

POLICY ON DEPOSITS – (2011-12)

Preamble

One of the important functions of the Bank is to accept deposits from the public for the purpose of lending. In fact, depositors are the major stakeholders of the Banking System. The depositors and their interests form the key area of the regulatory framework for banking in India and this has been enshrined in the Banking Regulation Act, 1949. The Reserve Bank of India is empowered to issue directives / advices on interest rates on deposits and other aspects regarding conduct of deposit accounts from time to time. With liberalization in the financial system and deregulation of interest rates, banks are now free to formulate deposit products within the broad guidelines issued by RBI. The guidelines of RBI/ Government issued from time to time shall automatically form part of the Policy.

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, product approval process, annual survey of depositor satisfaction and the tri-ennial audit of such services, etc., for the benefit of customers. It is expected that this document will impart greater transparency in dealing with the individual customers and create awareness among customers of their rights. The ultimate objective is that the customer will get services they are rightfully entitled to receive without demand.

While adopting this policy, the bank reiterates its commitments to individual customers outlined in Bankers' Fair Practice Code of Indian Banks' Association and 'Code of Bank's Commitment to customers'. 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 will be issued from time to time

Types of Deposit Accounts: -

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

- a. **“Demand deposits”** means a deposit received by the Bank which is withdrawable on demand;
- b. **“Savings deposits”** means a form of demand deposit which is subject to restrictions as to the number of withdrawals as also the amounts of withdrawals permitted by the Bank during any specified period;
- c. **“Term deposit”** means a deposit received by the Bank for a fixed period withdrawable only after the expiry of the fixed period and include deposits such as Recurring / Double Benefit Deposits / Short Deposits / Fixed Deposits /Monthly Income Certificate /Quarterly Income Certificate etc.
- d. **Notice Deposit** means term deposit for specific period but withdrawable on giving atleast one complete banking day's notice;

- e. **“Current Account”** means a form of demand deposit wherefrom withdrawals are allowed any number of times depending upon the balance in the account or up to a particular agreed amount and will also include other deposit accounts which are neither Savings Deposit nor Term Deposit;
- f. **“Preferential Deposit”** is defined as any term deposit of over Rs. 5 Crores accepted at higher rate given by HO: Treasury Department. Special rates on domestic term deposits of Rs.1 crore and above offered (if any) by Funds and Investment Committee on any day will also be treated as Preferential Deposits.
- g. **‘Retail Deposits’** are all those deposits accepted at Card Rate upto and inclusive of Rs.5 Crores.
- h. **‘Wholesale Deposits’** are all those deposits which are above Rs.5 crores

Account Opening and Operation of Deposit Accounts

- a) The Bank before opening any deposit account will carry out due diligence as required under “Know Your Customer” (KYC) and Anti Money Laundering or any other statutory requirements / guidelines issued by RBI and or such other norms or procedures adopted by the Bank. In case of any additional information required, Bank would seek separately and would specify the objective of obtaining such additional information. If the decision to open an account of a prospective depositor requires clearance at a higher level, reasons for any delay in opening of the account will be informed to him and the final decision of the Bank will be conveyed at the earliest to him.

The Bank is committed in providing basic Banking services to the disadvantaged sections of the society.

- b) The account opening forms and other material would be provided to the prospective depositor by the Bank. The same will contain details of information to be furnished and documents to be produced for verification and or for record, it is expected of the Bank official opening the account, to explain the procedural formalities and provide necessary clarifications sought by the prospective depositor when he approaches for opening a deposit account.

The regulatory guidelines require Bank’s to categories customers based on risk perceptions and prepare profiles of customers for the purpose of transaction monitoring. Inability or Unwillingness of a prospective customer to provide necessary information / details could result in the Bank for not opening the account. In ability of an existing customer to furnish details required by the Bank to fulfill statutory obligations could also result in closure of the account after due notice(s) is provided to the customer.

- c) For deposit products like Savings Bank Account and Current Deposit Account, the Bank will normally stipulate certain minimum balances to be maintained as part of terms and conditions governing operation of such accounts. Failure to maintain minimum balance in the account will attract levy of charges as specified by the Bank from time to time. For Saving Bank Account the Bank may also place restrictions on 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, folio charges, etc. All such details, regarding terms and conditions for operation of the accounts and schedule of charges for various services provided will 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)

Current Accounts can be opened by individuals / partnership firms /Private and Public Limited Companies / HUFs / Specified Associates /Societies / Trusts, etc.

Term Deposits Accounts can be opened by individuals / partnership firms /Private and Public Limited Companies / HUFs/ Specified Associates/Societies / Trusts, etc.

E) **Sweep Accounts:** Bank will inform the customer about liquid deposit facility, sweep account and similar types of products offered by the Bank and their implications and procedures involved, at the time of opening of account.

