



**Utkarsh Small Finance Bank**

**COMPREHENSIVE DEPOSIT POLICY**

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## 1. INTRODUCTION

Utkarsh Small Finance Bank Limited is a subsidiary promoted by Utkarsh Core Invest Limited formerly known as Utkarsh Micro Finance Limited. It aims to be the preferred financial institution across all customer segments through technology enabled solutions that are sustainable, inclusive, and scalable, supported by a work culture that centers on passion, values and corporate ethics to deliver best in class customer experience. The purpose is to provide banking products to the unserved and underserved sections of the country, which includes small and marginal farmers, micro and small industries, and other organized sector entities, at an affordable cost. The Bank's vision is to be the most trusted, digitized bank that is financially and socially inclusive, and creates value across social strata through insightful and viable solutions.

This policy is framed with reference to the RBI Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016 released through circular no. RBI/DBR/2015-16/19 Master Direction DBR.Dir.No.84/13.03.00/2015-16 on March 03, 2016 and further amended on October 26, 2023, Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016 released vide circular no. RBI/DBR/2015-16/19 Master Direction DBR.Dir.No.84/13.03.00/2015-16 further updated on 26.10.2023, Inoperative Accounts /Unclaimed Deposits in Banks- Revised Instructions released vide circular no. RBI/2023-24/105 DOR.SOG (LEG).REC/64/09.08.024/2023-24 on 01.01.2024, and relevant required clause of IBA (Indian Banking Association) circular on 'Rights of Persons with Disabilities Act. 2016 - Accessibility Standards and Guidelines for Banking Sector' released through no. RBSB/MBR/AS&GBS/1144 dated 06.06.2024.

One of the important functions of the Bank is to accept deposits from the public for the purpose of lending.

- 1.1. The depositors and their interests form the key area of the regulatory framework for banking in India has been enshrined in the Banking Regulation Act, 1949. The Reserve Bank of India is empowered to issue directives / advices on interest rates on deposits and other aspects regarding conduct of deposit accounts from time to time. With liberalization in the financial system and deregulation of interest rates, banks are now free to formulate deposit products within the broad guidelines issued by RBI from time to time.
- 1.2. This policy document on deposits 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. The document recognizes the rights of depositors and aims at dissemination of information with regard to various aspects of acceptance of deposits from the members of the public, conduct and operations of various deposits accounts, payment of interest on various deposit accounts, closure of deposit accounts, method of disposal of deposits of deceased depositors, etc., for the benefit of customers.
- 1.3. This document would impart greater transparency in dealing with the individual customers and create awareness among customers of their rights. The ultimate objective is that the customer would get services they are rightfully entitled to receive without demand. This document is a broad framework under which the rights of common depositors are recognized.

- 1.4. The Bank reiterates its commitments to individual customers outlined in Bankers' Fair Practice Code of Indian Banks' Association. This document is a broad framework under which the rights of common depositors are recognized. Detailed operational instructions on various deposit schemes and related services would be issued from time to time.

## **2. TYPES OF DEPOSIT ACCOUNTS**

While various deposit products offered by the Bank are assigned different names, the deposit products can be categorized broadly into the following types. Definition of major deposits schemes are as under: -

2.1 Demand Deposits means a deposit received by the Bank which is withdrawable on demand;

2.1.1 Savings deposits means a form of interest bearing demand deposit, which is meant to encourage people to save money and collect their savings. This is subject to restrictions as to the number of withdrawals as also the amounts of withdrawals permitted by the Bank during any specified period;

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

2.2 Term Deposit means a deposit received by the Bank for a fixed period (Minimum 7 days and maximum 10 years) withdrawable only after the expiry of the fixed period. This includes recurring deposit accounts which can be opened for minimum 6 months and maximum 10 years.

## **3. ACCOUNT OPENING AND OPERATION OF DEPOSIT ACCOUNT.**

- A) The Bank before opening any deposit account would carry out due diligence as required under "Know Your Customer" (KYC) guidelines issued by RBI and the internal policy of the Bank. If the decision to open an account of a prospective depositor requires clearance at a higher level, reasons for any delay in opening of the account would be informed to the customer and the final decision of the Bank would be conveyed at the earliest.
- B) The account opening forms and other material would be provided to the prospective depositor by the Bank. The same would contain details of information to be furnished and documents to be produced for verification and or for record, and the Bank official opening the account, would explain the procedural formalities and provide necessary clarifications sought by the prospective depositor when he / she approaches for opening a deposit account.
- C) For deposit products like Savings Bank Account and Current Deposit Account, the Bank would normally stipulate certain minimum/ average balances to be maintained as part of terms and conditions governing operation of such accounts. The same would be mentioned in the respective product notes. Failure to maintain stipulated minimum/ average balance in the account would attract levy of charges as specified by the Bank from time to time, as per the respective product notes. For Saving Bank Account the Bank may also place restrictions on number of transactions, cash withdrawals, etc., for given period. Similarly, the Bank may specify charges for issue of cheques books, additional statement of accounts, duplicate pass book, etc. All such details, regarding terms and

