



Deposit Policy

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Table of Contents

1.	Introduction	4
2.	Objectives of the Policy	4
3.	Applicability	4
4.	Governance Structure	5
5.	Types of Deposit Accounts	6
5.1.	Demand Deposit	6
5.1.1	Savings deposits	6
5.1.2	Current deposits	6
5.1.2 a.	ESCROW Account	6
5.1.3	Non – Resident (External) Rupee Account Scheme – (NRE Account):	6
5.1.4	Non-Resident (Ordinary) Account Scheme – NRO Account.	7
5.2.	Time Deposit	7
5.2.1	Traditional Fixed Deposits	8
5.2.2	Cumulative Term Deposit	8
5.2.3	Tax Savings Term Deposit	8
5.2.4	Deposit Scheme for Senior Citizens	8
5.2.5	NRE/NRO Term Deposits	9
5.2.6	Time Deposit – Bulk Deposit	9
6.	Opening and Operation of Deposit Accounts	9
6.1	Facilities for all Deposit accounts	9
6.1.1	Minor Accounts	10
6.1.2	Accounts for persons with disabilities/illiterate persons/visually impaired person	11
6.1.3	Operation of Joint Accounts	12
6.1.4	Addition / Deletion of Holders	12
6.1.5	Mandate / Power of Attorney holder	13
6.1.6.	Additional Interest Rate on Domestic Deposits:	13
6.2	Facilities for Demand Deposit	13
6.2.1	Minimum Balance / Service charges	13
6.2.2	Passbook / Account Statements	14
6.2.3	Stop Payment Facility	14

6.2.4	Interest Rates and Calculation of Interest	15
6.2.5	Nomination Facility for Deposit Accounts	16
6.2.6	Insurance Cover for Deposits.....	16
6.3	Facilities for Term Deposit	17
6.3.1	Interest Payment on Term Deposits	17
6.3.2	Tax Deduction at Source (TDS)	17
6.3.3	Premature Withdrawal of Term Deposits.....	18
6.3.4	Premature Renewal / Extension of Term Deposits.....	19
6.3.5	Renewal of Overdue Term Deposits	19
6.3.6	Intimation before Maturity Date	19
6.3.7	Advances against Term Deposits.....	19
6.3.8	Lien marking in favour of third party entities	20
7.	Prohibition.....	20
8.	Dormant / Unclaimed Deposits / Inoperative Accounts.....	21
9.	Closure of Account	22
10.	Secrecy of Customer's Accounts	23
11.	Settlement of Dues.....	23
11.1.	Deceased depositors.....	23
11.2	Missing persons.....	25
12.	The Depositor Education and Awareness Fund Scheme 2014 (DEAF)	25
12. a.	Claims from The Depositors / Customers under DEAF Scheme	26
13.	Redressal of Complaints and Grievances.....	28
14.	Reporting requirements.....	28
15.	Record Keeping	28
16.	Policy Review and Updates	28
17.	Regulatory References	29

1. Introduction

ESAF Small Finance Bank (hereinafter referred to as “the Bank”), in furtherance of the objectives for which it is set up, shall primarily undertake basic Banking activities of acceptance of deposits in addition to lending to unserved and underserved sections including small business units, small and marginal farmers, micro and small industries and unorganised sector entities. One of the important functions of the Bank is to accept deposits from the public for the purpose of lending. In fact, depositors are the major stakeholders of the Banking System. The depositors and their interests form the key area of the regulatory framework for Banking in India.

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

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

2. Objectives of the Policy

The key objectives of this policy are as under:

- a. Provide greater transparency in dealing with individual customers and create awareness among customers of their rights with regards to deposit account.
- b. Lay down the framework on the types of deposits offered by the Bank and operations permitted in these deposits.
- c. Disseminate information with regard to various aspects of acceptance of deposits from the members of the public, conduct of various deposits accounts, permissible operations in various deposit accounts, payment of interest on various deposit accounts, closure of deposit accounts, method of disposal of deposits of deceased depositors, etc., for the benefit of customers.
- d. Ensure that the customer will get services they are rightfully entitled to receive without demand.
- e. Institutionalize a mechanism for disposal of deposits in case of death of the depositor/s.

3. Applicability

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

4. Governance Structure

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

Customer Service Committee

The Supervisory Committee shall comprise of the MD & CEO, EVP Business and the Head of Departments / Business, as required depending on the agenda of the meeting. This Committee shall, inter alia, perform the following functions:

- Review the policy and make recommendations to the Board
- Review the implementation of this policy and periodically align it to the leading market practices and regulatory requirements
- Review business initiatives and strategy and business performance.
- Set targets for overall business and review the achievements on an ongoing basis
- Review the key regulatory and risk concerns as well as the adequacy of the risk management process and upgradation thereof
- Review the broad concerns in customer servicing and complaints.