F) **'No Frills' Account**

A No Frills account can be opened either with 'nil' or 'very low minimum' balance. The charges applicable for various services/ products in such an account would be in a separate Tariff Schedule. The nature and number of transactions in such accounts are restricted, which will be made known to customer at the time of opening of the account in a transparent manner.

G. Internet/ Phone/ Mobile Banking facilities: Bank is offering new delivery channels like Internet/ Phone/ Mobile Banking facilities for the convenience of the customers.

H) The due diligence process, while opening a deposit account will involve satisfying about the identity of the person, verification of address, satisfying about his occupation and source of income. Obtaining introduction of the prospective depositor from a person acceptable to the Bank and obtaining recent photograph of the person/s opening / operating the account are part of due diligence process.

I) 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 or 61 as specified under the Income Tax Act / Rules.

J) Deposit accounts can be opened by an individual in his 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** will also be allowed to open and operate saving bank account independently.

K) **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.

L) 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, will 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, will be paid to the Survivor on death of any two account holders.

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

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

N) 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.

O) Nomination facility is available on all deposit accounts opened by the individuals. Nomination is also available to a sole proprietary concern account. Nomination can be made in favour of one individual only. Nomination so made can be cancelled or changed by the account holder/s any time. While making nomination, cancellation or change thereof, it is required to be witnessed by a third party. Nomination can be modified by the consent of account holder/s. Nomination can be made in favour of a minor also. Bank recommends that all depositors avail nomination facility. The nominee, in the event of death of the depositor/s, would receive the balance outstanding in the account. The depositor will be informed of the advantages of the nomination facility while opening a deposit account.

P) For all accounts with repetitive transactions (except Term Deposits and Current Accounts) a passbook is issued for the use of account holder as customers do need the passbooks as a ready reckoner of transactions with the Bank. For all current accounts (except where the customer prefers pass book especially in rural and semi urban branches) monthly statement of accounts will be issued to the constituents. Customer would be able to see last few transactions at the counter. Customer would also be able to see the transactions on ATM or through ATM or through Internet account wherever such facilities are availed.

Q). Bank also provides the customer with account statements more often than is normally available on the type of account, at a charge. The charges would be indicated in the Tariff schedule. If the customer desires, Bank would send the statement of accounts by post/ e-mail or through our secure Internet Banking Service.

Changing the account

- a. If the customer is not happy about his choice of current or Savings account (except term deposit account) within 14 days of making his/her first payment into the account, Bank would help the customer to switch to another account or Bank would give money back with any interest it might have earned. Bank would ignore any notice period and any extra charges.
- b. If the customer decides to close his/her current/savings account we will close the account within five working days of the receipt of instructions from the customer.

- c. If the customer wants to transfer his / her account to another branch of our Bank, the Bank would do so. Customer's account at the new branch would be operationalised within two weeks from the receipt of customer's request, subject to customer complying with the required KYC formalities at the new Branch. Customer would be informed as soon as the account is operationlised. The new branch would be informed of the standing instructions/ direct debits if any.

Interest Payments

i) Interest shall be paid on saving account at the rate specified by Reserve Bank of India directive from time to time. (As per RBI directions Interest on Savings Bank account on daily product basis would be paid from 01.04.2010). However, term deposit interest rates are decided by the Bank within the general guidelines issued by the Reserve Bank of India from time to time.

ii) 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.

iii) The rate of interest on deposits will be prominently displayed in the branch premises. Changes, if any, with regard to the deposit schemes and other related services shall also be communicated upfront and shall be prominently displayed.

iv) 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 will issue a tax deduction certificate (TDS Certificate) for the amount of tax deducted. The depositor, if entitled to exemption from TDS can submit declaration in the prescribed format at the beginning of every financial year.

Minors' Accounts

(i) Minors above the age of 10 will be allowed to open and operate savings bank account independently subject to restrictions on transactions and no cheque books will be provided to such accounts. However no overdraft will be granted to these minors. SB account can also be opened by a minor represented by a guardian or jointly with a major where minor is represented by natural guardian. In such cases only the guardian will be permitted to operate the account. No Current Account can be opened by a minor to be operated by the minor.

ii) On attaining majority, the erstwhile minor should confirm the balance in his/her account and if the account is operated by the natural guardian /guardian, fresh specimen signature of erstwhile minor duly verified by the natural guardian would be obtained and kept on record for all operational purposes. The right of the guardian to operate upon the account automatically comes to an end once the minor attaining majority.

Account of Illiterate / Blind Person

Bank would take all efforts to make it easy and convenient for special customers like physically challenged persons and illiterate persons. The Bank may at its discretion open deposit accounts other than Current Account of an illiterate person. The account of such person may be opened provided he/she calls on the Bank personally along with a witness who is known to both the depositor and the Bank. Normally, no cheque book

facility is provided to illiterate persons and blind persons. However, to meet periodic repayment of retail loans, utility bills etc., Bank would consider issuing cheque book with safeguards to protect customer interest.