conditions for operation of the accounts and schedule of charges for various services provided would be communicated to the prospective depositor while opening the account.

- D) Savings Bank Accounts can be opened for eligible person / persons and certain organizations / agencies (as advised by Reserve Bank of India (RBI) from time to time). These accounts are designed to help the individual (personal customers) to inculcate the habit of saving money and to meet their future requirement of money. It helps customers to keep minimum cash at home besides earning interest. Current Accounts can be opened by individuals / partnership firms / Private and Public Limited Companies / HUFs / Specified Associates / Societies / Trusts / Department of authority created by the Government (Central or State) / Limited Liability Partnership, etc. Term Deposits Accounts can be opened by individuals / partnership firms / Private and Public Limited Companies / HUFs/ Specified Associates / Societies / Trusts / Department of authority created by the Government (Central or State) / Limited Liability Partnership, etc.

If a Government Entity/Fund wants to open savings account, a specific letter stating that they are eligible from the competent State/Central authority and duly approved to open the savings account has to be obtained

- E) The due diligence process, while opening a deposit account would involve satisfying about the identity of the person, verification of address, satisfying about the occupation and source of income. Self-introduction by way of production of certain documentary evidence and obtaining recent photograph of the person/s opening / operating the account are part of due diligence process. The KYC documents shall be verified with originals.
- F) In addition to the due diligence requirements, under KYC norms the Bank is required by law to obtain Permanent Account Number (PAN) or General Index Register (GIR) Number or alternatively declaration in Form No. 60 as specified under the Income Tax Act / Rules.
- G) The Bank is committed to provide basic banking services to unbanked / disadvantaged sections of the society. The Bank offers the 'Basic Savings Bank Deposit Account' (BSBDA), which has been considered as a normal banking service available to all. This account shall not have the requirement of any minimum balance. The services available in the account would include deposit and withdrawal of cash at the Bank branch as well as ATMs; receipt / credit of money through electronic payment channels or by means of deposit / collection of cheques drawn by Central / State Government agencies and departments, as decided by the Bank from time to time. The 'BSBDA' would be subject to Bank's laid down guidelines on KYC for opening of accounts issued from time to time.

If BSBDA is opened on the basis of simplified KYC norms, the account would additionally be treated as a 'Small Account' and would be subject to system restrictions on the account balance, credit summation and withdrawals/transfers. Holders of 'BSBDA' would not be eligible for opening any other savings bank deposit account in the Bank. If a customer has any other existing savings account in the Bank, he / she would be required to close it within 30 days from the date of opening a 'BSBDA'.

- H) Deposit accounts can be opened by an individual in their own name (status known as account in single name) or by more than one individual in their own names (status: known as Joint Account). Savings Bank Account can also be opened by a minor jointly with

natural guardian or with mother as the guardian (Status: known as Minor's Account). Minors above the age of 10 and having the ability to sign would also be allowed to open and operate saving bank account independently.