Product & Process Committee (PPC)

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

The EVP - Operations shall act as a Chairperson for PPC. In his absence, the senior most official shall be the chairperson. The quorum for a meeting shall be 4 members including the Chairperson of the meeting.

Head – Retail Liabilities

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

5. Types of Deposit Accounts

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

5.1. Demand Deposit

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

5.1.1 Savings deposits

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

5.1.2 Current deposits

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

The RBI instruction on opening of Current Accounts by Banks shall be followed. (The RBI circulars as mentioned under Regulatory References of the Policy).

5.1.2 a. ESCROW Account

An Escrow Account (including bank-based Escrow Accounts) is a third-party account that holds the funds and disburses them only after all the conditions as per the agreement have been met by the parties involved. No withdrawals can be made by the receiving party until they fulfill the obligations. Therefore, this is a powerful instrument that eliminates any trust issues.

5.1.3 Non – Resident (External) Rupee Account Scheme – (NRE Account):

Non-Resident Indians (NRIs) and Person of Indian Origin (PIOs) are permitted to open and maintain these accounts with authorised dealers and with banks (including cooperative banks) authorised by the Reserve Bank of India to maintain such accounts.

The accounts may be maintained in any form e.g. Savings, Current, Recurring or Fixed Deposit account, etc.

Joint accounts can be opened by two or more NRIs and / or PIOs or by an NRI / PIO with a resident relative(s) on ‘former or survivor’ basis. However, during the life time of the NRI / PIO account holder, the resident relative can operate the account only as a Power of Attorney holder.

Operations in the account in terms of Power of Attorney is 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. While making remittances, the limits and conditions of repatriability will apply.

5.1.4 Non-Resident (Ordinary) Account Scheme – NRO Account.

Any person resident outside India (as per Section 2 (w) of FEMA), may open and maintain NRO account with an Authorised Dealer or an Authorised Bank for the purpose of putting through bonafide transactions denominated in Indian Rupees.

NRO (current / savings) account can be opened by a foreign national of non-Indian origin visiting India, with funds remitted from outside India through banking channel or by sale of foreign exchange brought by him to India. The balance in the NRO account may be paid to the account holder at the time of his departure from India provided the account has been maintained for a period not exceeding six months and the account has not been credited with any local funds, other than interest accrued thereon.

The accounts may be maintained in any form e.g. Savings, Current, Recurring or Fixed Deposit account. The accounts may be held jointly with residents on “former or Survivor” basis. NRIs and PIOs may hold an NRO account jointly with other NRIs and PIOs.

When a resident Indian becomes a person resident outside India, his existing resident account should be designated as NRO account.

5.2. Time Deposit

Time deposit means an interest-bearing deposit accepted by the Bank for a fixed period and shall also include deposits such as Recurring/Cumulative/Annuity/Reinvestment deposits and Cash Certificates. They are also referred to as Term Deposits.

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

The following are the illustrative types of Term Deposits:

5.2.1 Traditional Fixed Deposits

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

- Deposits can be accepted for a period as prescribed by RBI from time to time currently ranging from 7 days to 10 years.
- Interest shall be payable quarterly/ monthly (at discounted rate).
- Interest may be paid by cash (subject to certain conditions of Income Tax Act, 1961) or credited to operative account or as instructed
- Premature withdrawal of the Fixed Deposit is allowed subject to the penalty guidelines in force from time to time.

The Bank is obliged to advise the requesting Depositor of such penalties as may be applicable and advise the actual impact of the request in financial terms, before acting upon such requests for premature withdrawals. No Interest payable, if closed within 7 days. After which, discounted interest @ Retail FD rate for the period run prevailing the date of contract minus 1% penal interest.

5.2.2 Cumulative Term Deposit

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

- Deposits can be accepted for a period as prescribed by RBI from time to time ranging from 6 Months to 10 years.
- Interest is calculated on quarterly compounded rests. Interest on cumulative deposits is deemed as reinvested and paid at maturity.
- No interest outflow is allowed under this scheme till the maturity of the Term Deposit.
- Premature withdrawal of the Fixed Deposit is allowed subject to the penalty guidelines in force from time to time.
 - o The Bank is obliged to advise the requesting Depositor of such penalties as may be applicable and advise the actual impact of the request in financial terms, before acting upon such requests for premature withdrawals.