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. The Bank will explain the need for proper care and safe keeping of the passbook etc. given to the account holder. The Bank official shall explain the terms and conditions governing the account to the illiterate / blind person.

Accounts of Senior citizen

Bank would take all efforts to make it easy and convenient for our Senior Citizen customers and would provide for payment of additional interest presently 0.75% over card rate for the period 15 days to 120 months for the accounts (FD / STD / RIP / Tax Saver) and RD accounts opened under Special Deposit Scheme and subject to revision from time to time. Deposit exceeding Rs.1 crore and above, the card rate alone will apply without the benefit of additional interest rate.

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.

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 should be strictly with the consent of the accountholder.

Secrecy of Customer's Accounts

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

Premature Withdrawal of Term Deposit

The Bank on request from the depositor, at its discretion may allow withdrawal of term deposit before completion of the period of the deposit agreed upon at the time of placing the Deposit.

Prevailing foreclosure charges for premature withdrawal of term deposits in our Bank are as under:

Period run	Deposits of less than Rs.15 lakhs	Deposits of Rs.15 lakhs to Rs. 5 Crore	Deposits of above Rs.5 Crore
7 days to 14 days	No interest will be paid on foreclosure of deposit	No interest will be paid on foreclosure of deposit	No interest will be paid on foreclosure of deposit
15 days and above	Eligible rate will be the applicable card rate for the actual period run prevailing on the date of deposit less 0.75% p.a as foreclosure charges	Eligible rate will be the applicable card rate for the actual period run prevailing on the date of deposit less 1% p.a as foreclosure charges	Eligible rate of interest will be the applicable rate of interest prevailing at the time of deposit for above Rs.5 crore or Rs.15 lakhs to Rs. 1 crore, which ever is less minus 1% as foreclosure charges
* No foreclosure charges is to be levied for domestic term deposits placed by Corporate/Government Departments (State, Central and Quasi Government), Institutions and non profitable organizations (which exist for Educational / Religious or Charitable reasons and from which its share holders or trustees do not benefit financially) wherein the deposits are placed based on the quotation submitted by the Bank.			

Premature Renewal of Term Deposit

Incase the depositor desires to renew the deposit by seeking premature closure of an existing term deposit account, the bank will permit the renewal at the applicable rate on the date of renewal, provided the deposit is renewed for a period longer than the balance period of the original deposit. While prematurely closing a deposit for the purpose of renewal, interest on the deposit for the period it has remained with the bank will be paid at the rate applicable to the period for which the deposit remained with the bank and not at the contracted rate.

Renewal of existing 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 request for renewal is received after the date of maturity, such overdue deposits will be renewed with effect from the date of maturity at interest rate applicable as on the due date, provided such request is received within 14 days from the date of maturity. In respect of overdue deposits renewed after 14 days from the date of maturity, interest for the overdue period will be paid at the rates decided by the Bank from time to time. When the request is made by the customer for payment of overdue deposit without renewal, the unclaimed amount will attract savings bank rate of interest from the date of original maturity to the date of payment (simple interest).

Automatic renewal of Term Deposit with effect from 01.11.2005:

As a customer friendly measure, the Bank has taken a policy decision to offer facility of Automatic renewal of Term deposits to customers. In the absence of any instructions, the term deposits would be renewed on the due date for the similar period.

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.

Settlement of claims in respect of Deceased Account holders

Bank would follow a simplified procedure for settlement of accounts deceased accounts holders.

a. Accounts with survivor/nominee clause

In case of a deposit account of a deceased depositor where the depositor had utilised the nomination facility and made a valid nomination or where the account was opened with the survivorship clause (“either or survivor”, or “anyone or survivor”, or “former or survivor” or “latter or survivor”), the payment of the balance in the deposit account to the survivor(s)/ nominee of a deceased deposit account holder will be made provided

- the identity of the survivor(s) / nominee (s) and the fact of the death of the account holder, is established through appropriate documentary evidence:
- there is no order from the competent court restraining the bank from making the payment from the account of the deceased; and
- it has been made clear to 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, i.e., such payment to him/her shall not affect the right or claim which any person may have against the survivor(s)/ nominee to whom the payment is made.

- In a joint deposit account, when one of the joint account holders dies, the Bank is required to make payment jointly to the legal heirs of the deceased person and the surviving depositor(s). However, if the joint account holders had given mandate for disposal of the balance in the account in the forms such as “Either or Survivor, Former or Survivor, Anyone of Survivors or Survivor etc” the payment will be made as per the mandate to avoid delays in production of legal papers by the heirs of the deceased.

The payment made to the survivor(s) /nominee, subject to the foregoing conditions, would constitute a full discharge of the bank’s liability. In such cases, payment to the survivor(s)/nominee of the deceased depositors would be made without insisting on production of succession certificate, letter of administration or probate, etc., or obtaining any bond of indemnity or surety from the survivor(s)/nominee, irrespective of the amount standing to the credit of the deceased account holder.

b. 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), Bank will adopt a simplified procedure for repayment to legal heir(s) of the depositor keeping in view the imperative need to avoid inconvenience and undue hardship to the common person.