- I) Operation of Joint Account - The Joint Account opened by more than one individual can be operated by single individual or by more than one individual jointly. The mandate for operating the account can be modified with the consent of all account holders. The Savings Bank Account opened by minor jointly with natural guardian / guardian can be operated by natural guardian only till the minor attains majority i.e. 18 years of age and in case there is a legal guardian then attaining 21 years.
- J) The joint account holders can give any of the following mandates for the disposal of balance in the above accounts:
  - i) Either or Survivor: If the account is held by two individuals say, A & B, the final balance along with interest, if applicable, would be paid to survivor on death of anyone of the account holders.
  - ii) Anyone or Survivor/s: If the account is held by more than two individuals say, A, B and C, the final balance along with interest, if applicable, would be paid to the survivor on death of any two account holders. In case of joint Fixed Deposits with a survivorship clause, the Bank shall be discharged by paying the Fixed Deposit proceeds prematurely to survivor/s on request, in the event of death of one or more Joint depositor.
  - iii) Former or Survivor: First named account holder can alone operate and has full rights over the account balances. The final balance along with interest, if applicable, would be paid to the survivor only on the death of the former.
  - iv) Latter or Survivor: Second named account holder can alone operate and has full right over the account balances. The final balance along with interest, if applicable, would be paid to the survivor only on the death of the latter.
- K) At the request of the depositor, the Bank would register mandate / power of attorney given by the customer authorizing another person to operate the account on their behalf.
- L) The term deposit account holders at the time of placing their deposits can give instructions with regard to closure of deposit account or renewal of deposit for further period on the date of maturity. In absence of any written instructions about the disposal of the term deposit, the Bank reserves the right at its discretion to renew the deposit along with accrued interest thereon at prevailing rates of interest for a similar tenor of the deposit which has matured.
- M) A statement of account would be provided by the Bank to Savings Bank as well as Current Deposit Account Holders periodically as per terms and conditions of opening of the account. Passbook facility is available to all savings account holders free of cost. In case an account holder wishes for a monthly statement where the conditions of the operation of the Account do not provide for one, the same would be provided by the Bank with or without a charge/charges if any would be disclosed at the time of opening the account.
- N) Nomination Facility: The benefit of nomination is that in the event of death of an account holder(s) or locker holder(s), the Bank can release the account proceeds or

contents of the locker to the nominee(s) without insisting upon a Succession Certificate, Letter of Administration or Court Order. The nominee holds the monies in the capacity of a Trustee on behalf of the legal heirs of the deceased account holder(s) or locker holder(s) and the Bank's liability is duly discharged on payment to the Nominee.

The Bank have Board approved Nomination Policy which outline the framework on providing the Nomination facility in deposit accounts, safe deposit lockers, articles in safe custody etc.

- O) An account holder may request for multiple cheque books to issue post-dated cheques to meet personal finance requirements; the Bank may issue multiple cheque books at its discretion depending on the conduct / history of the account. Charges for the same maybe levied as per the General Schedule of Charges of the Bank.
- P) The deposit accounts may be transferred to any other branch of the Bank at the request of the account holder.
- Q) Changes if any, with regard to the deposit schemes and other related services shall also be communicated upfront.
- R) Any changes in charges would be made available to all depositors in advance with one month's notice through the Bank's web-site and / or through mail and / or SMS. However, in the event of changes due to regulatory requirements the Bank may not give one month's notice.
- S) To enable account holders to deposit cheques / instruments, the Bank would provide cheque drop box facility at its Branches, ATM centers and other locations it may deem fit. This facility would be provided as a matter of customer convenience and the Bank would not curtail the depositor's right to obtaining an acknowledgement by depositing instruments at the Branch counter.

### **3.1. Interest payments**

- i) Interest shall be paid on savings and term deposits account within the overall general guidelines of RBI. Interest is not paid on deposits in current accounts (except deceased case of Individual Current Account and Sole Proprietorship Current Account as mentioned under subsection iii) of section 3.16 of this policy).
- ii) Interest for Savings shall be paid at quarterly intervals on the basis of end of the day balance in accounts. The Bank would publish the rates of interest as a part of the respective product notes. If the total accrued interest in the savings account for the relevant quarter is 50 paise or above up to 99 paise, then interest of Re. 1 for that quarter will be credited in the customer account. Further, if the total interest accrued for the relevant quarter is less than 50 paise (i.e., 1 paise to 49 paise) then "Nil" interest credit for that quarter will be given in the customer account.
- iii) In terms of Reserve Bank of India directives, interest shall be calculated at quarterly intervals on term deposits and paid at the rate decided by the Bank depending upon the period of deposits. In case of monthly deposit scheme, the interest shall be calculated for the quarter and paid monthly at discounted value. The interest on term deposits is calculated by the Bank in accordance with the formulae and conventions advised by Indian Banks' Association.



