name of the proprietary concern should be submitted:
 - Registration Certificate
 - Certificate/license issued by the Municipal authorities under Shop & Establishment Act.
 - Sales and income tax returns.
 - CST/VAT/GST certificate (Provisional/Final),
 - Certificate / registration document issued by Sales Tax / Service Tax / Professional Tax authorities.
 - The complete Income Tax return (not just the acknowledgement) in the name of the sole Proprietor where the firm's income is reflected, duly authenticated/acknowledged by the Income Tax Authorities.
 - Utility bills such as electricity, water and landline telephone bills.
 - IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT/License/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute.

Though the default rule is that any two documents mentioned above should be provided as activity proof by a Proprietary concern, in cases where the branches are satisfied that it is not possible to furnish two such documents, they would have the

discretion to accept only one of those documents as activity proof. In such cases, the branches, however, would have to undertake contact point verification, collect such information as would be required to establish the existence of such firm, confirm, clarify and satisfy them that the business activity has been verified from the address of the proprietary concern.

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

Opening of Current Accounts for borrowers availing Cash Credit / Overdraft Facilities from the Banking System: Branches should obtain ISCAN reports before opening any current accounts.

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

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

(B) Where the aggregate exposure of the banking system is ₹5 Crore or more:

- Borrowers can open current accounts with any one of the banks with which it has CC/OD facility, provided that the bank has at least 10 per cent of the aggregate exposure of the banking system to that borrower. In case none of the lenders has at least 10 per cent of the aggregate exposure, the bank having the highest exposure among CC/OD providing banks may open current accounts.
- Other lending banks may open only collection accounts subject to the condition that funds deposited in such collection accounts will be remitted within two working days of receiving such funds, to the CC/OD account maintained with the above-mentioned bank (Para 4.9.1 (B)) maintaining current accounts for the borrower. The balances in such collection accounts shall not be used for repayment of any credit facilities provided by the bank, or as collateral/ margin for availing any fund or non-fund based credit facilities. However, banks maintaining collection accounts are permitted to debit fees/ charges from such accounts before transferring funds to CC/OD account.
- Non-lending banks shall not open any current account for such borrowers.

3.2 Opening of Current Accounts for borrowers not availing Cash Credit/Overdraft Facilities from the Banking System:

(A) In case of borrowers where aggregate exposure of the banking system is

₹ 50 Crore or more:

- ❖ Banks shall be required to put in place an escrow mechanism. Borrowers shall be free to choose any lending bank as their escrow managing bank. All lending banks should be part of the escrow agreement. The terms and conditions of the agreement may be decided mutually by lending banks and the borrower.
- ❖ Current accounts of such borrowers can only be opened/ maintained by the escrow managing bank.
- ❖ Other lending banks can open „collection accounts” subject to the condition that funds will be remitted from these accounts to the said escrow account at the frequency agreed between the bank and the borrower. Further, balances in such collection accounts shall not be used for repayment of any credit facilities provided by the bank, or as collateral/ margin for availing any fund or non-fund based credit facilities. While there is no prohibition on amount or number of credits in „collection accounts”, debits in these accounts shall be limited to the purpose of remitting the proceeds to the said escrow account. However, banks maintaining collection accounts are permitted to debit fees/ charges from such accounts before transferring funds to the escrow account.
- ❖ Non-lending banks shall not open any current account for such borrowers.

(B) In case of borrowers where aggregate exposure of the banking system is ₹5 Crore or more but less than ₹50 Crore:

There is no restriction on opening of current accounts by the lending banks. However, non-lending banks may open only collection accounts as detailed at Para 4.9.2(iii) above.

(C) In case of borrowers where aggregate exposure of the banking system is less than ₹5 Crore:

Branch may open current accounts subject to obtaining an undertaking from them that they (the Customers) shall inform the bank(s).

If and when the credit facilities availed by them from the banking system becomes ₹5 Crore or more. The current account of such customers, as and when the

aggregate exposure of the banking system becomes ₹5 Crore or more, and ₹50 Crore or more, will be governed by the provisions of Para 3.8 (A) & (B) respectively.

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

Banks are free to open current accounts, without any of the restrictions as mentioned above, for borrowers having credit facilities only from NBFCs/ FIs/ co-operative banks/ non-bank institutions, etc. However, if such borrowers avail aggregate credit facilities of ₹5 Crore or above from the banks covered under these guidelines, the provisions as per the above shall be applicable.

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

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

3.5 Branches should not route withdrawal from term loans through CC/ OD/ Current accounts of the borrower. Since term loans are meant for specific purposes, the funds should be remitted directly to the supplier of goods and services. In cases where term loans are meant for purposes other than for supply of goods and services and where the payment destination is identifiable, banks shall ensure that payment is made directly, without routing it through an account of the borrower. However, where the payment destination is unidentifiable, banks may route such term loans through an account of the borrower opened as per the provisions of the circular. Expenses incurred by the borrower for day-to-day operations may be routed through an account of the borrower.

3.6 Branches are permitted to open and operate the following accounts without any of the restrictions places in terms of the above mentioned guidelines.

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

- ❖ Accounts for real estate projects mandated under Section 4 (2) I (D) of the Real Estate (Regulation and Development) Act, 2016 for the purpose of

maintaining 70 per cent of advance payments collected from the homebuyers.

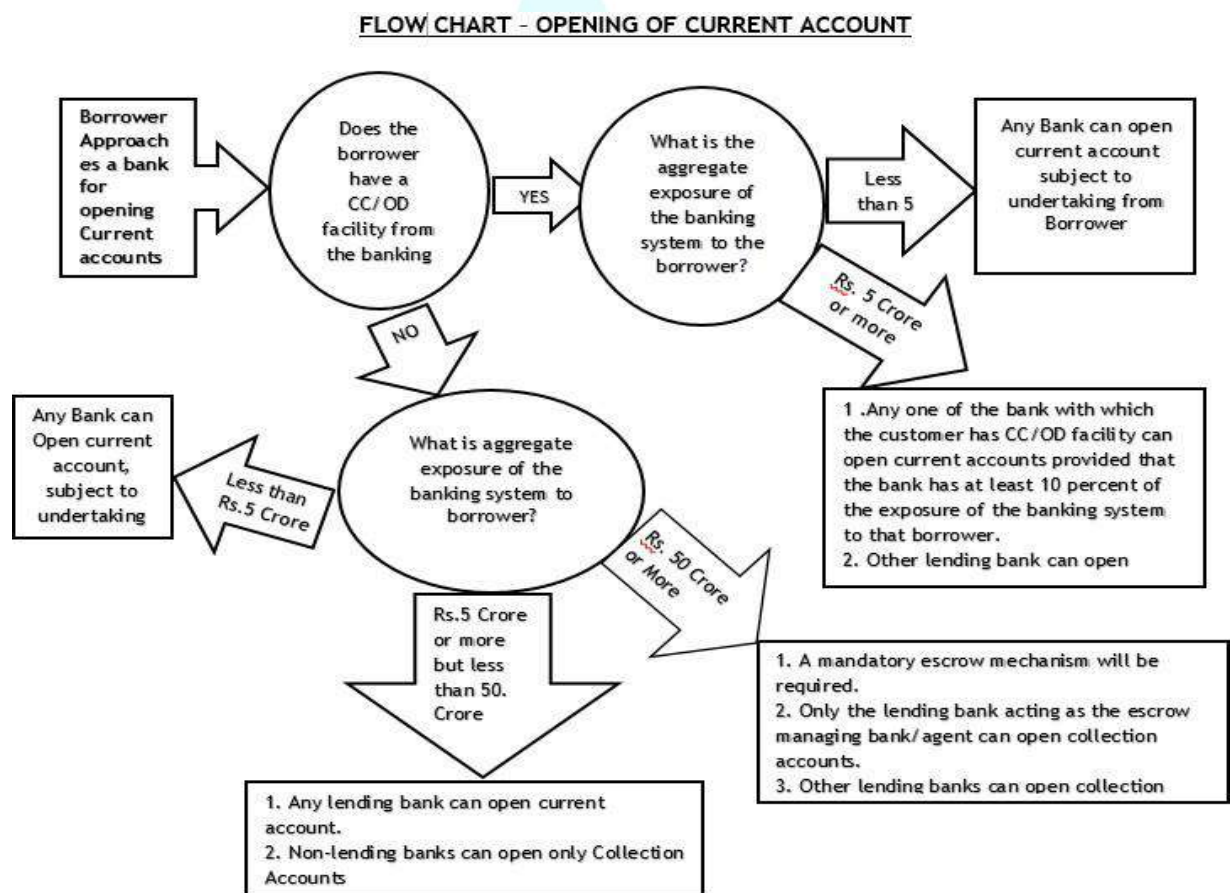
- ❖ Nodal or escrow accounts of payment aggregators/ prepaid payment instrument issuers for specific activities as permitted by Department of Payments and Settlement Systems (DPSS), Reserve Bank of India under Payment and Settlement Systems Act, 2007.
 - ❖ Accounts for the purpose of IPO/ NFO/ FPO/ share buyback/ dividend payment/ issuance of commercial papers/ allotment of debentures/ gratuity etc. which are mandated by respective statutes or by regulators and are meant for specific/ limited transactions only.
- (b) Accounts opened as per the provisions of Foreign Exchange Management Act, 1999 (FEMA) and notifications issued thereunder including any other current account if it is mandated for ensuring compliance under the FEMA framework.
 - (c) Accounts for payment of taxes, duties, statutory dues, etc. opened with banks authorized to collect the same, for borrowers of such banks which are not authorized to collect such taxes, duties, statutory dues, etc.
 - (d) Accounts for settlement of dues related to debit card/ ATM card/ credit card issuers/ acquirers.
 - (e) Accounts of White Label ATM Operators and their agents for sourcing of currency.
 - (f) Accounts of Cash-in-Transit (CIT) Companies/ Cash Replenishment Agencies (CRAs) for providing cash management services.
 - (g) Accounts opened by a branch funding a specific project for receiving/monitoring cash flows of that specific project, provided the borrower has not availed any CC/OD facility for that project.
 - (h) Inter-bank accounts.
 - (i) Accounts of All India Financial Institutions (AIFIs), viz., EXIM Bank, NABARD, NHB, and SIDBI.
 - (j) Accounts attached by orders of Central or State governments/ regulatory body/ Courts/ investigating agencies etc. wherein the customer cannot undertake any discretionary debits.
 - (k) body/ Courts/ investigating agencies etc. wherein the customer cannot undertake any discretionary debits.

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

may also enter into agreements/ arrangements with the borrowers for monitoring of cash flows/ periodic transfer of funds (if permissible) in these accounts.

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

3.7 Flow Chart - Opening of Current Account:



3.8 Interest Rate on Domestic Current Account: NO Interest shall be paid on deposits held in current accounts.

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

4. TERM DEPOSIT ACCOUNT

Term deposits are deposits received by the Bank for a fixed period, withdraw able after the expiry of the fixed period and include deposits such as Recurring /Fixed /Kamadhenu /Nitya Nidhi Deposit etc. Bank has tailored various term Deposit schemes to suit the needs and expectation of the investing people from all walks of life. Term deposits can be opened by individuals, partnership firms, Private/Public Ltd Companies, HUFs, Institutions, Societies, Trusts, Limited Liability Partnership Departments of Authority created by Government (Central or State) etc.

The Minimum period for placing deposit under Fixed deposits (FD) Scheme is 7 days. The minimum period under reinvestment scheme- Kamadhenu Deposit (KD) is 5 months and 6 months under Recurring deposit (RD). The maximum period for deposits under Fixed deposits (FD), Kamadhenu Deposit (KD),Nitya Nidhi Deposit (NND) is 5 years & Recurring deposit (RD) is 10 years. However, deposits in the name of minors and deposits under court orders are accepted for more than 10 years period.

Recurring Deposit: Under recurring term deposit scheme, the account holder deposits fixed sum of money by way of monthly instalments over a stipulated period. On the expiry of this period, the instalments paid in are repaid along with the interest thereon. The minimum amount of RD is Rs.50/- or in multiples of Rs.50/-. The period of deposit should be in multiples of 3 months, the minimum period being 6 months and maximum 120 months (Refer Annexure-E for more details).

NNND (New Nitya Nidhi Deposit): Scheme is intended to mop up the small savings and is specially designed for daily savers of small means and based on daily door collection by Agents appointed by the Bank. The accounts under the NND scheme shall be opened with tenor of 60 months only. Minimum amount of daily contribution to NND Scheme is Rs.50 (Rupees Fifty Only). The detailed interest rates (Including interest rates applicable on premature withdrawal) for deposits under NND Scheme are announced from time to time by the Bank. The premature closure of deposit opened under NND Scheme shall be permitted subject to recovery of penalty from closure proceeds. (Refer Annexure-C for more details)

As required by law, while opening of the term deposit account, the Bank will satisfy itself about the identity, satisfying about his occupation and source of income, including verification of address of the person/s seeking to open an account to assist in protecting the

prospective customers, public and the Bank itself against fraud and other misuse of the Banking system duly observing the Know Your Customer (KYC) guidelines, Anti-Money Laundering (AML) standards, and Prevention of Money-Laundering Act (PMLA) provisions, as prescribed by the Reserve Bank of India and other regulatory authorities.

As per the guidelines only the “**Officially Valid Documents**” mentioned in Annexure to be accepted for opening accounts of individuals/entities.

The Branch is required to obtain 2 photographs of all the person/s who are opening and operating the account. Photograph will not be insisted from depositors already having their SB/ Current Account with photographs.

4.1 Introduction from an existing customer is not mandatory for opening accounts, including those of legal entities. An account will be considered fully KYC compliant if documents of KYC, i.e., Proof of identity and /Proof of address are submitted by the proposed account holder (For details refer Annexure).

4.2 The Branch is required to obtain Permanent Account Number [PAN] or alternatively obtain declaration in Form No.60 as per the Income Tax Act from the person/s opening the account. The Bank will provide to the prospective customers details of the documents required for identification and Address Proof of the person/s opening the account. Persons & entities already having operative accounts such as Savings Bank, Current account etc., need not provide the above documents for opening of the Term Deposit accounts.

4.3 The rate of interest for Term Deposits is decided by the Asset Liability Committee of the Bank, who has been delegated with such powers by the Board of the Bank. This interest rate is uniformly applied to all customers without any negotiation or discrimination.

4.4 Premature withdrawals are allowed.

- A. A penalty of 1.00% shall be levied for premature closure/part withdrawal/premature extension of Domestic/NRO term deposits.
- B. Waiver of penalty for premature closure/part withdrawal of term deposits may be permitted on case to case basis by the General Manger on recommendation of Regional Office. Penalty is waived for premature extension of Domestic / NRO term

deposits during the tenure, where extension is for a period longer than the period originally agreed to.

C. For premature closure/part withdrawal/premature extension of Domestic/NRO term deposits, the bank imposes a penalty of 1.00%. Such prematurely closed/part withdrawn/prematurely extended deposits will earn interest at 1.00% below the rate as applicable for the relevant amount slab as ruling on the date of deposit and as applicable for the period run OR 1.00% below the rate at which deposit has been contracted, whichever is lower.

D. No penal interest will be levied for the Staff/for those who are eligible for Differential rate of interest for premature closure/part withdrawal/premature extension of Domestic deposits, where extension is for a period longer than the period originally agreed to.

4.5 Callable Deposit: Callable deposit means a Term Deposit an amount of Rupees One core and below, which is repayable on demand or at the time of maturity, whichever is earlier, As per the RBI guidelines, all the term deposits accepted from individuals (held Singly or jointly) for an amount of Rupees One core and below shall have premature withdrawal facility.