Keeping in view our risk management systems, Bank will 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 legal representation (in the form of succession certificate, letter of administration or probate) other than a letter of indemnity.

Formalities to be completed in respect of claims made in deceased depositors’ accounts

Claim form with all necessary enclosures and annexures will have to be submitted by the claimant/s to the respective branch/es where the deceased had account/s. The claim form consists the following:

- Claim form (4 pages)
- Two vouching letters
- Consent letter
- Format for affixing claimants photo

CHECKLIST:

- 1) Claim form duly filled up without any blanks and signed by all the claimants. The signatures to be attested by two witnesses.
- 2) Vouching letters from two respectable persons preferably account holders of our Bank.
- 3) Consent letter in favour of one of the claimants/legal heirs, wherever required.
- 4) Copy of the death certificate duly attested.
- 5) Photo identity of all the claimants/legal heirs with their signatures attested/witnessed.

- 6) In case of LTI affixed by the claimant/s the same has to be attested by Notary Public certifying that contents were explained (to the party) in the language known to the party.
- 7) Wherever claim is supported by court order attested copy of the court order to be enclosed.
- 8) Wherever the claimant/s is minor/s they should be represented by legal/natural guardian.
- 9) Wherever the claimant is mentally challenged such person will have to be represented by guardian appointed by proper court/ forum.
- 10) Other relevant information, if any.

CLAIM FORMAT PORTED IN Download Application forms.

c. Premature Termination of term deposit accounts

In the case of term deposits, Bank would incorporate a clause in the account opening form itself to the effect that in the event of the death of the depositor, premature termination of term deposits would be allowed; subject to certain conditions that such premature withdrawal would be permitted. Such premature withdrawal would not attract any penal charge.

d. Treatment of flows in the name of the deceased depositor

In order to avoid hardship to the survivor(s)/nominee of a deposit account, Bank would obtain appropriate agreement/ authorization from the survivor(s)/nominee with regard to pipeline flows in the name of the deceased account holder. In this regard, Bank would consider adopting either of the following two approaches:

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

OR

- ii. Bank would be authorized by the survivor(s)/ nominee to return the pipeline flows to the remitter with the remark "Account holder deceased" and to intimate the survivor(s)/nominee accordingly. The survivor(s)/ nominee/ legal heir(s) could then approach the remitter to effect payment through a negotiable instrument or through ECS transfer in the name of the appropriate beneficiary.

Time limit for settlement of claims

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

Interest Payable on Term Deposit in Deceased Account

i) In the event of death of the depositor before the date of maturity of deposit and amount of the deposit is claimed after the date of maturity, the Bank shall pay interest at the contracted rate till the date of maturity. From the date of maturity to the date of payment, the Bank shall pay simple interest at the applicable rate 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 obtaining on the date of maturity from the date of maturity till the date of payment.

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.

Stop Payment Facility

Bank would accept stop payment instructions from the depositors in respect of cheques issued by them. Immediately on receipt of customer's instructions Bank will give acknowledgement and take action provided these cheques have not already been cleared by the Bank. Bank would levy charges, if any and the same would be included in the Tariff schedule as amended from time to time. In case a cheque has been paid after stop payment instructions are acknowledged, Bank would reimburse and compensate the customer as per the compensation policy of the Bank.

Inoperative Accounts

Saving Bank and Current accounts in which there are no operations for a period of two years and more from the date of last operation, except by way of any charges debited or interest credited in case of Savings Bank accounts are to be treated as 'Inoperative accounts'. Necessary status change would be made in the system. The depositor will be informed of charges, if any, which the Bank will levy on dormant / inoperative accounts. The depositor can request the Bank to activate the account for operating it. We would ensure that the customer is not inconvenienced as a result of inoperative account status.

Safe Deposit Lockers

This facility is not offered through all bank branches and wherever the facility is offered, allotment of safe deposit vault will be subject to availability and compliance with other terms and conditions attached to the service. Safe deposit lockers may be hired by an individual (being not a minor) singly or jointly with another individual(s), HUFs, firms, limited companies, associates, societies, trusts etc. Nomination facility is available to individual(s) holding the lockers singly or jointly. In respect of lockers held in joint names, one or more persons may be nominated. Joint locker holders can give mandate for access to the lockers in the event of death of one of the holders on the lines similar to those for deposit accounts. In the absence of nomination or mandate for disposal of contents of lockers, with a view to avoid hardship to common persons, the bank will release the contents of locker to the legal heirs against indemnity on the lines as applicable to deposit accounts.