- iv) The rate of interest on deposits would be prominently displayed in the branch premises. Changes, if any, with regard to the deposit schemes and other related services shall also be communicated upfront and shall be prominently displayed.
- v) The Bank computes 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.
- vi) 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 would issue a tax deduction certificate (TDS Certificate) for the amount of tax deducted. The depositor, if entitled to exemption from TDS can submit declaration in the prescribed format at the beginning of every financial year. To avoid inconvenience to the customer, the Bank shall provide acknowledgements for all 15G and 15H forms at the time of receipt.
- vii) In case of reinvestment deposits and recurring deposits, the Bank would pay interest for the intervening Sunday/holiday/non-business working day (as also Saturday in case of NRE deposits) on the maturity value. If the maturity of the deposit falls on a Sunday/holiday, the maturity payment would be made on the next working day.
- viii) The bank will give additional rate of interest upto one 1% (one percent) to USFBL and Utkarsh Coreinvest Staff, over and above the rate of interest being offered to the general customers.
- ix) The bank will give their resident Indian retired USFBL and Utkarsh Coreinvest staff (Staff who are retired from the service of the USFBL and Utkarsh Coreinvest respectively), who are also senior citizens, the benefit of additional interest rates as admissible to senior citizens over and above the additional interest upto 1% (one percent) being as ex-staff of USFBL/ Utkarsh Coreinvest.

### **3.2. Minors' accounts**

- i) Minors above the age of 10 and having ability to sign shall normally be allowed to open and operate savings account independently. A savings account opened by minor jointly with natural guardian / guardian can be operated by such natural guardian / guardian only.
- ii) Overdraft facility shall be granted in minor accounts. Cheque books shall be issued in minor accounts on request.
- iii) It is permissible to open any type of deposit account in the name of a minor within the framework for minor account, but no current account shall be opened in the name of the minor.
- iv) On attaining majority, the erstwhile minor should confirm the balance in his/her account. A Balance Confirmation Letter signed by the erstwhile minor (and the guardian, if the account was operated by the guardian singly or jointly with the minor) would be obtained. Minor to major conversion cum re-KYC forms with the operational mandate; photograph and fresh specimen signature of the erstwhile minor, duly verified by the natural guardian would be obtained and kept on record for all operational purposes.



### **3.3. Account of senior citizens**

Term deposits placed by Senior citizen (Aged over 60 years) as the first named depositor are given certain additional privileges in tune with RBI guidelines. Proof of age is mandatory for opening senior citizen deposits. Further, with a view to protect the interests any change in the operating instructions and the fact of addition / deletion of account holders in a Senior Citizen account is always carried out by the joint consent of all the account holders. Relevant clause regarding beneficiary in the unlikely event of the death of the depositor has been incorporated in the account opening form.

### **3.4. Account of illiterate / Visually Impaired / Mentally Challenged / and Person with Disabilities**

The Bank shall not discriminate while opening accounts for illiterate / visually impaired/ persons with disabilities and follow the guidelines of RBI from time to time.

The Bank may at its discretion open deposit accounts other than Current Accounts of illiterate person. The Bank would explain the need for proper care and safe keeping of the passbook etc. given to the account holder. At the time of withdrawal/ repayment of deposit amount and/or interest, the account holder should affix his / her thumb impression or mark in the presence of the authorized officer who should verify the identity of the person.

No joint accounts of illiterate with literate persons shall generally be opened by the Bank as illiterates are gullible and are prone to cheating by the literate in the guise of conducting their accounts. However, it may be allowed in case of joint accounts of husband and wife, and in the case of illiterates with genuine request, adequate safeguards shall be designed to avoid any inappropriate use or abuse of accounts. Cheque books shall not be provided for accounts of illiterate persons.

In case of visually impaired including the person with disabilities who are literate, ATM /Debit card, cheque book (including third party cheque), net banking, safe deposit locker etc. facilities would be given. The Bank official shall explain the terms and conditions governing the account.

While there is no legal provision for the appointment of a guardian of blind persons, the Bank may, at its discretion, allow a properly constituted attorney to operate the account on behalf of the blind account holder. However, in the cases the Bank is satisfied on merits, the next of kin of a blind person may also be allowed to operate on his/her account as his/her constituted attorney duly authorized by a Letter of Authority or Power of Attorney as may be expedient.

### **3.5. Accounts of mentally challenged**

The Bank may at its discretion open deposit accounts other than current accounts in the name of a mentally challenged person to be opened or operated only by a guardian or a receiver appointed by a competent court as defined under the Mental Health Act, 1987.

### **3.6. Undesirable accounts**

As per RBI Master Circular, for accounts with frequent dishonor of cheques, the Bank may at its discretion review the account and if deemed fit, close the account. The Bank would put in place an appropriate policy approved by the Board or its Committee taking into

consideration the need to prevent misuse of the cheque drawing facility and avoid penalizing customers for unintended dishonor of cheques.