5.2.3 Tax Savings Term Deposit

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

5.2.4 Deposit Scheme for Senior Citizens

The Bank has special deposit product for Senior Citizens which permits additional interest in respect of such deposits. These deposits can be traditional fixed deposits or cumulative fixed deposits and Recurring Deposits. The Additional Interest rates to senior citizens can be paid only if, the first name is that of a Senior Citizen.

5.2.5 NRE/NRO Term Deposits

NRE Term Deposits are repatriable and it should be for a minimum period of one year. Any pre-closure before one year will not get any interest.

When an account holder becomes a person resident in India, deposits may be allowed to continue till maturity at the contracted rate of interest, if so desired by him. However, except the provisions relating to rate of interest and reserve requirements as applicable to FCNR(B) deposits, for all other purposes such deposits shall be treated as resident deposits from the date of return of the accountholder to India.

5.2.6 Time Deposit – Bulk Deposit

Rupee Term Deposits of Rs.2 cr and above fall under this category. Bank offers both callable as well as non-callable deposits under the scheme. A callable deposit can be closed before maturity at any point of time with applicable premature penalty.

Non-callable deposits however, cannot be closed before maturity. The bank will offer additional interest rate above the rate as applicable to general public for non -callable.

6. Opening and Operation of Deposit Accounts

The Bank shall launch any new deposit product with the approval of MCE on PPC recommendations after ensuring compliance with the regulatory requirements.

6.1 Facilities for all Deposit accounts

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

- The branch staff/ BC agents or sub-agents of the Bank shall carry out due diligence as required under "Know Your Customer" (KYC) guidelines issued by RBI and or such other norms or procedures adopted by the Bank before opening any deposit account as defined in the KYC/AML Policy of the Bank.
- The Bank shall open accounts providing basic banking services to unbanked / disadvantaged sections of the society with relaxed customer acceptance norms as per regulatory guidelines as elaborated in the KYC/AML policy of the Bank.
- The Bank shall undertake due diligence process, while opening a deposit account which involves identification of the person, verification of address, satisfying about his occupation and source of income. The Bank shall obtain fresh photographs from the customer proposing to open the account.

- The Bank shall categorize customers based on the risk perception and prepare profiles of customers for the purpose of transaction monitoring.
- The Bank shall communicate to the customer the timeframe within which the account shall be opened. In case, if the account opening requires clearance at higher level, the Branch staff shall communicate the reasons for delay in opening of account.
- The Bank shall provide the prospective depositor with account opening forms and other material such as brochures indicating service charges, Code of Commitment to Customers. The Bank official opening the account shall explain the procedural formalities and provide necessary clarifications sought by the prospective depositor when he/she approaches for opening a deposit account.
- The Bank shall communicate to the prospective depositor all details regarding terms and conditions for operation of the accounts and schedule of charges and fees for various services provided while opening the account or from time to time as the case may be. The applicants can reach out to the branch or a Bank executive for any queries or clarification that they may have in relation to account opening.
- The Bank staff shall have the right to decline the opening of account if the account holder is not able or willing to provide necessary information regarding his address or identity. The Bank reserves the right, at its sole discretion, to open the bank account upon receipt of an application, and at such terms, as the Bank may prescribe from time to time.

6.1.1 Minor Accounts

The Bank shall instruct their branches to allow minors above the age of ten to open accounts independently. The Bank shall allow natural (mother or father) or legal guardians of the minor to operate the minor's account.

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

The Bank shall allow minors above 10 years of age to open and operate independently savings bank account and use facilities like Internet Banking, ATM/Debit Card and cheque books. The Bank may however keep in view its risk management, fix limits in terms of age and amount up to which minors may be allowed to operate the Savings Bank deposit accounts independently. On attaining majority, the minor shall confirm the balance in his/her account.

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

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

Accounts for illiterate persons

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

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

Disabled persons who are unable to write

The Bank shall open bank account for persons with disabilities and unable to write but capable of affixing thumb impression/ toe mark or any other mark or impression. The Bank shall allow the account holder/ any other person to operate the account subject to the conditions as mentioned in the Code of Commitment to Customers/ Customer Service Policy of the Bank.

Blind/Visually Impaired Person

The Bank shall ensure that there is no discrimination in offering any facility to a blind/ visually impaired person and shall allow all banking facilities such as cheque book facility including third party cheques, ATM facility, Net banking facility, locker facility, retail loans, credit cards etc. to be offered to such customers.

Account Opening facilities for Third Gender

Bank will allow Transgender to open an account or to do any banking transaction. The person will be recognized as "Third Gender" and the details shall be accepted in CIFs / or other applicable forms as such.