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. The details of the internal set up for redressal of complaints / grievances will be displayed in the branch premises. The branch officials shall provide all required information regarding procedure for lodging the complaint. In case the depositor does not get response from the Bank within one month from date of complaint or he/she is not satisfied with the response received from the Bank, he/she has a right to approach Banking Ombudsman appointed by the Reserve Bank of India.

Survey on customer satisfaction:

Conducting a periodical survey on the services rendered by the Bank would be of more helpful to know the customer's expectations and their problems, due to procedural aspects, or due to behavioural attitude of staff. The survey would also include speed, accuracy, and convenience in transactions, products/services etc., provided by the Bank, to identify the problem prone areas prevailing and to streamline/eliminate such problems. Survey findings would be placed to Customer Service Committee of the Board for its directions.

NON RESIDENT INDIAN DEPOSIT SCHEMES

RBI guidelines are strictly followed in respect of Non Resident Accounts.

Non-resident Indian (NRI)

'Non-Resident Indian (NRI)' means a person resident outside India who is a citizen of India or is a person of Indian origin.

Person resident outside India

A person who has gone out of India or who stays outside India, in either case

- a) for or on taking up employment outside India
- b) for carrying on outside India a business or vocation, or
- c) for any other purpose, in such circumstances as would indicate his intention to stay outside India for an uncertain period and
- d) Indian students studying abroad.

Person of Indian Origin (PIO)

'Person of Indian Origin' means a citizen of any country other than Bangladesh or Pakistan, if

- a) he/she at any time held Indian passport, or
- b) he/she or either of his/her parents or any of his grand-parents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955), or

- c) the person is a spouse of an Indian citizen or a person referred to in sub-clause (a) or (b).

Facilities available to NRI /PIO

- Maintenance of Bank accounts
- Investment in shares/securities
- Deposits in Indian Firms and Companies
- Investment in immovable properties
- Exemption from tax liability as per extant guidelines
- Loan facilities against deposits.
- Repatriation facility (withdrawal of deposits in foreign currency)
- Nomination facility
- Loan facility for house construction/purchase

Types of Accounts

1. Accounts in Indian Rupees

- Non-Resident Ordinary (NRO) Account
- Non-Resident (External) Rupee (NRE) Account

2. Accounts in Foreign Currency

- Foreign Currency Non-Resident (FCNR) Deposit Account
- Resident Foreign Currency (RFC) Account (for returning Indians)

A. Non-Resident Ordinary (NRO) account

➤ Eligibility

- Any person resident outside India, may open and maintain NRO account for the purpose of putting through bonafide transactions denominated in Indian Rupees, not involving any violation of the provisions of FEMA, Rules and Regulations made thereunder.
- Opening of accounts by individuals / entities of Bangladesh / Pakistan nationality / ownership require prior approval of the Reserve Bank.

➤ Types of accounts

- NRO accounts can be opened and maintained in the form of current, savings, recurring or fixed deposit accounts.
- Accounts are maintained in Indian Rupees
- Loan and nomination facilities are available
- The accounts may be held jointly with residents
- The existing account of a person going abroad for any purpose indicating his intention to stay outside India for an uncertain period, should be designated as a Non-Resident (ordinary) account.

➤ Permitted Credits

- Proceeds of remittances received in any permitted currency from outside India through normal banking channels or any permitted currency tendered by the account holder during his temporary visit to India or transfers from rupee accounts of non-resident banks.
- Legitimate dues in India of the account holder. This includes current income like rent, dividend, pension, interest etc., as also sale proceeds of assets including immovable properties acquired out of rupee/ foreign currency funds or by way of legacy/ inheritance.

➤ **Permitted debits**

- All local payments in rupees including payments for investments subject to compliance with the relevant regulations made by Reserve Bank.
- Remittance outside India of current income in India of the account holder net of applicable taxes.
- Remittance upto USD one million, per financial year, out of NRO account of NRI/ PIO for all bonafide purposes to the satisfaction of the authorized dealer bank.

Grant of Loans/Overdrafts (NRO accounts)

a) **To Account holder**

- Loans can be granted to non-resident account holders in rupees against security of fixed deposits for personal purposes or for carrying on business activities. Loan should not be granted for the purpose of re-lending or carrying on agricultural/ plantation activity or for investment in real estate business.
- Overdraft can be permitted subject to commercial judgment and compliance with the interest rate directives.

b) **To Third parties**

- Loans/ overdrafts to resident individuals/ firms/companies in India may be granted against the security of deposits held in NRO accounts, subject to the following terms and conditions.
 - The loans shall be utilized only for meeting borrower's personal requirements and/or business purpose and not for carrying on agricultural /plantation activities or real estate business, or for re-lending.
 - Regulations relating to margin and rate of interest as stipulated by Reserve Bank from time to time shall be complied with.
 - The usual norms and considerations as applicable in the case of advances to trade/industry shall be applicable for such loans/facilities.