### **3.7. Addition or deletion of the name/s of joint account holders**

The Bank may at the request of all the joint account holders allow addition or deletion of name/s of joint account holder/s if the circumstances so warrant or allow an individual depositor to add the name of another person as a joint account holder.

### **3.8. Customer information**

The customer information collected from the customers shall not be used for cross selling of services or products by the Bank, their subsidiaries and affiliates. If the Bank proposes to use such information, it would be strictly with the consent of the account holder. The Bank would design necessary consent forms as a part of the process manual.

### **3.9. Secrecy of customer's accounts**

The Bank would not disclose details / particulars of the customer's account to a third person or party without the expressed or implied consent from the customer. However, there are some exceptions, viz. disclosure of information under compulsion of law, where there is a duty to public to disclose and where interest of the Bank requires disclosure.

### **3.10. Premature withdrawal of term deposit**

The Bank, on request from the depositor, would allow withdrawal of a callable term deposit before completion of the period of the deposit agreed upon at the time of making the deposit.

The Bank would have the freedom to determine penal interest rate of premature withdrawal of term deposits and would be published as a part of the relevant product notes.

The Bank would ensure that the depositors are made aware of the applicable penal rate along with the deposit rate. While prematurely closing a deposit, interest on the deposit for the period that it has remained with the Bank would be paid at the rate applicable to the period for which the deposit remained with the Bank and not at the contracted rate. No interest is payable, where premature withdrawal of deposits takes place before completion of the minimum period prescribed.

The Bank would allow premature withdrawal of a callable term deposit in respect of deposits of ₹ 1 crore and below of all depositors, including deposits of individuals and HUFs. The minimum amount for offering non-callable Fixed Deposits (i.e, non- availability of premature withdrawal option) will be more than ₹ 1 crore. The bank can offer differential rate of interest on term deposits based on non-callability of deposits. The facility of premature withdrawal of non-callable fixed deposit is not allowed except for exceptional cases which include directions by court/regulators/receiver/liquidator /deceased cases. The Bank would, however, notify such depositors of its policy of disallowing premature withdrawal in advance, i.e., at the time of accepting such deposits.

The Bank would have the freedom to determine its own penal interest rates for premature withdrawal of term deposits. The Bank would ensure that the depositors are made aware of the applicable penal rates along with the deposit rates.

The penal rates would be part of the approved product notes.

The Bank also reserves right to refuse premature withdrawal of all interbank term deposits. Terms and conditions related to premature/part withdrawal would be intimated to depositors at the time of accepting the term deposit.

### **3.11. Intimation before maturity date**

The Bank would intimate depositors of term deposits that do not have any disposal instructions at maturity, by email or SMS at the registered contact details of the depositor, 7 days prior to the date of maturity of the deposit.

### **3.12. Premature closure and renewal/rebooking of term deposit**

In case the depositor desires to renew the deposit by seeking premature closure of an existing term deposit account, the Bank would permit the renewal at the applicable rate on the date of renewal provided the deposit is renewed for a period longer than the balance period of the original deposit.

While prematurely closing a deposit for the purpose of renewal, interest on the deposit for the period it has remained with the Bank would be paid at the rate applicable on the date of deposit to the period for which the deposit remained with the Bank and not at the contracted rate.

The Bank would have the freedom to determine the penal interest rate of premature withdrawal of such term deposits as per clause 3.10 mentioned above.

### **3.13. Renewal of overdue term deposits**

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

If the request for renewal is received after the date of maturity, such overdue deposits would 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.

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

In respect of overdue deposits renewed after 14 days from the date of maturity, the interest for the overdue period will be paid at the savings bank rate. If a Term Deposit matures and the proceeds are unpaid, the amount left unclaimed would attract Savings Bank Rate of Interest or the contracted rate of interest on the matured term deposit, whichever is lower.

### **3.14. Advances against deposits**

The Bank may consider request of the depositor/s for loan / overdraft facility against term deposits duly discharged by the depositor/s on execution of necessary security documents.

The Bank may also consider loan against deposit standing in the name of minor, however, a suitable declaration stating that loan is for the benefit of the minor, is to be furnished by the depositor applicant.

The tax saver term deposit shall not be pledged/lien to secure loan or as security to any other asset.