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

The Bank shall allow opening of accounts of persons with Autism, Cerebral Palsy, after appointing guardian/managers and shall also take note of the legal position and orders/certificates issued by the competent authority, under the acts applicable to such account holders, on a case to case basis. The opening of the accounts for such categories of persons would be allowed only under a specific approval from the EVP – Business of the Bank, with the clearance / opinion from Legal Department, if found necessary.

The Bank shall provide Door Step Banking facility for Senior Citizen above age of 70 and differently abled / infirm persons with medically certified chronic illness or disability as per RBI guidelines issued from time to time. Facilities like Cash Pickup, Cash delivery and Cheque pickup shall be offered across all branches within a radius of 5 KMs. The amount involved in the transaction shall be capped at Rs.20,000/- for cash transaction and unlimited for cheque pickup. A detailed SOP shall be prepared by Branch Banking Department in this regard.

6.1.3 Operation of Joint Accounts

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

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

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

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

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

6.1.4 Addition / Deletion of Holders

The Bank may at the request of all the joint account holders allow addition or deletion of name/s of joint account holder/s or allow an individual depositor to add the name of another person as a joint account holder. However, such 'name change requests' should not result in the total change of the original depositor / one of the original depositors. This is required to ensure that no unfair transfer of property is resorted to through the use of this mechanism.

The Bank shall allow the account holders to split the joint deposit amount in case of fixed deposit, if the period and aggregate amount of the deposit do not undergo any change. The percentage of split has to be advised in writing and signed by both/all the account holders and the bank be indemnified for any potential conflicts/legal issues arising out of such split up of the deposit.

6.1.5 Mandate / Power of Attorney holder

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

While obtaining such mandates / POA, it should be specified that the same will continue to remain in force, until any revocation of the same is specifically advised to the Branch of the Bank where such account resides. The Bank will be absolved of any liability arising from the actions of the mandate/POA holder till such time a revocation advice/notice is received by the authorized official of the Bank at the Branch (normally the Branch Manager, but will be specified for each branch considering other parameters like size of the Branch, etc., from time to time).

6.1.6. Additional Interest Rate on Domestic Deposits:

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

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

The Bank at its discretion may also give additional rates to their retired senior citizen staff by virtue of them being retired members of the banks' staff.

6.2 Facilities for Demand Deposit

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

6.2.1 Minimum Balance / Service charges

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

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

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

6.2.2 Passbook / Account Statements

The Bank shall offer monthly statement of account at the option of its savings bank account holders (individuals). The statement of accounts shall have full address, telephone number, MICR and IFSC codes of the branch.

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

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

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

6.2.3 Stop Payment Facility

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

6.2.4 Interest Rates and Calculation of Interest

The Bank shall pay interest on savings account and term deposits at the rates as decided by the Bank within the general guidelines issued by the RBI from time to time. The Asset Liability Management Committee has the responsibility to arrive at the interest rates on deposits, from time to time.

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

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

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

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

The rates shall be uniform across all branches and for all customers and there shall be no discrimination in the matter of interest paid on the deposits, between one deposit and another of similar amount, accepted on the same date, at any of our offices.

Interest rates payable on deposits shall be strictly as per the schedule of interest rates disclosed in advance. The bank shall maintain the bulk deposit interest rate card in the Core banking system to facilitate supervisory review.

The rates shall not be subject to negotiation between the depositors and the bank. The interest rates offered shall be reasonable, consistent, transparent and are available for supervisory review/scrutiny as and when required.

All transactions, involving payment of interest on deposits shall be rounded off to the nearest rupee for rupee deposits.

Consequence of transfer of branch of the bank to another bank

- (i) 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:
- (ii) deposit accounts shall deem 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.
- (iii) 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

6.2.5 Nomination Facility for Deposit Accounts

The Bank shall publicize the nomination facility by printing compatible message on cheque books, and any other literature reaching the customers as well as by launching periodical drives to publicise the Nomination Facility and its benefits.

The Bank shall recommend nomination in respect of deposit accounts opened by individuals or sole proprietary concerns. The Bank shall ensure that the nomination is made only in favour of individuals. No association, trust or society shall be permissible as a nominee. The Bank staff shall communicate to the customer that there cannot be more than 1 nominee per deposit account, at any point in time. Nominations can be cancelled during the tenure of the deposit account and re- nominations effected.

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

The Bank shall have a proper system of acknowledging the receipt of the duly completed form of nomination, cancellation and / or variation of the nomination, which shall be given to all the customers irrespective of whether the same is demanded by the customers. The Bank shall indicate the name of the Nominee in the Statement of Accounts/ FDRs, in case the customer agrees for the same, in addition to the legend "Nomination Registered".