Change of resident status of account holder

- NRO account to be re-designated as resident rupee account on the return of the account holder to India for any purpose indicating his intention to stay in India for an uncertain period.
- Where the account holder is only on a temporary visit to India, the account should continue to be treated as non-resident during such visit.

Payment of funds to Non-resident nominee

- The amount due/payable to non-resident nominee from the account of a deceased account-holder shall be credited to NRO account of the nominee with an authorized dealer/authorized bank in India.

B. Non-Resident (External) Rupee Account

➤ **Eligibility**

- All Non-resident Indians (NRIs) are permitted to open and maintain Non-Resident (External) Rupee account.
- The account should be opened by the NRI himself and not by the holder of Power of Attorney in India

➤ **Types of Accounts**

- NRE accounts can be opened and maintained in the form of current, savings, recurring or fixed deposit accounts.
- Fixed deposits can be opened for a period of 1 year and over and for periods upto 5 years.
- Accounts are maintained in Indian Rupees
- Loan and nomination facilities are available
- Joint accounts in the names of two or more non-resident individuals may be opened provided all the account holders are persons of Indian Nationality or origin
- When one of the joint holders becomes resident, Bank can either delete his name and allow the account to continue as a NRE account or re-designate the account as a resident account, at the option of the account holders.
- Opening of these accounts by a non-resident jointly with a resident is not permissible.
- Account may be opened in the name of an eligible NRI during his temporary visit to India against tender of foreign currency travelers' cheques or foreign currency notes and coins tendered, provided Bank is satisfied that the person has not ceased to be non-resident.

Operations by Power of Attorney

- Banks may allow operations on an NRE account in terms of Power of Attorney or other authority granted in favour of a resident by the non-resident account holder, provided such operations are restricted to withdrawals for local payments. The remittances under power of attorney are permitted only to the non-resident account holder provided the specific powers for the purpose have been given.

Permitted Credits

- Proceeds of remittances from abroad in any permitted currency

- Proceeds of personal cheques drawn by the account holder on his foreign currency account and of travelers' cheques, bank drafts payable in any permitted currency.
- Instruments expressed in Indian Rupees for which reimbursement will be received in foreign currency
- Foreign currency/bank notes tendered by account holder during his temporary visit to India, provided the amount was declared on a CDF
- Interest accruing on the funds held in the account
- Interest on Government securities and dividend on units of mutual funds, provided the securities/units were purchased by debit to the account holder's NRE/FCNR account or out of inward remittance through normal banking channels.
- Maturity proceeds of Government securities including National Plan/ Savings Certificates as well as proceeds of Government securities and units of mutual funds sold on a recognized stock exchange in India and sale proceeds of units received from mutual funds, provided the securities/units were originally purchased by debit to the account holders' NRE/FCNR account or out of remittances received from outside India in foreign exchange.
- Refund of share /debenture subscriptions to new issues of Indian companies or portion thereof, if the amount of subscription was paid from the same account or from other NRE/FCNR account of the account holder or by remittance from outside India through normal banking channels.
- Refund of application/ earnest money made by the house building agencies on account of non-allotment of flat/plot, together with interest, if any (net of income tax payable thereon), provided the original payment was made out of NRE/FCNR account of the account holder or remittance from outside India through normal banking channels and the authorized dealer is satisfied about the genuineness of the transaction.
- Transfers from other NRE/FCNR accounts.
- Any other credit if covered under general or special permission granted by Reserve Bank

Permitted debits

- Local disbursements
- Remittance outside India
- Transfer to NRE/FCNR accounts of the account holder or any other person eligible to maintain such account.
- Investment in shares/securities/commercial paper of an Indian Company or for purchase of immovable property in India provided such investment/ purchase is covered by the regulations made, or the general/special permission granted by RBI

Interest rates of NRE Deposits:

Rates of interest applicable to these accounts shall be in accordance with the directions/ instructions issued by Reserve Bank of India from time to time.

The present guidelines are:

Nature of Account	Percentage per annum
Current Account	Nil
Savings Bank	At par with domestic savings deposits
Term Deposits	Rate of Interest payable on NRE Term deposits will be in accordance with the directives issued by Reserve Bank of India and as informed by HO: International Division from time to time.

Pre-closure of NRE Term Deposits:

- If a term deposit is closed before due date, interest rate applicable for the period run without penalty or the contracted rate without penalty or the contracted rate without penalty, whichever is less, is payable.

Loans against security of funds held in the account

- Authorised dealers and banks maintaining such accounts are permitted to grant loans in India to the account holder for personal purposes or for any other subject to compliance with the provisions of the Foreign Exchange Management Regulations, 2000
- Authorised dealers may grant any type of fund based or non-fund based facilities to resident individuals/firms/companies in India against the collateral of fixed deposits held in NRE account subject to certain conditions.
- Banks are prohibited from granting fresh loans or renewing existing loans in excess of Rs. 1 crore against NRE deposits either to the depositor or to third parties.