### 3.15. Settlement of dues in deceased deposit account

The Bank follows a simplified procedure for settlement of death claims without insisting on production of a succession certificate in settlement of claims of deceased customers, relating to deposit accounts and lockers within prescribed limits where nomination and/or survivorship mandate is not made. The Bank will, however, adopt such safeguards in considering the settlement of claims as appropriate, including accepting an indemnity bond. Nomination facility is available to facilitate speedy settlement of balances in the accounts of deceased customers. Our customers are periodically made aware of the availability of the facility offered in terms of provisions of the Banking Regulation Act. The Bank has also laid down a Policy for Settlement of Claims in respect of Missing Persons. We shall settle the claims in respect of deceased depositors and release payments to survivor(s) / nominee within a period not exceeding 15 days from the date of receipt of the claim (subject to the production of proof of death of the depositor and suitable identification of the claim(s), to the Bank's satisfaction).

For settlement of claims in respect of the deceased customer where neither nomination nor survivorship mandate is held, bank will allow settlement of such claims as follows:

| Sr. No. | Claim Type   | Requirement  |
|---------|--|--|
| 1.      | When the claim is of small amount.                                     | <p>Bank will allow settlement of claim without asking the claimant to produce legal representation such as probate / succession certificate / letters of administration.</p> <p>Note: At present the threshold amount for this category is upto ₹ 50,000 which may be revised from time to time in SOP (Standard Operating Procedure).</p> |
| 2.      | When the claim is not of small amount but up to a threshold of amount. | <p>Bank will allow settlement of claim without asking the claimant to produce legal representation such as probate / succession certificate / letters of administration.</p> <p>However, such case, bank will require the claimant to provide Third Party Indemnity / Surety.</p>  |

|    |  |  |
|----|--|--|
|    |  | Note: At present the threshold amount for this category is from ₹ 50,001 to ₹ 1,00,000 which may be revised from time to time in SOP (Standard Operating Procedure).   |
| 3. | When the claim is above the threshold of amount. | <p>Bank will require the claimant to produce legal representation such as probate / succession certificate / letters of administration when the claim exceeds the said threshold of amount.</p> <p>Note: At present the amount for this category is ₹ 1,00,000 and above which may be revised from time to time in SOP (Standard Operating Procedure).</p> |

The bank shall have the Standing Operative Procedure covering the threshold amount as per above table for settlement of deceased claim of the depositor where neither nomination nor survivorship mandate is made.

The Bank have Board approved Policy for Settlement of Deceased Claim of the customer.

### **3.16. Interest payable on term deposit in deceased account**

- i) In the event of death of the depositor before the date of maturity of deposit and amount of the deposit is claimed after the date of maturity, the Bank shall pay interest at the contracted rate till the date of maturity. From the date of maturity to the date of payment, the Bank shall pay applicable savings bank account interest rate obtaining on the date of maturity, for the period for which the deposit remained with the Bank beyond the date of maturity; as per the Bank's policy in this regard.
- ii) However, in the case of death of the depositor after the date of maturity of the deposit, the Bank shall pay interest at savings deposit rate as (on the date of maturity) from the date of maturity till the date of payment.
- iii) In the case of balances lying in current account standing in the name of a deceased individual depositor/sole proprietorship concern, the Bank shall pay 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.

### **3.17. Settlement of claims in respect of missing persons**

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

### **3.18. Insurance cover for deposits**

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

The DICGC insures all deposits such as savings, fixed, current, recurring, etc. except the following types of deposits

- Deposits of foreign Governments
- Deposits of Central/State Governments
- Inter-bank deposits
- Deposits of the State Land Development Banks with the State co-operative bank
- Any amount due on account of and deposit received outside India
- Any amount, which has been specifically exempted by the corporation with the previous approval of Reserve Bank of India

Each depositor in the Bank is insured up to a maximum of Rs.5,00,000/- (Rupees Five Lakh) for both principal and interest amount held by the depositor in the same right and same capacity.

The deposits kept in different branches of the Bank are aggregated for the purpose of insurance cover and a maximum amount up to Rupees five lakh is paid. For example, if an individual had an account with a principal amount of Rs. 4,95,000/- plus accrued interest of Rs. 1,000, the total amount insured by the DICGC would be Rs. 4,96,000/-. If, however, the principal amount in that account was Rs. Five lakh, the accrued interest would not be insured, not because it was interest but because that was the amount over the insurance limit.

With a view to enhance the awareness about Deposit Insurance in a focused and sustained manner as per RBI circular on “Display of DICGC Logo and QR Code by Insured Banks” released through circular no. CO.DICG.COMM.No.S680/02-01-001/2023-2024 dated September 01, 2023 the bank will display the Logo of DICGC and QR code linked to the DICGC website, prominently on bank’s website and internet banking portal. This will enable customers to easily identify banks covered by the Deposit insurance Scheme of DICGC and facilitate timely access to information on Deposit insurance.