4.6 Non-Callable Deposit: A term deposit without premature withdrawal option. All Term Deposits accepted from individuals (held singly or jointly) for amount of Rupees One Crore and below shall not have premature withdrawal facility.

4.7 Non-Callable deposit closure can be permitted under following exceptional circumstances:

- ❖ Death of Depositor.
- ❖ In case of bankruptcy of depositor/s, insolvency etc.
- ❖ In case of winding up of business/closure of departments/institutions etc.
- ❖ In case of Government/Regulatory order/court order
- ❖ In the event of Banker's right to set-off (i.e., legal right of the bank to set off or adjust the debit amount against the credit amount in the balance of the same borrower).
- ❖ Deposit made erroneously (subject to examination of staff lapses).

4.8 Rate of interest to be paid on Non-Callable deposits that are closed under exceptional circumstances (above cases) is as under:

If Non-Callable term deposit is closed based on above circumstances, ROI at 1.00% below the rate as applicable for Callable deposits, for the relevant amount slab as ruling on the date of deposit and as applicable for the period run OR 1.00% below the rate at which the deposit has been accepted, whichever is lower. However, no interest will be payable on term deposits prematurely closed/prematurely extended before completion of 7th day. (No penalty in case of death of depositor and deposits made erroneously subject to examination of staff lapses).

Delegated authority to permit the payment of interest for the Non-callable deposits shall be with General Manager of SP&D Wing, for the above cases based on the recommendations of Regional Head.

The Guidelines on Non-Callable deposit are as under:

NON-CALLABLE DEPOSIT	
Minimum Period	46 Days
Maximum Period	10 Years
Eligibility	All types of Customers (Domestic/NRO/NRE)
Minimum Amount	Above Rs.1.00 Crore
Maximum Amount	No limit

Non-Callable Deposits-

NON-CALLABLE DEPOSITS	
Premature Closure	Not Permitted
Part-Withdrawal	Not Permitted
Sweep In/Sweep Out	No
Auto Renewal	No

4.9 Generally loans/overdrafts against deposits are allowed. Such loans are sanctioned by charging interest at rates announced from time to time by the Bank. The Bank may also consider loan against deposit standing in the name of minor. However, a suitable declaration stating that loan is for the benefit of the minor is to be submitted by the guardian.

4.10 The term deposit account holders at the time of placing their deposits can give instructions with regard to closure of deposit account, i.e. Instructions to credit the maturity proceeds to his/her Account or Auto Renewal of deposit for further period from 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 except in case of Tax Saver, encumbered deposits, Special deposit schemes, Discontinued Products etc., and in case of deposits where alternate instructions are available.

The rate of interest prevailing on the date of maturity shall be the rate applicable for the renewed deposit. All other terms and conditions stated in the application will remain valid. The Bank intimates the depositor in advance regarding the date of maturity of the term deposit through SMS to their registered mobile number.

4.11 In case customer has declined to opt for auto-renewal option at the time of account opening and requests for renewal after the date of maturity, such deposits will be renewed with effect from the date of maturity at interest rate applicable as on maturity date, provided such request is received within 14 days from the date of maturity. In respect of request received after 14 days from the date of maturity, interest for the overdue period shall be paid at SB rates decided by Bank from time to time.

4.12 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. Interest on Fixed Deposit is payable either monthly at discounted value or quarterly or half yearly or yearly or on maturity. The interest on Term deposits is calculated by the Bank in accordance with the formulae and conventions advised by Indian Banks' Association. The interest rates for term deposits are decided by the Asset Liability Committee of the Bank (ALCO) and shall be as applicable on the date of issue/renewal of the Term Deposit.

4.13 Premature extension/renewal of term deposit: In case the depositor desires to renew the deposit by seeking premature closure of an existing term deposit, the Bank will permit the renewal at the applicable rate on the date of renewal, provided the deposit has run for a minimum period of 7 days and 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 the deposit has remained with the Bank, subject to penalty and not at the contracted rate.

4.14 Renewal of overdue Term Deposit: When a domestic/ Ordinary Non- Resident (NRO) term deposit is renewed on maturity, the interest rate ruling on the date of maturity for the period specified by the depositor would be extended. Facility of Automatic renewal of domestic/NRO term deposits is available for depositors who exercise their option for auto renewal except Tax Saver deposits and Bulk deposits.

4.15 If a Domestic Term deposits matures and proceeds are unpaid, the amount left unclaimed with the Bank shall attract rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower.

4.16 Opening of term deposits (Domestic/NRO/NRE) with Value date may be permitted on case to case basis by the SP&D Wing Head Office, based on the recommendations of the Regional Manager.

4.17 Deposits maturing on Holiday/non-business working day:

- ❖ If a term deposit & recurring deposit maturing for payment on a Holiday/non-business working day, interest shall be paid at the originally contracted rate on the original principal deposit amount for the Holiday/non-business working day, intervening between the date of the maturity of the specified term of the deposit and the date of payment of the proceeds of the deposit on the succeeding working day.
- ❖ In case of reinvestment of Term deposits, interest shall be paid at the originally contracted rate for the intervening Holiday/non-business working day on the maturity value.

4.18 Payment of Interest on Term Deposit Accounts Frozen By Banks:

Bank at times required to freeze the accounts of customers based on the orders of the enforcement authorities. In case of issue of payment of interest on such frozen accounts Bank may follow the procedure detailed below in the case of Term Deposit Accounts frozen by the enforcement authorities:

- ❖ A request letter may be obtained from the depositor on maturity. While obtaining the request letter from the depositor for renewal, Bank should also advise the depositor to indicate the term for which the deposit is to be renewed. In case the depositor does not exercise option of choosing the term for renewal, Bank may renew the same for a term equal to the original term.

- ❖ No new receipt is required to be issued. However, suitable note may be made regarding renewal in the system.
- ❖ Renewal of deposit may be advised by registered Post/Reputed Courier as well as e-mail and SMS wherever email ID and mobile number are available to the concerned Government department under advice to the depositor. In the advice to the depositor, the rate of interest at which the deposit is renewed should also be mentioned.
- ❖ If overdue period does not exceed 14 days on the date of receipt of the request letter, renewal may be done from the date of maturity. If it exceeds 14 days, Bank may pay interest for the overdue period at SB rate, and keep it in suspense account (Further interest shall not be paid on this amount) which should be released when the original fixed deposit is released.

4.19 Bulk Deposits:

As per RBI Master Directives a single Term Deposit of ₹1.00 Cr and above shall be treated as Bulk Deposits by the Bank w.e.f. 26.10.2023 (Vide Ref No. RBI/2023-24/74 DOR.SPE. REC. No 51/13.03.000/2023-24.) . Bulk Deposits can be accepted either from Individuals/Non-Individuals.

The discretionary powers to offer rate of interest on bulk deposits of ₹ 1.00 Crore and above is vested with Head Office. Branches are advised to obtain prior permission from SP&D Wing, HO for extending interest rate on such Bulk Deposits (for fresh and renewal) through their RO.

The rate of interest for Bulk Deposits is decided by the Asset Liability Committee of the Bank, who has been delegated with such powers by the Board of the Bank.

ALCO Subcommittee shall consists of following:-

1. Chairman
2. General Manager (A&I Wing)
3. General Manager(R&L Wing)
4. General Manger (R&M wing)
5. General Manger (SP&D wing)
6. Wing Head (Credit Wing)
7. Wing Head (R&L Wing)
8. Wing Head (SP&D wing)

9. Wing Head (A&I Wing)

10. Senior Manager (A&I wing)

This interest rate is uniformly applied to all customers without any negotiation or discrimination.

For Single Bulk Domestic term deposit of Rs.1 Crore and above, only designated branches shall take up with SP&D Section of Head office, for obtaining permission to accept the deposit. Regional office is permitted to designate any branch (other than Designated branches) to open Single Bulk Term Deposit of "Rs.1 Crore and above" in exceptional circumstances based on business needs and on the recommendation of the Regional Manager.

In case of all Bulk Deposits of Rs.1 Crore & above, a confirmatory letter in the form of a "Thanks giving" letter will be sent by the Regional Office to the beneficiary by Registered Post/Reputed Courier as well as e-mail and SMS wherever email ID and mobile number are available, giving necessary details.

KYC guidelines shall be complied with scrupulously while accepting bulk term deposits. Proper application, documents and resolution of the Board/Governing Body (wherever applicable), etc. have to be obtained and verified for its genuineness.

In respect of bulk term deposits, opening of term deposit account and printing of Deposit Receipt shall be done on the same day of accepting/ clearance of the proceeds.

A Power of Attorney holder from the branch accepting the bulk term deposit shall pay a personal visit to the office of the beneficiary after opening the bulk term deposit. This visit may coincide with the handing over of the Deposit Receipt against due acknowledgement from the depositor/ depositor's authorized representative.

The visit of the Bank Official and handing over of the deposit receipt shall be properly recorded. Such record shall be kept in a separate file which may be verified and commented upon by the Overseeing Executive during the interface with the branch/ branch visit. The branch-in-charge shall be responsible for getting the same verified by the Overseeing Executive. Compliance of this aspect shall be ensured by the Inspecting Officers during the regular inspection of the branch.

In case of loan/overdraft facility of ₹ 1 Crore and above against the term deposit, necessary due diligence shall be ensured by the branches and offsite monitoring should be done at the SP&D Wing, Regional Office (Loans of less than ₹ 10 Crore sanctioned against a term deposit) and OTM Cell, Inspection Wing, Head Office (Loans ₹ 10 Crore & above).

Branches should not credit the proceeds of loan to third party accounts in case of loans/advances granted on term deposits. The loan proceeds should be credited to the account of the depositor/s only.

Before disbursing the loan proceeds against term deposits, independent confirmation regarding request for loans to be obtained from the depositor, in addition to loan application. The extant guidelines on delegation of powers shall be strictly adhered to while sanctioning any Loans/Overdrafts against term deposits.

Reports to be generated from CBS on a day to day basis for large value transactions of ₹ 1 Crore & above in respect of Term Deposits and Loans/Overdrafts granted against Term Deposits and SP&D Wing of the respective Regional Office should monitor these transactions every day.

Staffs are advised to ensure strict compliance of all the cited guidelines and staff accountability shall be fixed for any lapse on part of the staff in following the laid down guidelines either in processing a proposal or sanction/disbursement, or monitoring. SP&D Wing of the respective Regional Office should monitor the same. The statutory/concurrent auditors may also be assigned in their TOR to monitor this aspect more closely.

Review of all Bulk Deposit Transactions of Rs.1 Crore & above should be done by the respective SP&D Wing Regional Office regularly. Review of loans against Bulk Term Deposits should be done by the respective Credit Review Section of Regional Office regularly.

No Differential Rate of Interest will be permitted for term deposit account less than ₹ 1.00 crore.

4.20 Tax on Interest on Bank Deposits:

The Bank has statutory obligation to deduct tax at source if the total interest paid/payable in a financial year on all term deposits (including RD) held by a person exceeds the amount specified under the Income Tax Act. In case where PAN is not submitted by the customer, TDS will be deducted at prescribed rate or 20% whichever is higher. The Bank will issue a tax deduction certificate (TDS Certificate) for the amount of tax deducted wherever PAN was provided by the customer(s). The depositor, if entitled for exemption from TDS, can submit declaration in the prescribed format (Form 15G/H or exemption certificate u/s 197 of Income Tax Act, 1961) at the beginning of every financial year or at the time of opening of fresh deposit by new customer. TDS on interest of deposit shall be deducted if applicable, at the time of compounding of accrued interest on quarterly basis (anniversary quarter) and on accrual basis as on 31st March.

Further if PAN is inoperative (i.e., PAN and AADHAR is not linked) tax will be deducted at 20% with effect from 01.07.2023.

4.21 Payment of Interest on the Domestic Term Deposit (including tax saver) of a Deceased Depositor:

- ❖ In respect of the deposit of the deceased depositor closed before maturity and repaid to the legal heirs / representatives of the deceased depositor, interest is payable at the rate applicable for the period for which the deposit actually remained with the Bank without penal cut.
- ❖ In the event of the death of the depositor before the date of the maturity of the deposit and the 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 till the date of payment, the Bank shall pay simple interest at the applicable rate prevailing on the date of maturity, for the period for which the deposit remained with the Bank beyond the date of maturity.
- ❖ In the case of death of the depositor after the date of maturity, the Bank shall pay interest at contracted rate till the date of maturity & at SB rate prevailing on the date of maturity, from the date of maturity till the date of payment.

4.22 Payment of Interest on Death claim settlement in respect of auto renewed deposits:

- ❖ Payment of interest in the event of the death of the depositor before the date of maturity of the original deposit and the deposit is auto renewed on the date of maturity and the amount of deposit is claimed before or after the subsequent maturity date:
- ❖ The bank shall pay interest at contracted rate till the date of maturity of the original deposit and thereafter Savings Bank deposit rate operative on the date of maturity of the original deposit from the date of maturity of the original deposit till the date of payment.
- ❖ Payment of interest in the event of the death of the depositor after the date of maturity of the original deposit and the deposit is auto renewed on the date of maturity and the amount of deposit is claimed during the pendency of the auto renewed deposit (i.e. premature closure of the auto- renewed deposit):
- ❖ From the date of auto renewal of the deposit till the date of payment, interest rate applicable for the period run prevailing on the date of auto renewal of the deposit without penal cut.
- ❖ The above is applicable for the first renewal cycle of auto renewal.
- ❖ Payment of interest in the event of the death of the depositor after the date of maturity of the original deposit and the deposit is auto renewed on the date of maturity of the original deposit and the amount of deposit is claimed after the maturity date of the auto renewed deposit:
 - i. If the death of the depositor occurs after the date of maturity of the original deposit, but before the maturity of auto renewed deposit (i.e., first auto renewal) and the amount of deposit is claimed after the maturity of the auto renewed deposit:

At the contracted rate till the date of maturity of auto-renewed deposit (i.e., first auto renewal).
 - ii. At Savings Bank deposit rate operative on the date of maturity of auto-renewed deposit from the date of maturity of the auto-renewed deposit till the date of payment.

If the auto renewal happens for more than once and the death of the depositor occurs during one of these auto renewal cycles, contracted rate shall be payable till the maturity date of the renewal cycle in which the death has occurred. Savings Bank rate shall be payable thereafter till the date of payment.

4.23 Term Deposits of Senior Citizens & Preferential RoI to Senior Citizens: Additional interest, subject to a maximum of 0.50% may be permitted only in case of Retail Term Deposit (i.e., less than ₹ 1.00 cr), by the ALCO committee, in a single deposit across all maturity slabs, under domestic term deposits except NRO/NRE term deposits. Senior Citizen Deposit can be opened by persons who have completed the age of 60 years and above, individually or jointly with other senior citizen or with other persons below the age of 60 years subject to the condition that the Senior Citizen is No.1 Depositor. The Bank should satisfy about the age through verification of applicable documents and a copy of the same should be obtained & preserved along with the deposit application form.

For Ex-employee Senior Citizens (60 years and above) additional 1.50% over and above the rate offered for General public is to be extended for all deposit periods (except for term deposits under NRO, and Capital Gains Deposit scheme), irrespective of the size of the deposit. However, under Tax Saver Scheme, the additional interest rate offered to Ex- employee Senior Citizens over and above the rate offered for General Public is 0.50% only.