A) To Account holder

Authorised dealers and banks maintaining such accounts are permitted to grant loans in India to the account holder for –

1. personal purposes or for carrying on business activities except for the purpose of re-lending or carrying on agricultural/ plantation activities or for investment in real estate business.
2. making direct investment in India subject to compliance with the provisions of the Foreign Exchange Management Regulations, 2000.
3. acquisition of flat/house in India for his own residential use subject to the provisions of the relevant Regulations made under FEMA 1999.

B) To Third Parties

- Authorised dealers may grant any type of fund based and/or non-fund based facilities to resident individuals/firms/companies in India against the collateral of fixed deposits held in NRE account subject to the certain conditions.

Change of Resident Status of Account holder

- NRE accounts should be re-designated as resident accounts or the funds held in these accounts may be transferred to the RFC accounts (if the account holder is eligible for maintaining RFC account) at the option of the account holder immediately upon the return of the account holder to India for any purpose indicating intention to stay in India for an uncertain period.
- Where the account holder is only on a temporary visit to India, the account should continue to be treated as non-resident during such visit.

Repatriation of funds to Non-resident nominee

- Banks can allow remittance of funds lying in the NRE account of the deceased account holder to his non-resident nominee

Remittances abroad by Resident Nominee

Application from a resident nominee for remittance of funds outside India for meeting the liabilities, if any, of the deceased account holder or for similar other purposes, should be forwarded to the Reserve Bank of India for consideration.

Tax exemption

Income from interest on balances standing to the credit of NRE accounts is exempt from Income Tax. Likewise balances held in such accounts are exempt from wealth tax.

C. Foreign Currency Non-Resident (FCNR) Deposit account

- **Eligibility**
 - NRIs are eligible to open and maintain these accounts with an authorized dealer
 - Account to be opened with funds remitted from outside India through normal banking channels or funds received in rupees by debit to the account of a non-resident bank maintained with a bank in India or funds which are of repatriable nature in terms of the regulations made by Reserve Bank of India.
 - Accounts can also be opened by transfer of funds from existing NRE/FCNR accounts of the same account holder.
 - Remittances from outside India for opening of these accounts should be made in the designated currency in which the account is desired to be opened/ maintained.
 - If the remittance is received in a currency other than the designated currency (including funds received in rupees by debit to the account of a non-resident bank), it should be converted into the latter currency by the Bank at the risk and cost of the remitter and account should be opened / credited in only the designated currency.

- In case the depositor with any convertible currency other than designated currency desires to place a deposit in these accounts, authorized dealers may undertake with the depositor a fully covered swap in that currency against the desired designated currency. Such a swap may also be done between two designated currencies.

Note: Opening of FCNR (B) accounts in the names of NRIs of Bangladesh/ Pakistan nationality/ ownership requires approval of Reserve Bank.

➤ **Designated Currencies**

- Deposit of funds in the accounts may be accepted in Pound Sterling, US Dollar, Japanese Yen, Euro, Australian Dollar and Canadian Dollar such other currencies as may be designated by Reserve Bank from time to time.

➤ **Type of Account**

- Accounts are opened only in the form of Term Deposit for the following maturity periods
 - 1 year and above but less than 2 years
 - 2 years and above but less than 3 years
 - 3 years and above but less than 4 years
 - 4 years and above but less than 5 years
 - 5 years only
 - Recurring deposit is not accepted under FCNR (B) scheme.

Resident Foreign Currency (Domestic) Accounts:

Account can be opened by a resident Indian out of foreign exchange acquired in the form of currency notes, Bank notes and travellers cheques from specified sources. Accounts shall be opened in foreign currency for resident Indian only with proper introduction.

All instructions / guidelines prescribed for opening ordinary domestic accounts including KYC norms in also applicable to RFC (Domestic) accounts.

➤ **Rate of Interest**

- The rate of interest payable on FCNR deposits will be in accordance with the directives issued by Reserve Bank and as informed by HO: International Division from time to time.
- Interest on balances held in these accounts may be paid half-yearly or on an annual basis as desired by the depositor.

➤ **Pre-closure of FCNR (B) deposits**

- If a FCNR (B) deposit is closed before due date, interest rate applicable for the period run without penalty or the contracted rate without penalty, whichever is less, is payable.

➤ **Permissible Debits/Credits**

- All debits/credits permissible in respect of NRE accounts shall be permissible in respect of these accounts also.