### **3.19. Stop payment facility**

The Bank would accept stop payment instruction from the depositors in respect of cheques issued by them. Charges, as specified, would be recovered. Charges shall be mentioned as a part of General Schedule of Service Charges.

### **3.20. Dormant accounts**

The savings and current account will be called and marked as “dormant”/ “Inoperative” in system if there is no “customer induced transactions” in the account for a period of over two years.

For the purpose of classifying account as “inoperative”, only customer induced transactions would be considered and bank induced transactions will not be considered. There may be instances where the customer has given mandate like Standing Instructions (SI)/ Auto-renewal instruction and there are no other operations in the Savings/ Current account or the Term deposit. These transactions will also be considered 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 will be assessed individually for the purpose of classifying them as inoperative account/ unclaimed deposit, as the case may be.

**Definition of Customer Induced Transaction:** The transaction 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 (the illustrative list of such transactions is provided in above mentioned RBI circular which may be revised from time to time) (Note: A monetary transaction in the savings/ current account of the customer with the bank either by way of a credit or debit transaction will be treated as financial transaction).

Or;

- b. a 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.

Or;

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

**Definition of Bank Induced transactions:** Transactions in the account initiated by the bank as per its extant policy such as charges, fees, interest payments penalties, taxes (the illustrative list of such transactions is provided in above mentioned RBI circular which may be revised from time to time).

The bank will undertake an annual review in respect of accounts, where there is no customer induced transactions for more than a year.



**Review of Inoperative/Dormant Account:** The bank will 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 will 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 will 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 bank will continue to classify the account as operative for one more year and the account holder will 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 bank will classify the said account as inoperative account after the expiry of the extended period.

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 maybe requested to provide the details of the new bank account with authorisation to enable the bank to transfer the balance from the existing bank account.

In cases where there is no explicit mandate to renew the term deposit, the bank will 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.

#### **Treatment of accounts opened for credit of scholarship amount and credit of Direct Benefit Transfer under Government Schemes:**

The bank will segregate zero balance account of the customers (opened for receiving the central/state government schemes, student's scholarship in the form of cheques/Direct Benefit Transfer/Electronic Benefit Transfer) in 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.

The bank will not mark any account (either with or without requirement of minimum average balance in account) "Inoperative/Dormant" if that account is seeded with Aadhaar for direct benefit transfer.

To avoid the risk of fraud, etc., in such accounts, while allowing operations in these accounts, the bank shall exercise due diligence as per the extant instructions issued by RBI from time to time.

#### **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, will 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 will ensure that amounts lying in inoperative accounts/unclaimed deposits and reactivated inoperative accounts/ unclaimed deposits, are subjected to concurrent audit.

#### **Tracing of Customers of Inoperative Accounts/ Unclaimed Deposits:**

The bank will 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 bank will contact the introducer, if any, who had introduced the account holder to the bank at the time of opening of the account. The bank will also contact the nominee, if registered, for tracing the customer.

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

#### **Activation of Inoperative Accounts:**

1. The bank will make available the facility of updation 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 is available. The VCIP related instructions under Master Direction - Know Your Customer (KYC) Direction, 2016 dated February 25, 2016 (as updated from time to time) will be adhered to by the bank.
2. The bank will 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 Master Direction - Know Your Customer (KYC) Direction, 2016 dated February 25, 2016 (as updated from time to time) such as Customer Due Diligence (CDD), customer identification, risk categorisation, etc.
3. The bank will ensure that activation of inoperative account/ unclaimed deposits in CBS necessarily requires a second level of authorisation by another officer at the same or higher level (i.e., through maker and checker). System logs will 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 Board approved Record Management Policy of the bank.

4. The bank will 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 will also mention the remedial measures available to them to report unauthorised access, if any. This would alert the account/ unclaimed deposit holder against any possible fraudulent activity in his/her inoperative account. The bank will have in place adequate operational safeguards to ensure that the claimants in case of inoperative accounts/ unclaimed deposits are genuine. The bank will process requests for activation of inoperative account/ unclaimed deposits within three working days from the receipt of the complete application.

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

**Levy of Charges:** The bank will not levy penal charges for non-maintenance of minimum balances in any account that is classified as an inoperative account. The bank will not levy charge for activation of inoperative account of the customers.