In case of Hindu Undivided Family (HUF), even though if the Kartha is a senior Citizen, no preferential rate of interest shall be allowed.

Bank may obtain TDS exemption certificate from the depositor/s if TDS is exempted by Income Tax Authorities.

5. NRE TERM DEPOSITS

Minimum period of NRE deposit is one year and maximum period is 10 years. There is no stipulation on minimum/maximum deposit amount. The period of NRE term deposits can be extended during the tenure of the deposit for a period longer than the balance period (i.e., remaining period of the deposit). The period of the extended deposit shall be minimum of one year and a maximum of 10 years effective from the date of extension. The depositor should continue to be non- resident at the time of extension of deposit.

Guidelines related to premature closure and renewal of NRE deposit will also be applicable in case of extension of deposit.

5.1 Renewal of overdue NRE Term Deposit:

- a. The overdue NRE term deposit will be paid interest at prevailing NRE Savings Bank Rate for the overdue period. Renewal of overdue terms deposit from the date of maturity is prohibited. If such deposit is continued (entire amount or in part), the same will be treated as a fresh term deposit from the date of presentation, at the rate prevailing on the date of presentation for the period of fresh term deposit.
- b. The entire amount of overdue deposit or a portion can be placed as fresh NRE Term Deposit from the date of presentation. The interest payable for fresh deposit is the rate prevailing as on the day of the fresh deposit, provided the period of the fresh deposit is not less than 1 year from the date of making such fresh deposit.
- c. NRE term Deposit shall be automatically renewed only once by the Bank on due date for an identical period at the applicable rate of interest ruling on the date of maturity based on the mandate of the depositor in the original application form, unless instruction to the contrary is received from the depositor by the Bank. The renewal will be in accordance with the provisions of the relevant RBI scheme in force at the time of renewal. The depositor should continue to be non- resident at the time of renewal deposit.

5.2 Premature withdrawal of NRE term deposits:

- ❖ A penalty of 1.00% shall be levied for premature closure/premature extension of NRE term deposit of less than Rs.2 Crore that are accepted /renewed on or after 12.03.2019.

- ❖ The penalty of 1.00% is waived in case of premature closure/premature extension of NRE CALLABLE term deposit of Rs. 2 Crore & above that are accepted/renewed on or after 12.03.2019. Such prematurely closed/ prematurely extended deposits will earn interest at the rate as applicable for the amount slab of Rs.2 Crore & above as ruling on the date of deposit and as applicable for the period run OR the rate at which the deposit has been accepted, whichever is lower. However, a penalty of 1.00% shall be levied for premature closure/premature extension of NRE term deposits of Rs.1 Crore & above that are accepted/renewed from 29.12.2011 to 12.10.2012.
 - a. However, no penalty will be charged for premature closure/extension of NRO term deposits that are placed in NRE term deposits.
 - b. NRO deposits can be placed in NRE deposits subject to:
 - Such transfer is within the overall limit of USD 1.00 million or its equivalent in other currencies during a financial year and
 - Customer submitting Form 15CA and 15CB
 - c. Where NRE deposit is to be closed before maturity before completion of one year from the effective date of deposit, no interest shall be payable on such premature closure.
 - d. Where the NRE deposit is closed before maturity on or after completion of one year from the effective date of deposit, the interest payable on such premature closure shall be as per the prevailing Bank guidelines.

5.3 Payment of Interest on the NRE Term Deposit of a deceased depositor:

In the case of NRE deposit where the claimant/s are residents, the deposit on maturity will be treated as domestic deposit and interest will be paid for the subsequent period at a rate applicable to the domestic deposit of a similar maturity.

The Bank facilitates opening, holding and maintaining accounts in India by a person resident outside India in terms of permission accorded by RBI and the related rules/Regulations/directives issued there from time to time.

However at present, Bank is not authorized dealers in “Foreign Exchange” but only permitted to maintain the following types of Non-Resident Accounts (in Indian Rupees) of persons of Indian Nationality / Origin who are residing abroad.

- ❖ Non-Resident (External) Accounts (NRE)
- ❖ Non-Resident (Ordinary) Accounts (NRO)

A. Non Resident Indians' (NRIs) can open NR(E) and NR(O) Accounts: Non-Resident Indian means:

- ❖ Non-Resident Indian National
- ❖ Persons of Indian Origin

B. Non-Resident Indian National:

- ❖ Indian citizens who stay abroad for employment / business / vocation etc., indicating an indefinite period of stay outside India.
- ❖ Indian citizens working abroad on assignments with Government/ Government Agencies etc.
- ❖ Officials of Central / State Government, PSUs deputed to their Offices abroad.
- ❖ Indians who have settled abroad on immigration.

Non-Resident Indians are not regarded as residents in India during their short visit to India e.g., for holidays, business etc. However, they become residents when they return to India for employment etc., indicating an indefinite period of stay.

C. Person of Indian Origin (PIO): (Foreign Nationals of Indian Origin): Person of Indian Origin (PIO) means a citizen of any country other than Bangladesh or Pakistan, if;

- ❖ He/she at any time held Indian Passport or
- ❖ He/she or either of his/her parents or any of his Grand Parents was a citizen of India by virtue of constitution of India of the Citizenship Act 1955 (57 of 1955) or
- ❖ The person is a spouse of an Indian citizen or a person referred to as above.

5.4 Salient Features of Non-Resident Ordinary Rupee Account (NRO):

- ❖ NRI may open an NRO Account with an authorized Bank for the purpose of putting through bona fide transaction in Rupees.
- ❖ Opening of Accounts by individual / entities of Pakistan and entities of Bangladesh require prior approval of RBI.
- ❖ NRO Accounts may be in the form of Current, Savings, RD or FD Accounts.
- ❖ Savings Account: Normally maintained for crediting legitimate local dues/ earnings / income such as dividends, interests etc. Rate of Interest will be as prescribed by the Bank from time to time.
- ❖ Term Deposits: Rate of Interest will be as prescribed by the Bank from time to time. (However, interest rates offered on NRO deposits cannot be higher than those offered by them on comparable domestic deposits).
- ❖ Account should be denominated in Indian Rupees.

A. Permissible credits to NRO Account are:

- ❖ Legitimate dues in India of the account holder like (current income) rent, dividend, pension interest, etc.
- ❖ Sale proceeds of Assets including immovable property acquired out of Rupee/ foreign currency funds or by way of legacy / inheritance.
- ❖ Remittances received in permitted currency from outside India through normal banking channels.
- ❖ Permitted currency tendered by the Account holder during his temporary visit to India.

B. Permitted debits are:

- ❖ All local payments in rupees
- ❖ Payments for investments as specified by RBI
- ❖ Remittance outside India of current income like Rent, Dividend, Pension, Interest etc., net of applicable taxes of the Account holder.
- ❖ NRI/PIO may remit from the balances held in NRO Account an amount not exceeding USD 1 Million per financial year (Including sale proceeds of immovable property) subject to payment of applicable taxes.
- ❖ Other than current income and the limit of USD 1 Million per financial year balances in NRO Accounts cannot be repatriated without prior approval of RBI.
- ❖ The Accounts may be held jointly with residents and / or with Non- Resident Indian
- ❖ The NRO Account holder may opt for nomination facility
- ❖ Loans to Non-Resident Account holders and third parties may be granted in Rupees by Bank against security of Fixed Deposits subject to certain terms and conditions.

5.5 Salient Features of Non-Resident External Rupee Account (NRE);

- ❖ NRE Accounts may be in the form of Savings, Current, Recurring or Fixed Deposit Accounts (with maturity of minimum 1 year).
- ❖ Such Accounts can be opened only by the NRI himself and not through the holder of Power of Attorney.
- ❖ NRIs may be permitted to open NRE Account with their resident close relatives (As defined under Sec 6 of Companies Act 1956– Husband/Wife, Father/Mother, Son/Daughter, Brother/Sister etc.) on 'former or survivors' basis

- ❖ The resident close relative shall be eligible to operate the Account as a Power of Attorney holder in accordance with the extant instructions during the life time of the Account holder
- ❖ Account will be maintained in Indian Rupees
- ❖ Balances held in NRE Account are freely repatriable.
- ❖ Accrued interest income and balances held in NRE accounts are exempt from Income Tax and Wealth Tax
- ❖ Rate of Interest: Banks are free to determine Rate of Interest on term deposits of maturity of one year and above.
- ❖ Interest rates offered by Banks on NRE deposits cannot be higher than those offered by them on comparable domestic rupee deposits.

A) Permissible Credits to NRE Accounts:

- ❖ Inward Remittances to India in permitted currency
- ❖ Proceeds of Account Payee Cheques / Drafts issued against encashment of foreign currency supported by encashment certificates.
- ❖ Transfers from NRE / Accounts
- ❖ Sale proceeds of FDI investments
- ❖ Interest accruing on funds held in NRE Accounts
- ❖ Interest on Government securities / dividends of mutual funds purchased by debit to the NRE / (B) Account of the holder etc.

B) Permissible Debits to NRE Accounts:

- ❖ Local disbursements
- ❖ Transfers to other NRE / Accounts of persons eligible to open such Accounts.
- ❖ Remittances outside India
- ❖ Investments in shares, securities, commercial paper of an Indian company
- ❖ Loans can be extended against security of deposits either to Depositor or to third party subject to norms of the Bank and margin requirements
- ❖ Such Accounts can be operated through power of attorney in favour of residents for the limited purpose of withdrawal of for local payments or remittances through normal banking channel to the Account holder himself.

C) Prohibition on Marking Lien: Bank shall not mark any type of lien, direct or indirect against NRE savings deposits.

NR(E)/ NR(O) Deposit Schemes – A Comparison

Nomination	Permitted	Permitted
Opening of Joint Accounts	Can be opened in the names of 2 or more Non- Resident Individuals provided all the Account holders are persons of Indian Nationality or origin Resident close relative on 'former or survivor' basis.	May be held jointly with Resident
Currency in which Account is denominated	Indian Rupees	Indian Rupees
Reparability	Reparable	Not reparable except for the following :) All current income and USD 1 (One) Million per financial year (April-March), by a NRI/PIO
Type of Account	Savings, Current, Recurring, Term Deposit	Savings, Current, Recurring, Term Deposit
Period for Fixed Deposits	From 1 to 3 years. However, Banks are allowed to accept NRE Deposits above three years from their Asset-Liability Point of view	As applicable to Resident Accounts
Operations by Power of Attorney Holder	Operations in the Account in terms of Power of Attorney is restricted to withdrawals for permissible local payments or remittance to the Account holder himself through normal banking channels	Operations in the Account in terms of Power of Attorney in restricted to withdrawals for permissible local payments in rupees. Remittance of current income to the Account holder outside India or remittance to the Account holder himself through normal banking channels. Remittance to the NRI / PIO Account holder is subject to the ceiling of USD 1 (one) Million per financial year.
Loans	(i)To the Account Holder Permitted without any ceiling subject to usual margin requirements	Permitted subject to the extant rules
	(ii)To Third Parties Permitted without any ceiling subject to usual margin requirements	Permitted subject to conditions

5.6 Consequence of transfer deposit account of one bank to another bank branch: Deposits accounts transferred from one bank branch to another bank branch on account of

takeover of bank branches in rural and Semi- Urban Centres shall adhere to the following conditions:

- a. Deposit accounts shall deemed to be transferred to the new bank and will continue to be governed by the terms of contract agreed to between the customer and the bank branch that is being taken over.
- b. The same rate of interest shall be payable till maturity on such transferred deposits, as was payable at the time of takeover of the branch.

5.7 While opening NRE/NRO/ account, NRI customer has to submit proof of his NRI status by submitting any of the following documents or any other suitable document to establish the status of NRI, in addition to Identity & Address proof:

- i. Copy of Valid Work/Study Visa
- ii. Copy of work permit
- iii. Copy of Proof/certificate of residence
- iv. Copy of Employment /Employment Contract copy
- v. Copy of Residence Permit
- vi. Copy of E-Visa

Note: The above list is illustrative and not exhaustive.

While converting existing Domestic Saving Bank A/c into NRO A/c, NRI customer should submit NRI status proof as mentioned above.

Further, in all cases of renewal of existing NRE/NRO Term deposits, necessary proof as mentioned above should be obtained to establish the fact that customer continues to hold NRI status.

The verification of status of NRI to be done to ensure that the customer continues to hold NRI status and eligible to maintain NRI account.

5.8 Joint Accounts:

- a. NRE SB, NRE Term Deposits and Accounts can be opened in Joint Name with Resident Close Relative (as defined U/S 2(77) of Indian Companies Act, 2013) on "Former or Survivor" basis. Money belonging to Resident Joint Account Holder cannot be credited into such Joint Account. Resident Joint Account Holder should

not operate the account, unless authorized through a Letter of Authority or Power of Attorney.

b. NRI Opening Joint Account:

NRI can open joint account with other NRIs or Resident Indian Close relative as defined under Section 2 (77) of Indian Companies Act, 2013).

c. Resident Indian Opening Joint Account:

- ❖ Resident Indian can open account with Non-Resident Indian close relative, as defined in Section U/S 2(77) of Indian Companies Act, 2013. Operation condition is either or Survivor.
- ❖ In such Joint account funds belonging to Non Resident Indian should not be credited.
- ❖ Such account shall be treated as Resident Account for all purposes.

d. Addition/Deletion

Subject to complying with the FEMA regulations noted in b) and c) above, addition and deletion can be permitted, subject to condition that total number of Joint Account Holders does not exceed 4 (four).

5.9 Account opening form for all NRE accounts-

For opening of NRE SB accounts, our Branches abroad and Exchange Companies abroad can also be approached. The required application, KYC/AML documents, Identity/Address proof and photo are to be submitted and on satisfactory processing of the application and enclosures, a Welcome Kit shall be issued to the customer containing Cheque Book and Non-Personalized ATM/Debit Card.

6. GENERAL GUIDELINES

6.1 Joint Accounts:

Deposit accounts can be opened by an individual in his own name or by more than one individual in their joint names. There is no restriction in number of persons to open joint account. Any person competent to contract /who need not necessarily be the parent of the minor may deposit the money belonging to him in his name jointly with a minor. However, the minor in such cases should be duly represented by his/her natural guardian or in the absence, a guardian appointed by a competent court only.

6.2 Operations of Joint Account:

The mandate for operating the account can be modified with the consent of all the joint account holders. In case of SB account opened by minor jointly with the natural guardian, the operations are allowed by the natural guardian only.

6.3 Transfer of Accounts:

Current Account, SB, Term Deposits may be transferred from one branch to another branch within the Bank at the request of the account holders subject to certain conditions.

KYC once done by one branch of a Bank is valid for transfer of the account within the Bank as long as full KYC has been complied for the concerned account. The Customer is allowed to transfer his/her account from one branch to another branch without restrictions. Along with the fresh address proof, the customer is required to submit 2 latest to the transferee branch.

A customer is required to submit only one Officially Valid Document (OVD) for both proof of identity and for proof of address as part of KYC procedure. If the OVD submitted for proof of identity does not have the proof of address (for e.g., PAN Card), then the customer is required to submit another OVD for proof of address.

In case, Officially Valid Documents (OVDs) furnished by the customer does not contain updated address, the documents (mentioned in point no.3.0.3 shall be deemed to the OVDs for the limited purpose of proof of address.

The updated Officially Valid Document with current address is to be submitted within a period of three months of submitting the above document.

6.4 Addition of Names:

The Bank may at the request of the depositor/s allow addition of name/s in Savings Bank, Current Account & Term deposits. Deletion in name/s of depositor/s is also permitted, subject to the condition that one of the original depositors should continue to be a depositor.