6.2.6 Insurance Cover for Deposits

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

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

6.3 Facilities for Term Deposit

6.3.1 Interest Payment on Term Deposits

The Bank shall calculate interest at quarterly intervals on term deposits (of tenor

>90 days) and paid at the rate decided by the Bank relevant to the period of deposits. In case of time deposits with monthly interest pay-outs, the Bank shall calculate the interest for the quarter and pay the interest monthly at discounted value.

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

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

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

Payment of interest on term deposit maturing on Sunday/holiday/non - business working day where the maturity proceeds are paid instead of renewal

In case of reinvestment deposits and recurring deposits, Banks shall pay interest for the intervening Sunday / holiday / non-business working day on the Maturity Value.

However, the case of ordinary Term Deposits, the interest for the intervening Sunday / holiday / non - business working day shall be paid on the Original Principal Amount.

6.3.2 Tax Deduction at Source (TDS)

The Bank has statutory obligation to deduct tax at source if the total interest paid/ payable on all term deposits held by a person exceeds the amount specified under the Income Tax Act. The Bank shall give an acknowledgment at the time of receipt of Form 15G/15H submitted by customers for non-deduction of tax. The Bank shall put in place systems that will enable it to provide Form 16A to customers, pertaining to Tax Deducted at Source (TDS) as per time-frame prescribed under the Income Tax Rules.

The Bank shall deduct TDS at the applicable rates as directed by the Government of India under provisions of the Income Tax Act, 1961. TDS amounts collected during the course of a calendar month shall be deposited with the tax-authorities before the 5th of the succeeding month with due particulars of the individual depositors on whose account the TDS has been recovered.

The Bank is not authorized to effect any refund, and shall advise depositors who seek such refunds to effect a claim of the same from the Income Tax Authorities. The Bank shall provide all relevant documents to enable the Depositor to make such a claim.

6.3.3 Premature Withdrawal of Term Deposits

At the time of opening of the deposit, the Bank shall inform the customer of the premature withdrawal option, if available for the deposit being opened and the penal charges in respect of such withdrawal. The Bank shall also publicise this information by way of its website and the notice board at branches.

The Bank shall incorporate a clause in the account opening form for term deposit account itself to the effect that in the event of the death of the depositor, premature termination of term deposits would be allowed. The conditions subject to which such premature withdrawal would be permitted may also be specified in the account opening form. Such premature withdrawal would not attract any penal charge.

The Bank has the option to disallow premature withdrawal of large fixed deposits (fixed deposits over Rs 15lakh) held by account holders including individuals and HUFs provided it was made known to the customer at the time of opening of the account. The Bank shall ensure that all fixed deposits under Rs.15 lakh have the premature withdrawal option.

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

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

6.3.4 Premature Renewal / Extension of Term Deposits

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 is renewed for a longer period than the balance period of the original deposit. While prematurely closing a deposit, for the purpose of renewal, interest on the deposit for the period it has remained with the bank will be paid at the rate applicable on the date of deposit to the period for which the deposit remained with the bank or contracted rate of interest whichever is lower, without any penalty.

6.3.5 Renewal of Overdue Term Deposits

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

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

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

If a customer has a Savings Account and has linked it to the Term Deposit then the maturity proceeds can be swept to his/her Savings Account as on the Date of Maturity.

6.3.6 Intimation before Maturity Date

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

6.3.7 Advances against Term Deposits

The Bank may offer advances against term deposits to depositor/s provided such term deposits receipts duly discharged by the depositor/s are available with the Bank along with the necessary security documents. Such Advances against Term Deposits (AATD) shall not be more than 75% of the Deposit Amount. Such AATD shall be for a period that matches the balance period of the tenor of the underlying deposit. To clarify, if the Deposit is to run for a further period of 8 months (of its original contracted period of say 1 year), then the AATD shall also run only for 8 months and the Advance shall be co-terminus with the underlying deposit. The bank

shall charge advances against term deposits without reference to the marginal cost of funds based lending rate – but at 2% or below above the rate of interest applicable to the underlying deposit. - if the advance is given against the term deposits and the deposit stands in the name of either singly or jointly:

- the borrower, either singly or jointly;
- one of the partners of a partnership firm and the advance is made to the said firm;
- the proprietor of a proprietary concern and the advance is made to such a concern;
- a minor who is below the age of 10 years whose guardian is competent to borrow on behalf of the minor and where the advance is made to the guardian of the ward and only if it is the necessity of the minor and a minor who is between the age of 10-18 years (account being operated jointly with guardian), whose guardian is competent to borrow on behalf of the minor and where the advance is made to the guardian of the ward and only if it is the necessity of the minor. The Bank shall not lend advances against Term Deposit for minors if a minor (for age of above 10 years to 18 years) operates his/her account independently.