**Fraud Risk Management in Inoperative Accounts:** The bank will not allow any debit transaction in an inoperative account unless there is a customer induced activation as per the procedure mentioned above under section “Activation of Inoperative Accounts”. Further, bank 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 will have the Standard Operating Procedure which will cover about the cooling off period for on reactivation). The bank will ensure that there is no unauthorized access to customer data pertaining to the inoperative accounts. The bank will also ensure that adequate steps are taken to prevent data theft and related misuse for fraudulent purposes.

**Customer Awareness:** The bank will 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 will be made available for the benefit of customers. The bank will 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

**Display of Unclaimed Deposits and Search Facility:**

Proceeds of inoperative accounts and funds lying unclaimed for a period of over ten years, would be transferred to RBI DEAF (Deposit Education and Awareness fund) Account on a monthly basis. Returns duly certified by the auditors would be submitted to RBI as per extant guidelines. Further, the accounts would be also listed as unclaimed deposits with a find option in our website, besides efforts to find the account holders to claim the balance due. These accounts would be at the discretion of the Bank, closed in the system for transferring to DEAF account. When customer approaches the Bank post due diligence

the proceeds would be paid and accounts re-activated. As per RBI guidelines, the DEAF accounts would be part of Contingent Liabilities- Others in the Balance sheet of the Bank.

The bank has Standard Operative Procedure for handling Inoperative/Dormant accounts. A standardized Customer Request Form for activating an inoperative account would 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.

### **3.21. Safe Deposit Lockers**

Safe Deposit lockers service involves renting of lockers to the customer for safe keeping the valuables. The Bank have Board approved Policy in the name of “Safe Deposit Locker and Safe Custody Article Facility Policy” which outline the framework on providing the Safe Deposit Locker facility to new as well as existing customer of the Bank based on revised instruction of RBI notified vide Circular No. DOR.LEG.REC/40/09.07.005/2021-22 RBI/2021-22/86 dated August 18, 2021 as amended time to time.

### **3.22. Redressal of Complaints and Grievances**

Depositors having any complaint / grievance with regard to services rendered by the Bank has a right to approach authority (ies) designated by the Bank for handling customer complaint / grievances as per Board approved Grievance Redressal Policy of the Bank.

## **4. PROHIBITIONS AND EXEMPTIONS**

### **4.1. Prohibitions**

The banks shall not:

- (a) 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.
- (b) Offer prize/lottery/free trips (in India and/or abroad), etc or any other initiative having element of chance for mobilizing deposits. Banks at their discretion, can give inexpensive gifts costing not more than Rupees 250/ to depositors at the time of accepting deposits which is the amount prescribed by the Indian Banks’ Association (IBA) as part of the Ground Rules and Code of Ethics.
- (c) 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.

- (d) Issue any advertisement/literature soliciting deposits from the 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.
- (e) Accept interest-free deposit other than in current account or pay compensation indirectly.
- (f) Accept deposits from/at the instance of private financiers or unincorporated bodies under any arrangement.
- (g) Grant advances against term deposits maintained with other banks.
- (h) 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 mentioned below:

- Primary Co-operative Credit Society which is being financed by the bank.
- Khadi and Village Industries Boards.
- Agriculture Produce Market Committees.
- 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.
- Companies licensed by the Central Government under Section 8 of Companies Act, 2013 or Section 25 of Companies Act, 1956 or under the corresponding provision in the Indian Companies Act, 1913 and permitted, not to add to their names the words 'Limited' or the words 'Private Limited'
- Institutions other than those mentioned in section 28(h) and whose entire income is exempt from payment of Income-tax under the Income-Tax Act, 1961.
- Government departments / bodies / agencies in respect of grants/ subsidies released for implementation of various programmes / 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.
- Development of Women and Children in Rural Areas (DWCRA).
- Self-help Groups (SHGs), registered or unregistered, which are engaged in promoting savings habits among their members.
- Farmers' Clubs - Vikas Volunteer Vahini - VVV

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

#### **4.2. Exemptions.**

The provisions covered Prohibitions 4.1 shall not be applicable to:

- (a) A deposit received by the bank:

- from the institutions permitted to participate in the Call/Notice/Term Money Market both as lenders and borrowers.
- for which it has issued a participation certificate;
- 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
- under the Certificate of Deposit Scheme.

(b) Payment of interest on delayed collection of outstation instruments like cheques, drafts, bills, telegraphic/mail transfers, etc.

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