6.5 Change in Rate Of Interest:

The rate of interest on deposits will be prominently displayed in the branch premises apart from placing the same on our Bank's website. The changes, if any, with regard to the deposit schemes and other related services shall also be communicated upfront and shall be prominently displayed. The same may also be published in newspaper.

6.6 Withdrawal of cash:

Payment of cash up to Rs.50,000/- per occasion in Savings Bank and Current Account is to be extended only to the drawer against self-cheques, at all host branches (i.e. other than the base branch). Cash payment to third parties will be extended at base branch only.

6.7 Validity of cheques/ drafts/ pay orders/ banker's cheques:

As per RBI guidelines, w.e.f. April 1, 2012, Banks should not make payment of Cheques/Drafts/Pay Orders/Banker's Cheques bearing that date or any subsequent date, if they are presented beyond the period of three months from the date of such instrument.

6.8 Prohibition in alterations/corrections on cheques:

As per RBI guidelines, no changes/corrections should be carried out on the cheques (other than for date validation purposes, if required). For any change in the payee's name, courtesy amount (amount in figures), or legal amount (amount in words) etc., fresh cheque forms should be used by the customers.

6.9 Payment of dividend warrants/interest warrants:

Signature of the payee on the reverse of the Dividend warrant/Interest Warrant is not needed where such instruments have special crossing "Not Negotiable/Not Transferable/Account Payee/Beneficiary Banks" name and the Account Number" etc.

6.10 Customer Information:

The customer information collected from the customers shall not be used for cross selling of services/products by the Bank, subsidiaries & affiliates. If the Bank proposes to use such information, it shall be with the consent of the account holder/s.

6.11 Secrecy of The Customer Accounts:

The Bank shall not disclose details/ particulars of the customer's accounts 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 towards the public to disclose and where interest of the Bank requires disclosure.

6.12 Inoperative Accounts:

Definitions

A) In this Circular, unless the context states otherwise, the terms herein shall bear the meanings assigned to them below:

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

❖ All types of charges levied by banks including taxes deducted.

❖ Savings Bank account interests all credits are permissible in inoperative/dormant accounts without changing the account status.

However while allowing withdrawals due diligence should be ensured by the branches by ensuring the genuineness of transactions, verification of signature and identity etc. While allowing withdrawals branches are required to obtain request letter from the account holders and ensure KYC compliance etc. as per extant guidelines. In case the balance is less than Rs.20/-, account will be closed if there is no account revival from the depositor.

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

a) a financial transaction initiated by or done at the behest of the account holder by the bank/ third party or;

b) a non-financial transaction, or;

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

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

List of Financial transactions are as follows:-

- a) ATM/ Cash withdrawal/ deposit.
- b) RTGS / NEFT/ IMPS /UPI/ AEPS/ ABPS Transactions.
- c) Internet Banking Transactions.
- d) Debit Card Transactions.
- e) Transfer of funds from / to the linked CBDC (e-Rupee) account.
- f) Cheque Clearing.
- g) Remittance of funds by way of demand drafts.
- h) Cash withdrawal by third party through cheque.
- i) Standing Instructions issued by the customer.
- j) NACH Debit / Credits.
- k) Term Deposit Interest / proceeds.
- l) Dividend on shares/Interest on Debentures or any other investment proceeds.
- m) Direct Benefit Transfer (DBT) credits.
- n) Refunds like refunds related to e-commerce payments, Income Tax Returns, etc.
- o) National Electronic Toll Collection (NETC) debits.

Note: There may be instances where the customer has given a mandate like Standing Instructions (SI)/ auto-renewal instructions and there are no other operations in the Savings /Current account or the Term Deposit. These transactions shall also be treated as customer induced transactions.

List of Non-financial transactions:-

An enquiry or request for any product/service initiated by the account holder through:

- a) ATM.
- b) Internet banking.
- c) Mobile banking application of the bank.

- d) Third Party Application Providers, which requires two factor authentication (2FA) and leaves a trail for audit purposes.

Successful log-in to the internet banking/ mobile banking application which includes:

- a) Change in transaction limit.
 - b) Request for issue of cheque book/ credit card/ debit card.
 - c) Nomination facility.
 - d) Balance enquiry.
- iii. Inoperative Account- A savings/ current account shall be treated as inoperative, if there are no 'customer induced transactions' in the account for a period of over two years.
 - iv. Non-financial transaction- An enquiry or request for any product/ service initiated by the account holder through any ATM or internet banking or mobile banking application of the bank or through Third Party Application Providers, which requires two-factor authentication (2FA) and leaves a trail for audit purposes or successful log-in to the internet banking/ mobile banking application. Illustratively, this includes transactions such as change in transaction limit, request for issue of cheque book/ credit card/ debit card, nomination facility, balance enquiry, etc.
 - v. Unclaimed Deposits- The credit balance in any deposit account maintained with banks, which have not been operated upon for ten years or more, or any amount remaining unclaimed for ten years or more as mentioned in paragraph 3(iii) of the "Depositor Education and Awareness" (DEA) Fund Scheme, 2014.
 - vi. Unclaimed Deposit Reference Number (UDRN) - It is a unique number generated through Core Banking Solution (CBS) and assigned to each unclaimed account/ deposit transferred to DEA Fund of RBI. The number shall be such that the account holder or the bank branch where account is maintained, cannot be identified by any third party.

B) All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Banking Regulation Act, 1949 or the Reserve Bank

of India Act, 1934 or any statutory modification or re- enactment thereto or as used in commercial parlance, as the case may be.

6.13 Review of Accounts:

Banks shall undertake atleast an annual review in respect of accounts, where there is no customer induced transactions for more than a year. In cases where there is no explicit mandate to renew the term deposit, the banks should review such accounts if the customers have not withdrawn the proceeds after maturity or transferred these to their savings/current account in order to prevent such deposits from becoming unclaimed. The banks shall inform the account/deposit holders in writing through letters or email or SMS (if the email and mobile number are registered with the bank) that there has been no operation in their accounts/deposits in the last one year, as the case may be. The alert messages shall invariably mention that the account would become 'inoperative' if no operations are carried out during the next one year and, the account holder would be required to submit KYC documents afresh for reactivating the account in such case.

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

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

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

The classification of an account as inoperative shall be for a particular account of the customer and not with reference to the customer. In case a customer is maintaining

multiple accounts/deposits with a bank, all such accounts/deposits shall be assessed individually for the purpose of classifying them as inoperative account/ unclaimed deposit, as the case may be.

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

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

The banks open zero balance accounts for beneficiaries of Central/State government schemes and for students who receive scholarship. Central and State governments have been expressing difficulty in crediting cheques/Direct Benefit Transfer/ Electronic Benefit Transfer/ scholarship amount in these accounts as they are also classified as inoperative due to non-operation for two years. The banks shall, based on the purpose of opening of the account, segregate the aforementioned accounts in their CBS, so that the stipulation of 'inoperative' account is not applicable to these accounts due to their non-operation for a period of more than two years. To avoid the risk of fraud, etc., in such accounts, while allowing operations in these accounts, the bank should exercise due diligence as per the extant instructions.

6.15 Segregation and Audit of Inoperative Accounts/ Unclaimed Deposits

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

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

6.16 Tracing of Customers of Inoperative Accounts/ Unclaimed Deposits: The bank shall contact the holder(s) of the inoperative account/ unclaimed deposit through letters,

email or SMS (if the email and mobile number are registered with the bank). The email/ SMS shall be sent on a quarterly basis.

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

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

6.17 Activation of Inoperative Accounts

The banks shall make available the facility of updating of KYC for activation of inoperative accounts/ unclaimed deposits at all branches (including non-home branches) and through Video-Customer Identification Process (V-CIP) if requested by the account holder, subject to the facility of V-CIP being provided by the bank. The V-CIP related instructions under [Reserve Bank of India \(Regional Rural Banks – Know Your Customer\) Directions, 2025 dated November 28, 2025](#) (as updated from time to time) shall be adhered to by the bank.

The banks shall activate the inoperative accounts/ unclaimed deposits, including those which are under freeze by orders of various agencies like Courts, Tribunals, Law Enforcement Agencies, only after adhering to the KYC guidelines provided in the [Reserve Bank of India \(Regional Rural Banks – Know Your Customer\) Directions, 2025 dated November 28, 2025](#) (as updated from time to time) such as Customer Due Diligence (CDD), customer identification, risk categorization, etc.

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

The bank shall automatically intimate the inoperative account/ unclaimed deposit holders through SMS and registered email stating that on the basis of the KYC

documents submitted by them, the inoperative status of the account has been removed. The intimation shall also mention the remedial measures available to them to report unauthorized access, if any. This would alert the account/ unclaimed deposit holder against any possible fraudulent activity in his/her inoperative account. The banks shall have in place adequate operational safeguards to ensure that the claimants in case of inoperative accounts/ unclaimed deposits are genuine. The banks shall process requests for activation of inoperative account/ unclaimed deposits within three working days from the receipt of the complete application.

6.18 Payment of Interest:

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

6.19 Levy of Charges:

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

6.20 Display of Unclaimed Deposits and Search Facility:

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

6.21 Fraud Risk Management in Inoperative Accounts:

The banks shall not allow any debit transaction in an inoperative account unless there is a customer induced activation as per the procedure mentioned in paragraph 6.12.5 of these guidelines. Further, banks may also consider imposing a cooling-off period on reactivation, with restrictions on the number and amount of transactions, as may be applicable for newly opened accounts with the bank.

The banks shall ensure that there is no unauthorized access to customer data pertaining to the inoperative accounts. The banks shall also ensure that adequate steps are taken to prevent data theft and related misuse for fraudulent purposes.

6.22 Customer Awareness

- A. The banks shall provide on their website as well as at their branches, the information on the process for activation of the inoperative account/ unclaimed deposits and claiming the balances therein. Necessary claim forms and documents may be made available for the benefit of customers.
- B. The banks shall conduct public awareness and financial literacy campaigns regularly to educate the members of public about the activation of inoperative accounts/unclaimed deposits and the prescribed procedure to claim amounts lying therein by a depositor or his/her nominee/ legal heir in case of deceased depositor.

6.23 Stop Payment Facility:

The Bank will accept stop payment instruction from the depositors in respect of cheques issued by them, which are unpaid at the time of receipt of instructions. The stop payment instruction shall contain all details like Cheque no, Date of the Cheque, Payee's Name and Amount of the Cheque etc. Charges, as specified, will be recovered for the stop payment.

6.24 Mandate / Power Of Attorney

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.

6.25 Dishonour of Cheques

Cheques drawn on a branch is passed if everything is in order and there are sufficient funds. Payment of cheques drawn on a branch is refused in the following Circumstances:

- i. A cheque is presented for payment before its ostensible date.

- ii. Cheque which is drawn is in irregular or ambiguous manner or in a form of doubtful legality.
- iii. If the amount standing in credit is not sufficient to cover the whole amount of the cheque or if the overdraft limit is exceeded.
- iv. Cheques are drawn beyond the arranged limit.
- v. If the funds of the customer are not properly applicable to the payment of the cheque.
- vi. Where there is a legal bar on payment.
- vii. Where payment of cheque has been stopped by the drawer.
- viii. Where there is notice of customer's death.
- ix. Where a customer becomes insolvent and an order of adjudication is made.
- x. A cheque presented through post by an unknown payee other than bank.
- xi. If the cheque is not duly presented i.e., has not been presented within banking hours.
- xii. If the cheque is not presented within the validity period of the cheque.
- xiii. If the Bank has not been given reasonable time to have the funds placed into the credit of the customer's account before they can be drawn against.
- xiv. Where endorsements are not in order in the case of 'Order' cheques.
- xv. Where there is no endorsement of the payee in an Order Cheque, or the collecting Banker's confirmation.
- xvi. When the signature of the drawer differs from the specimen lodged.
- xvii. Where the drawer signs on behalf of a firm or a company and the name of the company is not mentioned.
- xviii. Where the cheque form used is not from among the cheque leaves issued to the party.
- xix. When a crossed cheque is presented by a party other than a banker.
- xx. Where there are material alterations in the cheque unauthorized by the drawer. RBI has directed that the drawer can authorize material alteration only for the date of the cheque.
- xxi. Where the cheque contains extraneous matter.
- xxii. Any other reason for which Bank deem fit to refuse the payment.

6.26 Banking Facility for Senior Citizens and Differently abled Persons:

The Bank shall put in place appropriate mechanism with the following specific provisions for meeting the needs of senior citizen and differently abled customers so that they are able to avail the RRB's services without difficulty.

❖ Dedicated Counters / Preference to Senior Citizens, differently abled persons

The Bank shall provide a clearly identifiable dedicated counter or a counter which provides priority to senior citizens and people who are differently abled including visually impaired persons.

❖ Ease of submitting Life Certificate

The Bank shall ensure that when a Life Certificate is submitted in any branch, including a non-home branch, of the pension paying bank, the same is updated / uploaded promptly in CBS by the receiving branch itself, to avoid any delay in credit of pension.

❖ Cheque Book Facility

The Bank shall issue cheque books to customers, whenever a request is received, through a requisition slip which is part of the cheque book issued earlier.

The Bank shall provide minimum 25 cheque leaves every year, if requested, in savings bank account, free of charge.

The Bank shall not insist on physical presence of any customer including senior citizens and differently abled persons for getting cheque books.

The Bank shall issue cheque books, on requisition, by any other mode as per the bank's laid down policy. Providing such facility in BSBDA will not render the account to be classified as non-BSBDA as detailed at paragraph 139 of this chapter.

❖ Automatic conversion of status of accounts

The Bank shall convert a fully KYC compliant account automatically into a 'Senior Citizen Account' based on the date of birth available in the Banks's records

❖ Doorstep Banking Services for Senior Citizens and Differently Abled Persons

The Bank shall make concerted efforts to offer certain basic banking services, such as pick up of cash and instruments against receipt, delivery

of cash against withdrawal from account, delivery of demand drafts, submission of Know Your Customer (KYC) documents and Life certificate at the premises/ residence of senior citizens of more than 70 years of age and differently abled persons or infirm persons (having medically certified chronic illness or disability) including those who are visually impaired.

6.27 The Bank shall incorporate the following aspects in their Board approved policy for such services and report the progress made in this regard to the Customer Service Committee of the Board every quarter:

The Bank shall offer the doorstep banking services on pan India basis. The RRB shall develop a Board approved framework for determining the nature of branches/ centres where these services will be provided mandatorily and those where it will be provided on a best effort basis and make the policy public. The list of branches offering such doorstep banking services shall be displayed / updated on the bank's website regularly.

The Bank shall give adequate publicity to the availability of these services in their public awareness campaigns. The charges, in this regard, shall also be prominently indicated in brochures and published in its website.

6.28 Others:

- i. If the customer is not happy about his / her choice of current or savings account (except for term deposit account) within 14 days of making his first payment into the account, the Bank will help the customer switch to another set of bank accounts or bank will give the customer money back with any interest it may have earned. Bank will ignore any notice period and any extra charges.
- ii. If customer decides to close his / her current / savings account, the RRB will close the account within five working days of receiving customer's instructions.
- iii. Under normal circumstances, the Bank will not close customer's account without giving the customer, at least, 30 days' notice. Examples of circumstances, which are not 'normal', include improper conduct of account, etc. In all such cases, the customer will be required to make alternative arrangements for cheques already issued and desist from issuing any fresh cheques on such account.