6.3.8 Lien marking in favour of third party entities

Bank can mark lien on Term Deposits in favour of eligible third-party entities based on the request from deposit holders.

7. Prohibition

The Bank shall not:

- Grant advance against other bank's deposit.
- Accept Interest Free deposits other than Current Deposit.
- pay interest/ countervailing interest on current accounts or margin money maintained in current accounts in any form or manner or accept any interest-free deposits except in current accounts
- pay interest on "deposit at call" receipts issued by it to the tenderers (contractors) for submission to Government Departments/Semi-Quasi Government bodies, local bodies, etc. against the money held in current account.
- employ/ engage any individual, firm, company, association, institution or any other person for collection of deposit or for selling any other deposit linked products on payment of remuneration or fees or commission in any form or manner except the use of Business Correspondents
- pay brokerage in the form of commission or gift or incentives on deposits in any manner or in any other form to any individual, firm, company, association, institution or any other person except:
 - reasonable commission paid to agents employed to collect door-to-door deposits under a special scheme such as the use of services of intermediaries/ Business Correspondents in providing financial and banking services including collection of deposits
 - inexpensive gifts to customers costing not more than Rs. 250 and

- incentives granted to staff members as approved by RBI from time to time.
- Offer Prize / lottery / free trips (in India and/or abroad), etc., or any other initiative having element of chance of mobilizing deposits. However inexpensive gifts costing not more than Rs.250/- which is the amount prescribed by 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.
- resort to unethical practices of raising of resources through agents/third parties to meet the credit needs of the existing/prospective borrowers or to grant loans to the intermediaries based on the consideration of deposit mobilisation
- issue any advertisement/literature soliciting deposits from public highlighting only the compounded yield on term deposits without indicating the actual rate of simple interest offered for the particular period
- accept deposits from/at the instance of private financiers or unincorporated bodies under any arrangement which provides for either issue of deposit receipt/s favouring client/s of private financiers or giving of an authority by power of attorney, nomination or other-wise, for such clients receiving such deposits on maturity
- open savings accounts in the name of Government departments/bodies depending upon budgetary allocations for performance of their functions/Municipal Corporations or Municipal Committees/ Panchayat Samitis/State Housing Boards/Water and Sewerage/Drainage Boards/State Text Book Publishing Corporations/ Societies/Metropolitan Development Authority/ State/ District Level Housing Co- operative Societies, etc. or any political party or any trading/business or professional concern, whether such concern is a proprietary or a partnership firm or a company or an association.

8. Dormant / Unclaimed Deposits / Inoperative Accounts

A savings as well as current account, which are not operated for a period of two years, would be treated as a dormant/ account. Inoperative accounts are those in which there are no customer induced transactions for one year or more. The depositor can request the Bank to activate the account for operating it.

The Bank shall conduct an annual review of accounts in which there are no customer induced transactions including credits or debits other than levy of service charges of credit of interest, for the last one year. The Bank shall send letters to the customers advising them to transact in the account, failing which the account would be classified as inoperative if there are no transactions for the succeeding one year. If the letters are returned undelivered, they may immediately be put on enquiry to find out the whereabouts of customers or their legal heirs in case they are deceased.

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

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

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

Operation in such accounts may be allowed after due diligence as per risk category of the customer. Due diligence would mean ensuring genuineness of the transaction, verification of the signature and identity, etc.

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

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

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

The account shall be treated as operative account as long as the dividend is credited to the Savings Bank account. The Savings Bank account can be treated as inoperative account only after two years from the date of the last credit entry of the dividend, provided there is no other customer induced transaction.

9. Closure of Account

In absence of a mandate by the term deposit account holders at the time of placing their deposits can give instructions with regard to closure of deposit account or renewal of deposit for further period on the date of maturity, the Bank shall retain the proceeds of the fixed deposit in a separate account on which savings bank rate of interest 'or the contracted rate of interest on the matured TD, whichever is lower' shall be paid to the depositor.

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

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

The Bank shall close the current / savings account owing to non-fulfilment of Terms and Conditions associated with the Account.

Bank also reserves the rights to close current / savings account after giving due

notice.