7. Payment of Additional Interest on Domestic Deposit

In tune with RBI guidelines, preferential rate of interest [1% p.a. over and above the applicable rates] to be paid only on deposits standing in the name/s of the following categories of employees:

- a) An employee of the Bank [confirmed or probationary] either singly or jointly with any other member or members of his/her family.
- b) The Chairman/Chairman of the Bank, Executives deputed from sponsor Bank, only during the period of their tenure.
- c) An employee of our Bank, who has been deputed outside or elsewhere.
- d) A retired employee [including an employee who has voluntarily retired] either singly or jointly with any other member or members of his/her family.
- e) Workmen employees who have served the Bank for a period of not less than 20 years of active blemishless service and resigned under unwillingness scheme of the Bank.
- f) Workmen employees, who have completed 25 years of active blemishless service and resigned.
- g) Officer employees who have served the Bank for a period of not less than 20 years of active blemishless service and resigned under unwillingness scheme of the Bank.
- h) Officer employees who have served the Bank for a period of not less than 25 years of active blemishless service and resigned.
- i) The spouse of a deceased employee in his/her single name.
- j) The spouse of a deceased retired employee in his/her single name.
- k) The spouse of a deceased ex-employee/Officer mentioned in point's e,f,g and h.
- l) An Association or a Fund, all members of which are our Bank employees.

In all cases of joint deposits where our employee is one of the depositors, he/she should invariably be the first named depositor in order to be eligible for preferential rate of interest and a declaration is given to the effect that the money deposited belongs to him/her.

For the purpose of joint deposits, the word "family" would mean and include:

- ❖ The spouse of the employee/retired employee.
- ❖ The children, parents, brothers and sisters of the employee/retired employee, who are dependent on such employee/retired employee. However, the word "family" would not include a legally separated spouse.

The following types of deposits are not eligible for preferential rate of interest:

- i. NRE term deposits.
- ii. Deposits made jointly with others (other than family members as defined above).
- iii. Deposits of employees on contract.
- iv. Deposits of ineligible ex-employees and their widows.
- v. Deposits of employees who have resigned [other than mentioned in points 7 (e), (f) and (g) above] or who have been terminated.
- vi. Deposits of dismissed employees/compulsorily retired employees as a sequel to disciplinary action.
- vii. Deposits of temporary employees.
- viii. A person employed on deputation is eligible for preferential rate of interest on his/her deposits. However, this benefit shall cease to accrue on the expiry of the term of deputation, in the case of persons taken on deputation for a fixed duration.
- ix. The additional interest shall be payable only so long as the person continues to be eligible for the same and in case of his ceasing to be so eligible, till the maturity of the deposit in the case of term deposit account. This provision leads to the following explanations:
 - x. The benefit of additional interest cannot be extended to the term deposits [including Recurring Deposits] placed with the Bank by the depositor, even if he/she becomes an employee of the Bank during the currency of the deposit.
 - xi. The benefit of additional interest can continue to be extended till the maturity of a term deposit account [including Recurring Deposits] even if the depositor- employee ceases to be employee of the Bank during the currency of the deposit. In both the above cases, contracted rate of interest shall continue to be extended till the maturity without incorporating any change in the interest rate during the
- xii. Currency of the deposit account.
- xiii. In the case of an individual minor's account, employee would be signing only as a guardian and hence it is not eligible for preferential rate of interest. Only if the employee is a party to the deposit as a joint depositor, and on his/her giving the prescribed declaration to the effect that the amount deposited belongs to him/her, the account is eligible for preferential rate of interest.

In respect of all deposits eligible for preferential rate of interest, a declaration to the effect that the monies deposited belong to the employee/s should be obtained without fail for each fresh eligible fixed deposit.

In the following cases, declaration need not be obtained, provided however, the declaration has already been obtained for the original/previous deposit or for the operative account of the concerned employee:

Renewal of an overdue deposit [only if the amount renewed is the same as the amount of previous deposit besides accrued interest].

Extension of period of the deposit [provided no additional amount other than interest accrued is accepted].

The deposit is opened by transfer of funds from the operative account of the employee concerned.

Where, however, the amount of deposit is inclusive of an additional amount besides the amount of original/previous deposit and interest accrued thereon, a fresh declaration should be obtained from the employee concerned.

In respect of deposits in joint names, the declaration should be obtained from the depositor eligible to get the benefit of preferential rate of interest. If all the joint depositors are eligible employees, all should sign the declaration.

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8. NOMINATION

- 8.1** Nomination facility is available for all deposits held by individuals in their own capacity, singly or jointly.
- 8.2** Nomination facility is also available to a sole proprietorship account.
- 8.3** Nomination can be made in favour of one individual only.
- 8.4** Nomination so made can be cancelled or changed by the account holder/s anytime during which the deposit is held by the Bank to the credit of the depositor.
- 8.5** Fresh nomination shall not be asked if the fixed deposits are renewed.
- 8.6** Nomination can be made in favour of minor also, for which date of birth of the minor and full details of the guardian is to be furnished.
- 8.7** Bank recommends that all the depositors avail nomination facility. The nominee in the event of death of the depositor/s could receive the balance outstanding in the account as a trustee of legal heirs.
- 8.8** Nomination through Internet Banking is available for Saving Bank accounts, Recurring and Term deposits.

In order to serve the purpose of the bereaved family members, who are forced to go through long drawn proceedings in the court for claiming the amount, which lawfully belongs to them, RBI has directed the Banks generally to insist that the person opening a deposit account makes a nomination.

In case the person opening an account declines to nominate any other persons, the branch shall explain the advantages of nomination facility. If the person opening the account still does not want to nominate, the branch shall obtain a specific letter to the effect that he/she does not want to make a nomination. In case the depositor declines to give such a letter, the branch shall record the fact on the account opening form and proceed with opening of the account if otherwise the depositor satisfies all other eligibility criteria.

8.9 Nomination Procedure

At the time of account opening, The Bank shall explicitly inform the prospective customer of the availability and purpose of the nomination facility and offer him/her the option to avail the same. The Bank shall also clearly explain to the prospective customer the advantages of the nomination facility, including but not limited to simplification of the claim process in the event of the account

holder's demise and facilitation of smooth and prompt transfer of funds to the nominee without legal complications.

If the prospective customer chooses not to avail the nomination facility despite being fully informed, the Bank shall proceed to open the deposit account without imposing any restrictions, if otherwise found eligible, after obtaining a written declaration from the individual confirming that he/ she does not require the nomination facility at the time of account opening. If he/she refuses to provide the written declaration, the RRB shall record the fact of refusal to submit written confirmation in the account opening records.

Under no circumstances shall a prospective customer be denied or delayed in opening an account solely on the ground of refusal to make a nomination, provided all other requirements for account opening are satisfactorily met.

In case of simultaneous nomination, if any nominee dies prior to receiving the deposit from the Bank, the nomination in respect of such nominee alone shall become ineffective. Accordingly, the Bank shall settle the claims of the amount of deposit made in favour of such nominee in accordance with provisions applicable for accounts without nominee clause as contained in paragraphs 328 to 335 of these Directions.

The Bank cannot claim a valid discharge under the provisions of the Act if payments are made to individuals based on nomination made under any other law for specified purposes.

The Bank shall have in place appropriate systems and procedures to register in its books the registration, cancellation and variation of the nomination, as per the request of the customers.

The Bank shall devise proper systems for acknowledging the receipt of the duly completed forms of registration, cancellation and/ or variation of the nomination.

The Bank shall verify and ensure that the nomination(s) made by its customers are in accordance with relevant provisions of the Act and the Rules before providing acknowledgement to them.

Such acknowledgement shall be given to the customers within three working days of receiving the forms of registration, cancellation and / or variation of nomination, irrespective of whether the same is asked for by the customers.

Where a nomination request is found not to be in conformity with the provisions of the Act or the Rules and is consequently rejected, an RRB shall inform the customer in writing, clearly indicating the reasons for such rejection, within three working days of the receipt of the request form.



9. INSURANCE COVER FOR DEPOSITS

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

Definitions

'DICGC' means the Deposit Insurance and Credit Guarantee Corporation established under Section 3 of the Deposit Insurance Corporation Act, 1961.

In the case of a bank under liquidation, during the pendency of the liquidation proceedings, if any claim is received from depositors whose deposits were covered by DICGC insurance at the time of transfer to the Fund, the Fund shall pay to the liquidator, an amount equal to the amount that could have been claimed from DICGC with respect to such deposits, and with respect to all other amounts paid by the liquidator towards the amounts transferred to the Fund, whether insured by DICGC or not, the Fund shall reimburse the liquidator.

Explanation: In the case of a bank under liquidation, the depositor has to approach the Liquidator of the bank for claim and the Liquidator shall settle the claim as per the following procedure:

- (1) **Scenario 1:** Claim on Deposits Covered by DICGC - If the deposits of a customer / depositor were covered by DICGC insurance at the time of transfer to the DEA Fund, then the Liquidator can claim an amount equivalent to what could have been claimed from DICGC, and then make payment to the depositor.

If the above deposit amount is more than the insurance cover of DICGC, then the Liquidator shall claim the amount in excess of DICGC insurance cover only on reimbursement basis i.e., the Liquidator shall pay such amount to the depositor subject to meeting all the applicable requirements and thereafter submit a claim to DEA Fund for reimbursement.

- ❖ Illustration 1 (DICGC Insurance Cover is up to ₹5 lakh): A customer / depositor had a deposit claim of ₹4 lakh in a bank (including accrued interest), which is now under liquidation. The deposit was insured by DICGC at the time when the said unclaimed deposit was transferred to the Fund. Now, if the customer / depositor claims the same during the liquidation process, the following steps shall be followed:

- a. The customer / depositor / legal heir submits a claim for their deposit to the liquidator.
- b. Liquidator raises an equivalent claim of ₹4 lakh from the Fund along with necessary supporting documents
- c. The Fund will pay an amount equal to the insured deposit to the Liquidator. (In this case, i.e., ₹4 lakh since DICGC insurance cover is available up to ₹5 lakh)
- d. The Liquidator, after receiving the amount from the Fund, will pay to the customer / depositor i.e., ₹4 lakh.

❖ Illustration 2 (DICGC Insurance Cover is up to ₹5 lakh): A customer / depositor had a deposit claim of ₹6 lakh in a bank (including accrued interest), which is now under liquidation. The deposit was insured by DICGC at the time when the unclaimed deposit of the customer / depositor was transferred to the Fund. Now, if the customer / depositor claims the same during the liquidation process, the following steps shall be followed:

- a. The customer / depositor / legal heir submits a claim for their deposit to the liquidator.
- b. Liquidator raises an equivalent claim of ₹6 lakh from the Fund along with necessary supporting documents.
- c. The Fund shall pay an amount equal to the insured deposit to the Liquidator. (In this case, i.e., ₹5 lakh, since DICGC insurance cover is available up to ₹5 lakh)
- d. For the remaining amount (i.e., ₹1 lakh) the Liquidator shall make the payment to depositor subject to meeting all the applicable requirements and then claim for the same from the Fund by way of reimbursement.

(2) **Scenario 2:** Claim on Deposits not Covered by DICGC - In respect of deposits not covered by DICGC at the time of transfer to Fund, the payment to the Liquidator by the Fund shall be made only on reimbursement basis (i.e., the Liquidator can only seek as a reimbursement after settling the amount to the customer / depositor) as mentioned in Illustration 2 above.

10. SPECIAL TYPES OF ACCOUNTS

10.1 Minor Accounts: As per the Indian Majority Act, a minor is a person who has not completed 18 years of age.

Opening of Bank Accounts in the Names of Minors

Minors of any age may be allowed to open and operate savings and term deposit accounts through his/ her natural or legal guardian. They may also be allowed to open such accounts with mother as guardian in terms of instructions issued on December 29, 1976, whose contents are reproduced below:

It has been brought to our notice that considerable difficulty is being experienced by women customers in opening bank accounts in the names of minors, with mothers as their guardians. Presumably, RRBs are reluctant to accept the mother as a guardian of a minor, while father is alive in view of section 6 of the Hindu Minority and Guardianship Act, 1956, which stipulates that the father alone should be deemed to be the guardian in such case. To overcome this legal difficulty and to enable RRBs to open freely such accounts in the name of minors under the guardianship of their mothers, it has been suggested in some quarters that the above provisions should be suitably amended.

While it is true that an amendment of the above Act may overcome the difficulty in the case of Hindus, it will not solve the problem for other communities as minors belonging to Muslim, Christian, Parsi Communities would still be left out unless the laws governing these communities are also likewise amended.

The legal and practical aspects of the above problem were, therefore, examined by us in consultation with the Government of India and we are advised that if the idea underlining the demand for allowing mothers to be treated as guardians relates only to the opening of fixed and savings bank accounts, there would seem to be no difficulty in meeting the requirements as, notwithstanding the legal provisions, such accounts could be opened by banks provided they take adequate safeguards in allowing operations in the accounts by ensuring that

the minors' accounts opened with mothers as guardians are not allowed to be overdrawn and that they always remain in credit. In this way, the minors' capacity to enter into contract would not be a subject matter of dispute. If this precaution is taken, an RRBs' interests would be adequately protected. We shall therefore, be glad if you will kindly apprise all your branches of the position as stated above and instruct them to allow minors' accounts (fixed and savings only) with mothers as guardians to be opened, whenever such requests are received by them, subject to the safeguards mentioned above.

❖ General Principles on Contractual Capacity-

Under the Indian Contract Act, a minor is not competent to enter into a contract, and any contract with a minor is void ab initio.

Since the opening of a bank account constitutes a contractual relationship between the bank and the customer, minor accounts must be operated through a guardian.

❖ Who May Act as Guardian-

Updated Position After Gol Consultation

Based on legal and practical examination and in consultation with the Government of India, it has been clarified that:

Mothers may act as guardians for opening minor accounts, irrespective of community/religion (Hindu, Muslim, Christian, Parsi, etc.).

No legal amendment is required for the limited purpose of opening Savings and Fixed Deposit accounts, provided banks follow specific safeguards.

Branches should accept requests for opening minor accounts with the mother as guardian without insisting on community-specific guardianship norms.

Allow minor accounts (SB & FD only) with mothers as guardians, apply all mandatory safeguards strictly & Ensure uniform implementation across all Branches.

❖ **Rationale for Revised Rule**

Although amending the guardianship provisions may help in some communities (e.g., Hindus), such amendments would not automatically cover Muslims, Christians, and Parsis under their personal laws.

Therefore, the pragmatic solution agreed with the Government of India is: Banks may allow mothers to open and operate minor accounts, Provided the account is always maintained in credit, And no overdrawing is permitted, so that the question of a minor entering into a contract does not arise.

❖ **Mandatory Safeguards for Minor Accounts Opened with Mother as Guardian**

All branches must ensure the following:

- **No Overdrafts Allowed**
- **The minor's account must never be overdrawn under any circumstances.**
- **Account Must Always Remain in Credit**
- **At all times, the account should show a positive balance.**
- **Applies Only to Savings Bank (SB) and Fixed Deposit (FD) Accounts**
- **Current accounts, loan accounts, or any facility involving debit balances must not be opened in the name of minors.**

❖ **KYC of Guardian Mandatory**

Branches should accept requests for opening minor accounts with the mother as guardian without insisting on community-specific guardianship norms. The mother acting as guardian must comply with full KYC norms.

❖ **Minor's Date of Birth Verification**

Valid proof of date of birth must be obtained and recorded.