10. Secrecy of Customer's Accounts

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

- Where disclosure is under compulsion of law
- Where there is duty to the public to disclose
- Where interest of bank requires disclosure and
- Where the disclosure is made with the express or implied consent of the customer. The Bank shall obtain necessary information from the customer in order to ascertain the identity of the customer. Any additional information sought by the Bank shall only be on a voluntary basis and the Bank official shall explain to the customer the reasons on why such information is necessary/ required.

11. Settlement of Dues

11.1. Deceased depositors

Accounts with survivor / nominee clause

In the case of deposit accounts where the depositors had utilized the nomination facility and made a valid nomination, the Bank shall make the payment of the balance in the deposit account to the survivor(s) and the nominee of the deceased deposit account holder jointly: However, if the joint account holders had given mandate for disposal of the balance in the account in the forms such as either or survivor, former / latter or survivor, anyone of survivors or survivor, the payment will be made as per the mandate to avoid delays in production of legal papers by the heirs of the deceased account holder.

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

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

If the amount of deposit is claimed before the date of maturity, interest at the rate applicable to the period for which the deposit has remained with the Bank

without deducting any Penal interest to be paid.

Accounts without the survivor / nominee clause

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

Premature Termination of term deposit accounts

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

Treatment of flows in the name of the deceased depositor

In order to avoid hardship to the survivor(s) / nominee of a deposit account, with regard to the treatment of flows in the name of the deceased account holder, the Bank shall consider adopting either of the following approaches:

The Bank, if authorized by the survivor(s)/ nominee of a deceased account holder, shall open an account styled as 'Estate of Shri__, the Deceased' where all the pipeline flows in the name of the deceased account holder could be allowed to be credited, Debits to such accounts are not permitted.

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

Payment of interest in case of death of depositor

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

The Bank shall pay interest on term deposits in the name of the deceased depositor/s at the contracted rate till the date of maturity in the event of death of the depositor takes place before the date of maturity of deposit and amount of

the deposit is claimed by survivor/ nominee after the date of maturity. The Bank shall pay interest at savings deposit rate obtaining on the date of maturity from the date of maturity till the date of payment in the case of death of the depositor after the date of maturity of the deposit, the Bank shall pay interest at savings deposit rate obtaining on the date of maturity from the date of maturity till the date of payment.

Time limit for settlement claims

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

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

11.2 Missing persons

With respect to claims for persons missing for more than 7 years, the Bank shall obtain legal opinion and settle such claims by survivors/ nominees as detailed in para 11.1 of this policy subject to production of evidence/ documentation such as FIR or police complaint and letter of indemnity of the missing person as deemed adequate by the Bank.

12. The Depositor Education and Awareness Fund Scheme 2014 (DEAF)

While announcing the Monetary Policy Statement 2013-14, on 03-05-2013, the Governor of the Reserve Bank of India (RBI) made a mention about creation of "The Depositor Education and Awareness Fund Scheme". Subsequently, to implement the announcement made, the Banking Regulation Act, 1949 has been amended and Section 26A has been inserted in the Act empowering RBI to establish the Depositor Education and Awareness Fund. The Scheme has been notified in the Official Gazette on May 24, 2014.

Under the provisions of this Section, the amounts to the credit of any account in India with any Bank which has not been operated upon for a period of ten years or any deposit or any amount remaining unclaimed for more than ten years including the accrued interest that the bank would have been required to pay to the customer/ depositor as on the date of transfer to the Fund shall be credited to the Fund, on the last working day of the subsequent month.

The Fund shall be utilized for promotion of depositors' interest and for such other purposes which may be necessary for the promotion of depositors' interests as specified by RBI from time to time.

The Bank shall deposit into the designated account of the 'Fund' created for the Scheme with RBI the credit balance in any deposit account maintained with the Bank which have not been operated upon for ten years or more, or

any amount remaining unclaimed for ten years or more, which include:

- Savings bank deposit accounts;
- Fixed or term deposit accounts;
- Cumulative/recurring deposit accounts;
- Current deposit accounts;
- Other deposit accounts in any form or with any name;
- Cash credit accounts;
- Loan accounts after due appropriation by the banks;
- Margin money against issue of Letter of Credit/Guarantee etc., or any security deposit;
- Outstanding telegraphic transfers, mail transfers, demand drafts, pay orders, bankers cheques, sundry deposit accounts, vostro accounts, inter-bank clearing adjustments, unadjusted National Electronic Funds Transfer (NEFT) credit balances and other such transitory accounts, unreconciled credit balances on account of Automated Teller Machine (ATM) transactions, etc.; /
- Undrawn balance amounts remaining in any prepaid card issued by banks but not amounts outstanding against travellers cheques or other similar instruments, which have no maturity period;
- Such other amounts as may be specified by the Reserve Bank from time to time.
- Any amount payable in foreign currency under an instrument or a transaction, that has remained unclaimed for ten years or more, shall at the time of transfer to the Fund be converted into Indian Rupees at the exchange rate prevailing on that date and in the event of a claim, the Fund shall be liable to refund only the Indian Rupees received by the Fund with respect to such instrument or transaction.
- Any amount lying in any unclaimed GL, Sundries GL, suspense GL, cash excess or any other liability account and remained unclaimed/ not adjusted for ten years or more.