❖ **The account must be tagged as:**

"Minor Account – Operated by Mother as Guardian (Credit Only)"

❖ **No Cheque Book Unless Bank Permits Under Specific Policy**

If cheque books are allowed, ensure they are issued only in the guardian's name, with proper caution. Cheques issued by the guardian prior to the date on which the minor attains majority, but presented after the above date, are to be treated as invalid.

10.2 Accounts in the name of minor who is above the age of 10 years:

SB account can be opened in the name of a minor who is above the age of 10 years. A declaration-cum-no objection letter is to be given by the natural guardian of the minor to the effect that the minor has acquired sufficient knowledge about opening/operating the Bank account. Such accounts are to be opened for a reasonable amount and the Minor has to come in person for withdrawal.

The following threshold limits are fixed for Minor SB accounts:

- ❖ Aggregate of all transfers and withdrawals shall not exceed ₹ 10,000 in a month.
- ❖ Maximum balance in these accounts shall not exceed ₹ 10,00,000 at any point of time.

No cheque book will be issued in such accounts and no over drawings will be allowed. On attaining majority, fresh set of application form with the specimen signature card and photograph of the erstwhile minor, duly countersigned by the guardian, would be obtained as in the case of new accounts.

10.3 Treatment of Accounts opened for Credit of Scholarship Amounts under Government Schemes related to Minor accounts-

The Bank shall also ensure that accounts of all student beneficiaries under the various Central / State Government Scholarship Schemes are free from restrictions of 'minimum balance' and 'total credit limit'.

10.4 Accounts of Illiterate Persons:

The bank may at its discretion open deposit accounts other than Current accounts of an illiterate person. The account of an illiterate person may be opened provided he/she visits the Bank personally along with a witness who is known to both the depositor and the Bank. Before accepting the deposits in the names of the illiterate persons, the rules regarding the deposit are to be clearly explained to them. The Photograph of the account holder has to be affixed to the account opening form/pass book. Joint accounts of two illiterate persons can be opened. No cheque book shall be issued for accounts of illiterate persons. Withdrawals/repayment of deposit amount and/or interest amount should be allowed only in person after proper identification. The passing official should certify in the withdrawal form that the left hand thumb impression has been affixed in his presence and the amount withdrawn is orally confirmed by the (illiterate) depositor.

10.5 Accounts of Blind Persons:

The Bank shall open deposit account in the name of blind person after observing all the formalities of the Bank for opening and operation of such accounts.

Branches are advised to offer all the banking facilities such as cheque book facility including cheques to third party/ies, to the visually challenged persons without any discrimination. Branches are also advised to render all possible assistance to the visually challenged persons for availing the various banking facilities.

In case a visually impaired customer makes cash withdrawals at the Bank then the payment must be made in the presence of another bank employee/ officer. No outside witnesses are required unless the visually impaired customer requests that such witnesses be present.

The Bank shall adhere to instructions given below and extend all banking facilities to persons with blindness, low-vision and other disabilities.

- 1. The Bank shall ensure that all banking facilities such as cheque book facility including third party cheques, ATM facility, Net banking facility, locker facility, retail loans, credit cards etc., are invariably offered to visually challenged persons without any discrimination. They shall be assisted in withdrawal of cash.**
- 2. The Bank shall also advise its branches to render all possible assistance to the visually challenged for availing the various banking facilities.**
- 3. The Bank shall ensure that all its ATMs are Talking ATMs equipped with Braille keypads.**

Magnifying glasses shall also be provided in all bank branches for the use of persons with low vision, wherever they require for carrying out banking transactions with ease. The branches should display a notice at a prominent place about the availability of magnifying glasses and other facilities available for persons with disabilities.

A Bank shall ensure that its branches give proper guidance to their customers so that the guardians / managers of the disabled persons do not face any difficulties in this regard

Additional Facilities to visually impaired customers

The facilities provided to sick / old / incapacitated persons vide paragraphs 147 to 149 of these directions by the Bank (regarding operations of accounts through identification of thumb / toe impression / mark by two independent witnesses and authorising a person who would withdraw the amount on behalf of such customers) shall also be extended to the visually impaired customers.

Note:

- 1. Legal Guardian cannot be authorized to appoint a nominee for any bank account of a person with Autism, Cerebral Palsy, Mental Retardation & Multiple Disabilities. As per the provisions, Legal Guardian is always supposed to work in the interest of the person with such disabilities and no such interest can be served by way of nomination where the nominee gets the benefits after death of the person with disability.**
- 2. Regarding the process for settlement of claim in case of death of the account holder in the absence of nomination, usual prevalent rules and laws will apply since there is no provision in this regard in the National Trust Act, 1999.**
 - In case of death of legal guardian, a new guardian may be appointed by the Local Level Committee under the provisions of the National Trust Act, 1999. In the interim period till the new guardian is appointed, operation in the bank account may be suspended.**
 - Display of information regarding Local Level Committees set up under the National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999**

The Bank shall ensure that its branches display in a conspicuous place the following information in the local language and English / Hindi (or both):

- 1. essential details about the facilities under the enactment;**
- 2. the fact that the parties can approach the Local Level Committees, for the purpose of issuance of the certificate and that the certificate issued under the Act is acceptable; and the details of the Local Level Committees in that area.**

10.6 Accounts of Prisoners:

The Bank shall open bank account of prisoners under Small Saving Bank Deposit Account under in the absence of document for identity and residential proof.

The signature or thumb impression shall be affixed in presence of the officer in charge of the jail and the said officer shall certify the same under his signature.

The account shall remain operational on annual submission of certificate of proof of address issued by the officer-in-charge of the jail.

10.7 Hindu Joint Family (Hindu Undivided Family-HUF):

A Bank account may be opened in the name of a Hindu Joint Family (i.e., Hindu Undivided Family-HUF) provided the HUF is not engaged in trading/business activity. The operation of the account of HUF must be by Kartha only as he alone has the capacity in law to enter into contracts etc., on behalf of HUF.

10.8 Accounts of Mentally Ill/Retarded Persons:

The Mental Health Act 1987 accords that “mentally ill person” mean a person who is in need of treatment by reason of any mental disorder other than mental retardation. Sections 53 & 54 of this Act provide for the appointment of guardians and in certain cases, Managers in respect of the property. The prescribed appointing authorities are the District Courts and Collectors of Districts under the Mental Health Act 1987.

Clause (j) of Section 2 of that Act defines a “person with disability” to mean a person suffering from any of the conditions relating to autism, cerebral palsy, mental retardation or a combination of any two or more of such conditions and includes a person suffering from severe multiple disabilities. This Act empowers a Local Level Committee to appoint a guardian, to a person with disabilities, who shall have the care of the person and property of the disabled person.

Branches are advised to take note of the legal position stated above and may rely on and be guided by the orders/certificates issued by the competent authority, under the respective Acts, appointing guardians/managers for the purposes of opening/operating bank accounts.

10.9 Facility to sick/old/incapacitated non-pension account holders

The facilities offered to pension account holders should be extended to the non-pension account holders also who are sick / old / incapacitated and are not willing to open and operate joint accounts.

I. Types of sick/ old/ incapacitated account holders

The cases of sick/old/incapacitated account holders fall into following categories:

- ❖ An account holder who is too ill to sign a cheque / cannot be physically present in the Bank to withdraw money from his account but can put his/her thumb impression on the cheque/withdrawal form.
- ❖ An account holder who is not only unable to be physically present in the Bank branch but is also not even able to put his/her thumb impression on the cheque/withdrawal form due to certain physical incapacity.

II. Operational Procedure

With a view to enabling the old / sick account holders operate their accounts, Bank may follow the procedure as under:-

- ❖ Wherever thumb or toe impression of the sick/old/incapacitated account holder is obtained, it should be identified by two independent witnesses known to the bank, one of whom should be a responsible Bank branch official.
- ❖ Where the customer cannot even put his / her thumb impression and also would not be able to be physically present in the Bank branch, a mark can be obtained on the cheque / withdrawal form which should be identified by two independent witnesses, one of whom should be a responsible Bank branch official.
- ❖ The customer may also be asked to indicate to the Bank as to who would withdraw the amount from his account on the basis of cheque / withdrawal form as obtained above and that person should be identified by two independent witnesses. The person who would be actually drawing the money from the Bank branch should be asked to furnish his signature to the Bank branch.

10.10 Accounts in case of a Person who cannot sign due to loss of both hands:

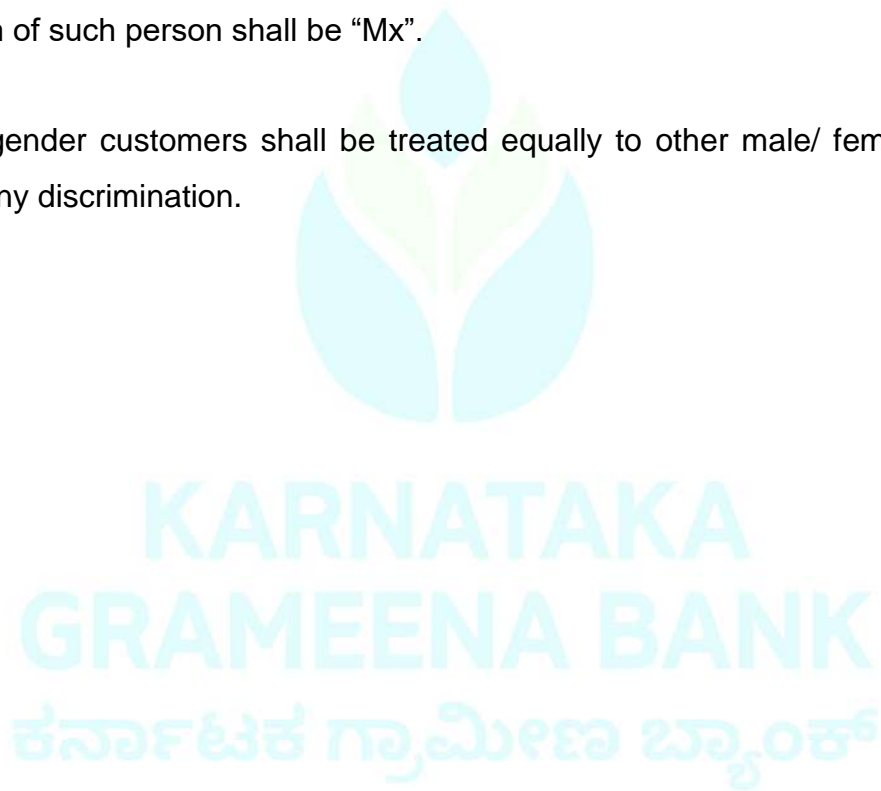
Opening of a Bank account of a person who has lost both his hands and could not sign the cheque/ withdrawal form is as under:

“In terms of the General Clauses Act, the term “Sign” with its grammatical variations and cognate expressions, shall with reference to a person who is unable to write his name, include “mark” with its grammatical variations and cognate expressions. The Supreme Court has held in AIR 1950 – Supreme Court, 265 that there must be physical contact between the person who is to sign and the signature can be by

means of a mark. This mark can be placed by the person in any manner. It could be the toe impression, as suggested. It can be by means of mark which anybody can put on behalf of the person who has to sign, the mark being put by an instrument which has had a physical contact with the person who has to sign which should be identified by two independent witnesses, one of whom should be a responsible Bank branch official”.

10.11 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. The salutation of such person shall be “Mx”.

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



11. REPAYMENT UNDER JOINT DEPOSITS

The joint account holder can give any of the following mandates for disposal of balance in the account.

- 1) Either or survivor.
- 2) No. 1 or survivor.
- 3) Jointly.

11.1 Either or Survivor: When all depositors are alive, Bank will be making payment to any one or more of the depositors presenting the deposit receipt. The Bank will be making payment of the maturity proceeds to the surviving depositor who presents the deposit receipt and furnishes the proper discharge without reference to the other depositor as well as to the legal heirs of the deceased depositor. Example: - 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.

11.2 No. 1 or survivor: If the specified depositor is alive, payment will be made on request of the specified depositor. If the specified depositor is not alive on the date of maturity, the bank will be making payment to the survivor without reference to the legal heirs of the specified depositor. If specified depositor dies on or after maturity, the claim will be settled in favour of the survivor subject to production of a notarized indemnity for indemnifying the Bank in case of the claim from legal heirs of the specified depositor.

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. In case of premature repayment of term deposits by one of the joint depositors on the death of the other with operation/repayment clause "Either or survivor" and Former or Survivor/s / No.1 or survivor/s", the surviving joint depositor may be permitted premature withdrawal of the term deposit, only if there is joint mandate from the joint depositors to this effect.

This mandate is provided as a "Declaration" in the term deposit account opening form of the Bank.

11.3 Payable Jointly: When all depositors are alive, the deposit receipt should be discharged by all depositors for receiving payment. If one or more of the depositor dies on or after maturity, the amount will be paid jointly to the surviving depositors along with the legal heirs of the deceased depositor.



12. SETTLEMENT OF DUES IN THE DECEASED DEPOSITOR'S ACCOUNT

- 12.1** If the depositor has registered nomination with the Bank, the balance outstanding in the account of the deceased depositor will be settled in favour of the nominee after the Bank is satisfied about the identity of the nominee.
- 12.2** In the absence of nomination and where there are no disputes among the claimants, the Bank will settle the claim in respect of the deceased person to his/her legal heirs after observing all the formalities. The settlement of claims will be as per the delegated powers conferred from time to time.
- 12.3** The Bank may not insist on succession certificate from the Legal heirs irrespective of the amount involved. However, the Bank may adopt such safeguards in considering settlement of claims as appropriate including Obtaining of indemnity.
- 12.4** If the survivorship clause as available in the Account opening form is opted while opening a joint account, then in the event of death of any of the joint depositor(s) prior to the maturity of the deposit, the Bank will at the written request of the surviving depositor(s) be at liberty though not bound and its absolute discretion to pay interest till the date of settlement, to repay the deposit before maturity or to grant any advance against the security thereof to any one or more of the surviving depositor/s with the consent of other surviving depositor/s, on such terms as the Bank may decide and to add/delete/substitute any names therein. The discharge given by such surviving depositor(s) / any of the surviving depositor(s) shall give the Bank a valid discharge.
- 12.5** Settlement of claims in respect of Missing Persons:
The settlement of claims in respect of missing persons would be governed by the provisions of Section 107/108 of the Indian Evidence Act, 1872. Section 107 deals with presumption of continuance and Section 108 deals with presumption of death. As per the provisions of Section 108 of the Indian Evidence Act, presumption of death can be raised only after a lapse of seven years from the date of his/her being reported missing. As such, the nominee / legal heirs have to raise an express presumption of death of the subscriber under Section 107/108 of the Indian Evidence Act before a competent court. If the court presumes that he/she is dead, then the claim in respect of a missing person can be settled on the basis of the same.

13. BANKS' CODE OF CONDUCT WITH RESPECT TO DEPOSITORS

The "Banks' Code of Conduct" in respect of Depositors culminates from the Bankers' Fair Practice Code of the Indian Banks' Association. This Code is aimed at achieving higher operating standards for the benefit of the Depositors. In this Code "you" denotes the Depositor and "we" the Bank.

Our Commitment to You:

We promise to:

- 13.1** Act fairly and reasonably in all our dealings with you by
- ❖ Meeting the commitments and standards in this Code.
 - ❖ Making sure our products and services meet relevant laws and regulations.
 - ❖ Adhering to ethical principles of integrity and transparency.
- 13.2** Deal with speed and concern in respect of errors/mistakes by
- ❖ Correcting mistakes quickly.
 - ❖ Handling your complaints quickly.
 - ❖ Reversing any Bank charges that we apply by mistake/oversight.
- 13.3** Publicize this Code by hosting it on our website and have copies available for you on request.
- 13.4** Before you become a depositor, we will:
- ❖ Give you clear information explaining the key features of the services and products you tell us you are interested in.
 - ❖ Give you information on any type of account facility which we offer and may suit your needs.
 - ❖ Tell you what information we need from you to prove your identity and address and to comply with legal and regulatory requirements, and
 - ❖ Request for additional information about you and your family to build a database but such information can be furnished by you only if you wish and we will not compel you to give these information for opening your account.
- 13.5** We will tell you if we offer products and services in more than one way [for example, through ATMs/internet, over the phone, in branches and so on] and tell you how to find out more about them.
- 13.6** Once you have chosen an account or service, we will tell you how it works.
- 13.7** When you open a single account or a joint account, we will give you information on your rights and responsibilities.

- 13.8** We recommend that you avail nomination facility offered on all deposit accounts, articles in safe custody and safe deposit vaults.
- 13.9** We will guide you how we will deal with deposits and other assets held with us in the name of a deceased person in the absence of nomination.
- 13.10** You can find out about our interest rates by:
- ❖ Looking at the notices in our branches.
 - ❖ Calling our branches/ Call centers.
 - ❖ Looking on our website; or
- 13.11** When you become a Depositor, we will give you information on the interest rates which apply to your accounts and when we will pay interest on your deposits. We will also tell you our website address and the other ways in which you can find out about changes in the interest rates.
- 13.12** At the time of opening of the account, we will inform you of the rate at which interest is paid on your savings deposits.
- 13.13** Upon your becoming a depositor, we will give you upfront details of any charges applicable to the products chosen by you.
- 13.14** To help you manage your account and check entries on it, we will give you account statements at regular intervals except in cases where Pass Books have been provided.
- 13.15** We will normally provide you with a statement periodically as per our policy. You can ask us to provide you with account statements more often than is normally available on your type of account, but there may be a charge for this service.
- 13.16** You will also be able to see your last few transactions on ATM or through your internet account wherever such facilities are available with us and opted by you.
- 13.17** We will tell you about the clearing cycle, including when you can withdraw money after lodging collection instruments and when you will start to earn interest.
- 13.18** We will pay interest on funds involved if collection is delayed beyond the normal period as stipulated by RBI.
- 13.19** We will act upon mandates given by you for direct debits [say ECS] and other standing instructions.
- 13.20** If, within a reasonable period after the entry has been made on your statement there is a dispute about a cheque paid from your account, we will give you the cheque copy as evidence.

- 13.21** We will provide you details of the service, exchange rates and charges that apply to foreign exchange transactions, which you are about to make. If this is not possible, we will tell you how these will be worked out.
- 13.22** If you want to transfer money abroad, we will tell you how to do this and will give you:
- ❖ A description of the services and how to use them.
 - ❖ Details of when the money you have sent abroad should get there and the reasons for possible delays.
 - ❖ The exchange rate applied when converting to the foreign currency; and
 - ❖ Details of any commission or charges which you will have to pay.
- 13.23** In case of money transfer from abroad, the original amount received and charges deducted, if any, will be informed.
- 13.24** We will guide you about regulatory requirements or conditions relating to foreign exchange services offered by you as and when required by you.
- 13.25** In the event your cheque book, pass book or ATM/debit card has been lost or stolen, or that someone else knows your PIN or other security information, we will, on your notifying us, take immediate steps to try to prevent these from being misused.
- 13.26** We will treat all your personal information as private and confidential [even when you are no longer a customer]. We will not reveal transaction details of your accounts to a third party, including entities in our group, other than in the following four exceptional cases when we are allowed to do:
- ❖ If we have to give the information by law.
 - ❖ If there is duty to the public to reveal the information.
 - ❖ If our interests require us to give the information [for example, to prevent fraud] but we will not use this as a reason for giving information about you or your accounts [including your name and address] to anyone else, including other companies in our group, for marketing purpose.
 - ❖ If you ask us to reveal the information, or if we have your permission to provide such information to our group/associate/entities or companies when we have tie-up arrangements for providing other financial service products.

14. DEPOSITORS' RIGHTS

Deposits being the basic financial raw material, depositors form the core for banking business. There is now an awakening on depositors' rights, rightly so, in the Banks, as it is fulfilment of such rights which can enable an effective resource management mechanism in Banks. Further, the depositor, being a consumer of various products and services offered by the Bank, is entitled to the following rights:

14.1 Right to Information:

A depositor will have right to information about price, quality, quantity and standard of the products/services offered by the Bank to enable him/her to take an independent decision.

14.2 Right to choose:

A depositor will have the absolute freedom to choose among the various products and services offered by the Bank to suit his/her requirements.

14.3 Right to avail/utilize the products and services:

A depositor will have the right to avail/utilize the products/services chosen by him/her without any intervention/obstacle.

14.4 Right to be heard and redressal of grievances:

A depositor will have the right to be heard and seek redressal against deficient service/poor quality of products and services, unfair Trade practices and unscrupulous exploitation. This includes his/her right to fair redressal of any genuine grievance relating to products/services which he/she has chosen to utilize.

15. PROHIBITIONS, EXEMPTIONS, TERMS & CONDITION

15.1 Prohibitions: Bank shall not

- I. Pay any remuneration or fees or commission or brokerage or incentives on deposits in any form or manner to any individual, firm, company, association, institution or any other person except:
 - ❖ Commission paid to agents employed to collect door-to-door deposits under a special scheme.
 - ❖ Commission paid to Direct Selling agents/Direct Marketing Agents as part of the outsourcing arrangements.
 - ❖ Remuneration paid to Business facilitators or Business Correspondents.
- II. Offer prize/lottery/free trips (in India and/or abroad), etc or any other initiative having element of chance for mobilizing deposits. However, inexpensive gifts costing not more than Rupees 250/- which is the amount prescribed by the Indian Banks' Association (IBA) as part of the Ground Rules and Code of Ethics framed by them may, at the bank's discretion, be given to depositors at the time of accepting deposits.
- III. 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.
- IV. 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 by the bank for the particular period. Simple rate of interest per annum for the period of deposit should be indicated invariably.
- V. Accept interest-free deposit other than in current account or pay compensation indirectly.
- VI. Accept Deposits from/at the instance of private finances or un incorporated bodies under any arrangements which provides for either issue of deposit receipt/s favouring client/s of private financiers or giving an authority by power of attorney

nomination or other-wise , for such clients receiving such deposits on maturity.
Grant advances term deposits maintained with other banks.

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

Explanation:

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

- VIII. Create any fund to be utilized for charitable purposes in consultation with the depositors.

15.2 Exemptions:

The provisions in the above paragraphs shall not be applicable to:

- ❖ A deposit received by the bank: (i) from the institutions permitted to participate in the Call/Notice/Term Money Market both as lenders and borrowers.
 - a) for which it has issued a participation certificate;
 - b) under the Capital Gains Accounts Scheme, 1988, framed by the Government of India in pursuance of sub-section (2) of Section 54, sub-section (2) of Section 54B, sub-section (2) of Section 54D, sub-section (4) of Section 54F and sub- section (2) of Section 54G of the Income-Tax Act, 1961; and
 - c) Under the Certificate of Deposit Scheme.
- ❖ Payment of interest on delayed collection of outstation instruments like cheques, drafts, bills, telegraphic/mail transfers, etc.

15.3 Terms and Conditions:

- I. Normally, changes will be made with prospective effect giving notice of one month.
- II. If the Bank has made any change without notice it will notify the change within 30 days. If such change is to customer's disadvantage, the customer may within 60 days and without notice, close his / her account or switch it without having to pay any extra charges or interest.
- III. If the Bank has made a major change or a lot of minor changes in any one year, the bank will, on request, give the customer a copy of the new terms and conditions or a summary of the changes.



16. ORGANISATIONAL SETUP - ROLES & RESPONSIBILITIES

The organizational setup for implementation of „Policy Guidelines on Deposits- and Roles & Responsibilities shall consist the followings:

16.1 Board of Directors:

- ❖ Shall drive the effective management of Policy Guidelines on Deposits
- ❖ Provide senior management with clear guidance and direction.
- ❖ Review the status implementation of Deposit Policy, initiative taken/proposed to ensure compliance to the regulatory guidelines lay down appropriate approval authorities depending on risk and materiality.

16.2 Risk Management Committee of Board (R M C B):

- ❖ Approve the framework given in this policy to evaluate the risk and materiality of all existing and prospective arrangements.
- ❖ Implementing Policy Guidelines on Deposits- delegated to it by the Board.
- ❖ Undertaking regular review of strategies and arrangements for their continued relevance, and safety and soundness and making appropriate recommendations to the Board.

16.3 Operational Risk Management Committee (ORMC) shall be responsible inter-alia for:

- ❖ Permitting the Policy and recommending the same to the Risk Management Committee of Board (RMCB)/Board of Director for adoption.
- ❖ Acting as a technical Committee to the Board of Directors.
- ❖ Reviewing the strategies & arrangements for their relevance and safety & soundness and making appropriate recommendations to RMCB/Board.
- ❖ Ensure the remedial steps taken if breaches are identified.

16.4 Chief Managers/General Managers of various Wings shall be responsible for:

- ❖ Preparing list of activities pertaining to their wing and formulation of the procedures to be adopted by ROs & branches based on the materiality of the activity and policy framework.
- ❖ Reviewing periodically the effectiveness of strategies and arrangements.
- ❖ Ensuring an independent review and audit in accordance with approved policies and procedures.

16.5 Development Section, Strategic Planning & Development Wing:

- ❖ To adhere to RBI directives and IBA guidelines in the matter of deposits.
- ❖ Implementation of Deposit Policy.
- ❖ Compilation of Policy Guidelines on Deposits.
- ❖ Administering of various deposit scheme, giving interpretation and clarification to Branches/Offices on deposit schemes.
- ❖ Placing Notes to ALCO for fixing/revisiting interest rates on Savings Bank/TD/ Bulk Term Deposits of Rs.1 Crore and above and monitoring the same.
- ❖ Monitoring of the entire Current Account & Savings bank portfolio. Product and portfolio Review & Design.
- ❖ Modification in Saving Bank & Current Account products and launching of new Retail Liability Scheme and Value Added services (through ATM, Net banking and Mobile Banking platforms).
- ❖ To augment Retail Liabilities portfolio of the Bank comprising of CASA, Recurring Deposit (RD) and Retail Term Deposit (RTD).
- ❖ To study retail liability scheme, value added services of other banks and independent feedback form different segments and customer on scheme and services of our Bank for remedial action.

16.6 System & Procedures Section:

Issuing Circular/Circular letters on RBI/FEDAI/DGFT directives and for internal system changes.

16.7 Financial Management Wing :

Guiding Branches/Offices through circulars/memos/letters in Income Tax matters, including TDS and filing of statutory returns etc.,

16.8 DIT/DBS/PMO:

- ❖ Enabling system level enhancements for ensuring system aided compliance.
- ❖ Ensuring system level enhancement at regular interval as and when regulatory guidelines were issued.

16.9 Inspection Wing:

Inspection Wing shall look into the aspects of implementation of the policy and during the auditing, deviations in the policy if any, observed by the Inspecting Officials shall be reported in the Audit Report.

ANNEXURE-A

Customer Identification Procedure - Features to be verified and Documents that may be obtained from Customers:

Features	Documents
Accounts of individuals	
Proof of Identity and Address	<p>For undertaking Customer Due Diligence (CDD), Bank shall obtain the following from an individual while establishing an account-based relationship or while dealing with the individual who is a beneficial owner, authorized signatory or the power of attorney holder related to any legal entity:</p> <p>(A) The Aadhaar number where,</p> <p style="margin-left: 40px;">(i) he is desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016 (18 of 2016); or</p> <p style="margin-left: 40px;">(ii) he decides to submit his Aadhaar number voluntarily to a bank; or</p> <p>(B) The proof of possession of Aadhaar number where offline verification can be carried out; or</p> <p>(C) The proof of possession of Aadhaar number where offline verification cannot be carried out or any OVD or the equivalent e-document thereof containing the details of his identity and address; and</p> <p>(D) The Permanent Account Number or the equivalent e-document thereof or Form No. 60 as defined in Income-tax Rules, 1962; and</p> <p>(E) Such other documents including in respect of the nature of business and financial status of the customer, or the equivalent e-documents thereof as may be required by the bank.</p> <p>Provided that where the customer has submitted,</p> <p>i. Aadhaar number under clause (A) above to a bank, such bank shall carry out authentication of the customer's Aadhaar number using e-KYC.</p> <p style="margin-left: 40px;">Authentication facility provided by the Unique Identification Authority of India.</p> <p style="margin-left: 40px;">Further, in such a case, if customer wants to provide a current address, different from the address as per the identity information available in the Central Identities Data Repository, he may give a self- declaration to that effect to the Bank.</p> <p>ii. Proof of possession of Aadhaar under clause (B) above where offline verification can be carried out, the bank shall carry out offline verification.</p> <p>iii. An equivalent e-document of any OVD, the bank shall verify the digital signature as per the provisions of the Information</p>

Features	Documents
	<p>Technology Act, 2000 (21 of 2000) and any rules issues thereunder and take a live photo as per digital KYC process.</p> <p>iv. Any OVD or proof of possession of Aadhaar number under clause (C) above where offline verification cannot be carried out, the bank shall carry out verification through digital KYC.</p> <p>Provided that for a period not beyond such date as may be notified by the Government for a class of Regulated entities, instead of carrying out digital KYC, the Regulated entity pertaining to such class may obtain a certified copy of the proof of possession of Aadhaar number or the OVD and a recent photograph where an equivalent e-document is not submitted.</p> <p>Provided further that in case e-KYC authentication cannot be performed for an individual desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016 owing to injury, illness or infirmity on account of old age or otherwise, and similar causes, Bank shall, apart from obtaining the Aadhaar number, perform identification preferably by carrying out offline verification or alternatively by obtaining the certified copy of any other OVD or the equivalent e-document thereof from the customer. Customer Due Diligence done in this manner shall invariably be carried out by an official of the Bank and such exception handling shall also be a part of the concurrent audit as mandated in Section</p> <p>8. Bank shall ensure to duly record the cases of exception handling in a centralized exception database. The database shall contain the details of grounds of granting exception, Customer details, name of the designated official authorizing the exception and additional details, if any. The database shall be subjected to periodic internal audit/inspection by the Bank and shall be available for supervisory review.</p> <p><u>Explanation 1:</u> Bank shall, where its customer submits a proof of possession of Aadhaar Number containing Aadhaar Number, ensure that such customer redacts or blacks out his Aadhaar number through appropriate means where the authentication of Aadhaar number is not required as per proviso (i) above.</p> <p><u>Explanation 2:</u> Biometric based e-KYC authentication can be done by bank official/business correspondents/business facilitators.</p> <p><u>Explanation 3:</u> The use of Aadhaar, proof of possession of Aadhaar etc., shall be in accordance with the Aadhaar (Targeted Delivery of Financial and Other Subsidies Benefits and Services) Act, 2016 and the</p>