12. a. Claims from The Depositors / Customers under DEAF Scheme

In case of demand from a customer / depositor whose unclaimed amount / deposit had been transferred to Fund, Bank shall repay the customer / depositor, along with interest if applicable, and lodge a claim for refund from the

Fund for an equivalent amount paid to the customer / depositor.

The interest payable, if any, from the Fund on a claim shall accrue only from the date on which the balance in an account was transferred to the Fund to the date of payment to the customer / depositor. No interest shall be payable in respect of amounts refunded from the Fund, in respect of which no interest was payable by the Bank to its customer / depositor.

Rate of interest, if any, payable on the principal amount transferred to the Fund shall be as specified by Reserve Bank from time to time.

In the case of a claim for refund of instruments or transactions specified under point no. 12 irrespective of whether the banks have paid the depositor / customer in Indian rupees or foreign currency, the Banks shall be entitled to claim refund of the eligible amount from the Fund, in Indian rupees only.

In case of any claim for refund of part amount by the depositor whose unclaimed amount / inoperative deposit had been transferred to the Fund, the account shall be revived and shall become operative. The Bank shall claim the entire amount transferred to the Fund in respect of such depositor along with interest payable, if any, from the Fund.

Refunds made by the Bank in each calendar month shall be claimed for reimbursement from the Fund on the last working day of the subsequent month (on the Specified Date).

In the case of 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.

The claims / refunds shall be submitted jointly by two Authorised Signatories of the Bank designated for this purpose by the appropriate authorities.

RBI has clarified that where amounts lying in unclaimed deposit accounts have been transferred to the Depositor Education and Awareness Fund could be revived only if such accounts become KYC compliant. Hence an unclaimed deposit account can be operated only if it becomes KYC compliant and the amount has been claimed back from Finance Department.

12. b. Maintenance of Records

For each tranche transferred to the Fund, bank shall maintain complete details viz., name of customer, account number, amount, including interest accrued, transferred to the Fund, date of transfer to the Fund and other related documents, etc. These details/documents shall be maintained by the banks separately tranche-wise permanently notwithstanding anything contained in the Banking Companies (Period of Preservation of Records) Rules, 1985

13. Redressal of Complaints and Grievances

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

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

14. Reporting requirements

The following matters shall be reported to the Management Committee by the EVP Business:

- a) Details of the deposit strategy with the review on its performance
- b) Details of frequent non-compliances to regulatory/ statutory framework and measures undertaken to ensure compliance
- c) Details of all frauds above Rs 1 lakh with the modus operandi and corrective action taken
- d) Details of the categories of customer complaints and customer initiatives taken in that regard
- e) Minutes of the previous meetings and action on the suggested matters

The Bank shall, within 30 days after close of each calendar year submit a return in the prescribed form as included in the Regulatory Reporting Framework and Calendar of the Bank, to RBI as at the end of each calendar year (i.e., 31st December) of all accounts in India which have not been operated upon for 10 years.

15. Record Keeping

The Bank shall retain all customer records as per Record Management Policy at least for a period of 10 years from the date of the transaction so as to permit the reconstruction of the customer transaction. The Bank shall also retain the KYC records of the customer at least for a period of 8 years from the date of cessation of the relationship with the customer.

16. Policy Review and Updates

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

17. Regulatory References

- a. RBI Circular - Opening of Current Accounts by Banks - Need for Discipline DOR.No.BP.BC/7/21.04.048/2020-21 August 6, 2020
- b. DOR.No.BP.BC.30/21.04.048/2020-21 December 14, 2020
- c. RBI Master Direction – Interest Rate on Deposits dated March 3, 2016
- d. RBI Master Circular on Interest Rates on Domestic, NRO and NRE Accounts dated July 1, 2015
- e. RBI Master Circular on Customer Service in Banks dated July 1, 2015
- f. RBI guidelines on Small Finance Banks dated November 27, 2014
- g. IBA Model Deposit Policy
- h. IBA Model Customer Rights Policy
- i. IBA Code of Banking Practice