Features	Documents
	<p>regulations made thereunder.</p> <p>Officially Valid Documents (OVD) are as under:</p> <ol style="list-style-type: none"> I. Passport II. Driving License III. Proof of possession of Aadhaar number IV. Voter Identity Card issued by Election Commission of India V. Job Card issued by NREGA duly signed by an officer of the State Government VI. Letter issued by the National Population Register containing details of name and address
Accounts of companies	
	<p>Where the client is a company, certified copies of following documents or the equivalent e-documents are to be submitted:</p> <ol style="list-style-type: none"> (i) Certificate of incorporation (ii) Memorandum and Articles of Association (iii) Permanent Account Number of the company (iv) A resolution from the Board of Directors and Power of Attorney granted to its managers, officers or employees to transact on its behalf. (v) Corporate Identification Number (CIN) (vi) One copy of an Officially Valid Document containing details of identity and address, one recent photograph and Permanent Account Numbers or Form No.60 of related beneficial owner, the managers, officers or employees, as the case may be, holding an Attorney to transact on the company's behalf.
Accounts of partnership firms	
	<p>Where the client is a partnership firm, certified copies of following documents or the equivalent e-documents are to be submitted:</p> <ol style="list-style-type: none"> (i) Registration Certificate (ii) Partnership Deed (iii) Permanent Account Number of the partnership firm <p>One copy of an Officially Valid Document containing details of identity and address, one recent photograph and Permanent Account Numbers or Form No.60 of related beneficial owner, managers, officers or employees, as the case may be, holding and an attorney to transact on its behalf.</p>
Accounts of trusts	
	<p>Where the client is a Trust, certified copies of following documents or the equivalent e-documents are to be submitted:</p> <ol style="list-style-type: none"> (i) Registration Certificate (ii) Trust Deed (iii) Permanent Account Number or Form No.60 of the trust <p>One copy of an Officially Valid Document containing details of identity and address, one recent photograph and Permanent Account</p>

Features	Documents
	Numbers or Form No.60 of the related beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf.
Accounts of Unincorporated Association or body of individuals	
	<p>Where the client is an unincorporated association or a body of individuals, certified copies of following documents or the equivalent e-documents are to be submitted:</p> <ul style="list-style-type: none"> (i) Resolution of the managing body of such association or body of individuals (ii) Permanent Account Number or Form No.60of the unincorporated association or a body of individuals (iii) Power of Attorney granted to the person who will transact on its behalf. (iv) One copy of an Officially Valid Document containing details of identity and address, one recent photograph and Permanent Account Numbers or Form No.60 of the related beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf. Such information as may be required to establish the legal existence of such association or body of Individual (v) Permanent Account Number or Form No.60of the unincorporated association or a body of individuals (vi) Power of Attorney granted to the person who will transact on its behalf. (vii) One copy of an Officially Valid Document containing details of identity and address, one recent photograph and Permanent Account Numbers or Form No.60 of the related beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf. (viii) Such information as may be required to establish the legal existence of such association or body of individuals. <p><u>Note:</u></p> <ul style="list-style-type: none"> (a) Unregistered trusts/partnership firms shall be included under the term "Unincorporated Association". (b) Term "body of individuals" includes societies.
Accounts of Proprietorship Concerns	
Proof of name, address and activity of the concern	<p>For Proprietary concerns, Customer Due Diligence of the individual (proprietor) are to be carried out and any two of the following documents or the equivalent e- documents in the name of the proprietary concern should be submitted as a proof of business/activity:</p> <ul style="list-style-type: none"> a) Registration Certificate (in the case of a registered concern). b) Certificate/license issued by the Municipal authorities under Shop & Establishment Act. c) Sales and income tax returns. d) CST/VAT/GST certificate (Provisional/Final), e) Certificate / registration document issued by Sales Tax / Service Tax / Professional Tax authorities.

Features	Documents
	<p>f) The complete Income Tax return (not just the acknowledgement) in the name of the sole Proprietor where the firm's income is reflected, duly authenticated/acknowledged by the Income Tax Authorities.</p> <p>g) Utility bills such as electricity, water and landline telephone bills. IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT / License/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute.</p> <p>Though the default rule is that any two documents mentioned above should be provided as activity proof by a Proprietary concern, in cases where the branches are satisfied that it is not possible to furnish two such documents, they would have the discretion to accept only one of those documents as activity proof. In such cases, the branches, however, would have to undertake contact point verification, collect such information as would be required to establish the existence of such firm, confirm, clarify and satisfy themselves that the business activity has been verified from the address of the proprietary concern.</p>

Accounts of Limited Liability Partnerships

Proof of name, address and activity of the concern	<p>I. Certified copy of incorporation documents filed with Registrar of Companies.</p> <p>II. Certificate issued by the Registrar of Companies.</p> <p>III. Copy of LLP Agreement signed by all the partners. In case, there is no LLP agreement, Schedule I of the LLP Act signed by all the partners will prevail.</p> <p>(a) Any Officially Valid Document which contains proof of identity/address in respects of person holding an attorney to transacts on its behalf and</p> <p>(b) PAN or Form 60 as defined in the Income Tax Rules, 1962 issued to the person holding a power of attorney to transact on its behalf.</p>
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Accounts of juridical persons not specifically covered above, such as Societies , Universities and Local bodies like Village Panchayats,

Proof of name, address and activity of the concern	<p>The certified copies of the following documents or the equivalent e-documents thereof are to be submitted:</p> <p>i) Document showing name of the person authorized to act on behalf of the entity;</p> <p>ii. (a) Any Officially Valid Document which contains proof of identity/address in respects of person holding an attorney to transacts on its behalf and</p> <p>(b) PAN or Form 60 as defined in the Income Tax Rules, 1962 issued to the person holding a power of attorney to transact on its behalf.</p> <p>iii) Such documents as may be required to establish the legal existence of such an entity/juridical person</p>
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Branches to obtain only the documents as mentioned above and not to accept any other document for KYC purpose.

ANNEXURE – B

Term Deposits Schemes: Salient features

Particulars	Fixed Deposits Non-Cumulative nature	Kamadhenu Deposits Cumulative nature	Recurring Deposit
Eligibility	Individual, Joint (not more than 4), a Guardian on behalf of a minor, HUF, Partnership, a Company, Association or any other Institution		
Deposit Period:			
Minimum	7 days	5 months	6 months
Maximum*	10 years	10 years	10 years
Deposit Amount:			
Minimum	₹ 1000	₹ 1000	₹ 50 per month (and in multiples thereof)
Maximum	No ceiling	No ceiling	No ceiling
Rate of Interest	Depending upon the period of the deposit as prevailing from time to time		
Periodicity of Interest Payment	Monthly (at discounted rates), Quarterly, Half-yearly or Annual intervals as per depositor's choice	On Maturity	On Maturity
Penalty for premature closure/pre-mature extension of Dep.	<ul style="list-style-type: none"> ❖ A penalty of 1.00% will be levied for premature closure/premature extension ❖ No interest will be payable on term deposits prematurely closed/prematurely extended before Completion of 7 days. 		
TDS on Interest	Tax is deductible on interest/accrued as per TDS Provisions applicable from time to time.		
Loan facility	Available up to 75% of the deposit amount (branches shall refer delegation of powers before granting the loans.		
Special Rate for Senior Citizen	Additional interest rate of 0.50% uniformly across all maturities, irrespective of the size of the deposit over & above the rate offered for General Public		
Nomination Facility	Available (favoring one individual only)		
Application and documentation	<ul style="list-style-type: none"> ❖ Bank's prescribed format ❖ Valid documents as per extant KYC policy of the Bank. ❖ Copy of PAN Card - self attested ❖ Two colour recent passport sized photographs. ❖ Photograph need not be insisted from the depositors already having their SB/Current A/c's with photographs. However, in case of literate depositor photograph shall be obtained. ❖ Any other related documents as applicable to proprietorship concern, Partnership, Firm, Company, HUF etc. 		
Issuing of Duplicate deposit receipt when lost.	<ul style="list-style-type: none"> ❖ Obtaining of Agreement of Indemnity with three witnesses in Rs.200/- stamp paper. 		

*In case of Court deposits the deposits can be made beyond 10 years at the RoI applicable to the RoI for 10 years deposit.

Annexure-C

New Nithya Nidhi Deposit Scheme (NNND)

Period of deposit	60 months
Minimum amount can be deposited	₹ 50/-
Rate of Interest on NNND	
Before 12 months	NIL
12 months to less than 18 months	1.00%
18 months to less than 36 months	2.00%
36 months to less than 59 months	3.00%
60 months i.e., on maturity	4.00%
Commission to the Agent	
If the A/c closed within 12 months,	Commission paid to the NNND Agent on the entire balance in the account should be recovered from the Agent.
If the A/c closed after 12 months,	<ul style="list-style-type: none">➤ Commission on bulk credits if any as explained below shall be collected from the Agent:➤ Amount of credits received to the account during the period of one year preceding to the date of closure either on maturity or before maturity to be considered as below:➤ Find out the quarterly average of credit to the account for the first 3 quarters.➤ Find out the credit received during the last quarter at the time of closure.➤ If the amount of quarterly average of first 3 quarters is more than the amount of credit received during the last quarter, it is termed as 'Non bulk credit' account and hence no NNND commission need be recovered.➤ If the amount of quarterly average of first 3 quarters is less than the amount of credit received during the last quarter, the account is said to have received 'Bulk Credit' and NNND Commission on the differential Amount has to be recovered from the NNND Agent.
Commission to be collected on premature closure of NNND	Service charges ₹ 5/- + GST
NNND Balance confirmations	To be obtained on half yearly basis on every year September and March end from the depositors by sending the balance confirmation letters to them through Certificate of posting.

Annexure D

Tax Saver Deposit Scheme - Salient Features

Deposit Amount	Minimum amount ₹ 1,000/- Maximum amount ₹ 1,50,000/-
Rate of Interest	As may be advised from time to time.
Preferential Rate of Interest (PRI)	0.50% PRI is applicable for Senior Citizen. (not applicable in case of Kartha of HUF)
Deposit Period	5 Years
Interest Payment Mode	Monthly (discounted) or Quarterly on Fixed Deposits Or Non- cumulative (TDR) Compounded Quarterly on Kamadhenu Deposits or cumulative (STDR)
Benefit	TDS Exemption under Section 80C of the Income Tax Act 1961.
Eligibility	<ul style="list-style-type: none"> • Individual A/c or in the Capacity of Karta of HUF(Hindu Undivided Family) • Joint A/c by two Adults or an Adult & Minor (Represented by Guardian) with operation condition either or survivor <p>Note: In case of joint account exemption under section 80C is available only to first A/c holder of the deposit.</p>
Documents to be submitted	<ul style="list-style-type: none"> • Valid documents as per KYC in case of new customer. • Copy of PAN Mandatory. • Two recent pass port sized photographs. • The following special Clause to be incorporated in the application form if it is not available. <p>“I am/We are aware that this deposit is made U/s 80C of I T Act 1961 and this deposit cannot be closed before maturity/ pledged for taking VSL / pledged as collateral security to any other loan of the Bank”</p>
TDS on Interest	Tax is deductible on interest paid/accrued as per TDS provisions applicable from time to time.
Other Terms & Conditions:	<ul style="list-style-type: none"> • Closure before maturity is not permitted under this scheme. However, in the event of death of the first depositor pre closure of A/c is permissible & interest payable will be the rate applicable for the actual period run without penal cut. • Only In Case of Death of first depositor of Joint A/c, payment to be made to the survivor. • No loans against the deposits / cannot offer as collateral security to any loans. • In case of Minor, a Guardian on behalf of minor can nominate a person. • On demand, branch shall issue an interest paid certificate, • i.e for Financial Year (FY) wise. • PAN number of the 1st depositor can be mentioned if requested by the depositor. <p>A rubber stamp shall be affixed on the deposit receipt with the following contents:</p> <ul style="list-style-type: none"> • This deposit is made U/s 80C of the IT Act, 1961. • This deposit is not payable before maturity & cannot be offered as Collateral security to any loans or No loans against deposits can be availed.

Annexure E

Recurring Deposit Scheme - Salient Features

Particulars	Recurring Deposit
Eligibility	Individual, Joint (not more than 4), a Guardian on behalf of a minor, HUF, Partnership, a Company, Association or any other Institution
Deposit Period:	
Minimum	6 months
Maximum*	10 years
Deposit Amount:	
Minimum	₹ 50/- or multiples of Rs.50/-
Maximum	No ceiling
Rate of Interest	Depending upon the period of the deposit as prevailing from time to time
Periodicity of Interest Payment	On Maturity
Penalty for premature closure/pre-mature extension of Dep.	<ul style="list-style-type: none"> ❖ A penalty of 1.00% will be levied for premature closure/ premature extension ❖ No interest will be payable on term deposits prematurely closed/ prematurely extended before completion of 7 days.
TDS on Interest	Tax is deductible on interest/accrued as per TDS provisions applicable from time to time.
Loan facility	Available up to 75% of the deposit amount (branches shall refer delegation of powers before granting the loans.
Special Rate for Senior Citizen	Additional interest rate of 0.50% uniformly across all maturities, irrespective of the size of the deposit over & above the rate offered for General Public
Nomination Facility	Available (favoring one individual only)
Due date of Instalment	<ul style="list-style-type: none"> ❖ The instalment should be paid on or before the last working day of the particular calendar month for which it is due. Delay in paying the instalments will attract penal charges. ❖ The month to which the instalment relate should be mentioned in the system. ❖ The final instalment should be deposited before the ostensible maturity date. (i.e., last instalment paid on or before the date on which the deposit was opened).
Penal Charges	<ul style="list-style-type: none"> ❖ Delayed instalment should be accepted with the prescribed penalty wherever applicable, before the ostensible maturity date only. ❖ No instalment should be accepted after the ostensible maturity date. ❖ Where a depositor remits the instalments on or after the ostensible maturity date, the maturity will be postponed and the amount is refunded to the depositor as per the procedure detailed. ❖ In case of RD accounts for five years and less, penal charges should be collected at the rate of Rs.1.50 for every Rs.100/- instalment per month. ❖ In case of RD accounts above five years, penal charges should be collected at the rate of Rs.2.00 for every Rs.100/- instalment per month. ❖ For the purpose of calculation of penal charges, a Fraction of month should be treated as a full month.

Closure before maturity

Compound interest:

- ❖ In case of RD accounts closed before maturity, after completion of 3 months, compound interest applicable to the actual period the deposit has remained with the bank as ruling on the date of opening the account or the contractual rate whichever is lower should be paid. In such cases, maturity value should be paid as applicable to the RD account concerned, for the period equivalent to completed months the deposit has remained with the Bank.
- ❖ Completed months have to be computed from the date of deposit till the date of withdrawal and fraction of a month is to be ignored.
- ❖ In the case of RD accounts where the period run is not in completed quarters, the interest for the subsequent one or two months (fraction of a month to be ignored) can be calculated by taking the balance of the previous quarter and the respective monthly instalments on monthly product basis.

Simple interest:

- ❖ For RD accounts which have not completed 15 days, no interest to be paid.
- ❖ For RD accounts which have completed 15 days, but not completed 3 months, only simple interest at applicable rate of interest is payable.
- ❖ Branches should service charges of Rs.150/- for RD accounts closed before maturity within 3 months from the date of opening.

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DISCLAIMER

Review of the Deposit Policy for the Financial Year 2026-27: Any mandated additions as per guidelines from NABARD, RBI, DFS, Sponsor Bank, or any other regulatory bodies, as well as subsequent amendments or modifications communicated post-adoption, seamlessly integrate into this Policy. The Bank is committed to comply with all additional policy requirements as they arise.

Validity of the Policy: This policy comes in to effect immediately and shall be valid until the next review of the policy by the Board of Directors & adoption of the same by the Bank.