- **Rate of conversion of Rupees into Designated currencies and vice versa**
 - Remittances received in Indian rupees for opening these accounts shall be converted by the authorized dealer in to the designated foreign currency at the clean TT selling rate for that currency ruling on the date of conversion.
 - For the purpose of payment in rupees, funds held in these accounts shall be converted into rupees at the authorized dealer's clean TT buying rate for the concerned currency ruling on the date of withdrawal.
- **Loans/ Overdrafts against security of funds held in the account**
 - a) The terms and conditions as applicable to NRE deposits in respect of loans and overdrafts in India to depositor and to third parties as also loans outside India against security of deposits, shall apply mutatis mutandis to FCNR(B) deposits.
 - b) The margin requirement shall be notionally calculated on the rupee equivalent of the deposits.
- **Change of resident status of the account holder**
 - 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.
 - 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 account holder to India.
 - Banks should convert the FCNR(B) deposits on maturity into resident rupee deposit accounts or RFC account (if the depositor is eligible to open RFC account), at the option of the account holder and interest on the new deposit (rupee account or RFC account) shall be payable at the relevant rates applicable for such deposits.
- **Joint account, repatriation of balances, etc.**
 - Terms and conditions as applicable to NRE accounts in respect of joint accounts, repatriation of funds, opening account during temporary visit, operation by power of attorney, loans/overdrafts against security of funds held in accounts, shall apply mutatis mutandis to FCNR (B) accounts.

D. Resident Foreign Currency (RFC) Account

- Account can be opened by an NRI on returning to India for permanent settlement
- Accounts are held in Foreign Currency
- Proceeds of NRE/FCNR accounts can be credited to this account
- Accounts are held in the form of Savings Bank or Term Deposit
- Funds from RFC account can be freely remitted abroad for approved purposes.
- Income like pension, rent and other monetary benefits received from abroad in favour of the account holder can be credited to this account.
- Account can be continued indefinitely by renewals.

Forward exchange cover facility is generally available upto one year.

- **Rate of Interest**
 - Savings Bank / Term Deposits---Linked to LIBOR

ANNEXURE

A

Head Office: 66, Rajaji Salai,
Post Box No. 1384, Chennai – 600001.

To be filled up by the
Head Office

CLAIM FORM

CLAIM NUMBER:

BRANCH:

(Please see instructions for filling up the form)

<p>1. DEPOSITOR</p> <p>a. Name</p> <p>b. Age</p> <p>c. Address</p> <p>d. Status (Married or Unmarried)</p> <p>e. Religion (If a Mohammedan, state whether Shia or Sunni)</p>	
<p>2. Date of Death of Depositor (Authenticated death certificate to be enclosed)</p>	
<p>3. Account(s) held by the Depositor</p> <p>a. Nature of Account(s) such as Current/SB/FD/RD/RIP/Agastiya / Jewel Loan etc., and Balance in the Account(s) to be furnished. (In case of Time Deposits due dates to be furnished)</p> <p>b. Documents in proof of amount(s) claimed to be produced to the</p>	

Branch Office.	
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4. CLAIMANAT (S)

Name	Age	Relationship to the deceased	Occupation and address

<p>5. If the deceased is a Hindu or Muslim male, whether he is survived by his mother?</p> <ul style="list-style-type: none"> ➤ If so, her name and address to be furnished ➤ If not alive, the date of her death to be given <p>6. Is the amount claimed</p> <p>a. The coparcenary property or the separate property or interest in the property of a Tarwari, Tavazhi or Iliom or interest in the property of Kutumba of Kavaru or Stridanam property.</p>	
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<p>b. If a Coparcenary property the names and addresses of the coparceners to be furnished.</p>	
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<p>7. If the deceased is a Hindu female, whether the amount claimed is from her father or mother or from her husband or father-in-law.</p>	
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<p>8. If the deceased is a Mohammedan the names of the sharers, residuaries and distant Kindred of the deceased with their respective shares to be furnished.</p>	
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<p>9. PROOF OF CLAIMANT'S TITLE</p> <p>a. Whether by Inheritance or</p> <p>b. Whether by bequest under a will (authenticated copy to be furnished)</p> <p style="padding-left: 40px;">i. If so, the name(s) of the executor(s) if any appointed under the will to be given or</p> <p style="padding-left: 40px;">ii. Whether Succession certificate /Probate/ Letters of Administration obtained by the claimant or (the same to be produced)</p> <p style="padding-left: 40px;">Whether by Gift or Settlement (Document in proof thereof to be produced)</p>	
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I/We hereby solemnly affirm that all the particulars furnished above are true, that no part of it is false and that no information/particulars have been concealed and that I

am/we are the only heir(s) and/or Legal Representative(s) of the deceased and there is no other claimant respect of the amount(s) claimed herein.

Place:

Date:

Signature of claimant(s)

- 1. -----
- 2. -----
- 3. -----
- 4. -----
- 5. -----
- 6. -----
- 7. -----
- 8. -----

Witnesses:

1. Signature.....

Name: -----

Occupation:-----

Address:.....

.....

.....

2. Signature.....

Name: -----

Occupation:-----

Address:.....

Manager's Report:

Note: Before giving the report, the Manager should,

- i. See that all the columns in the claim form are filled in with specific answers.
- ii. Check up and certify as to the correctness of the particulars furnished in column 3 of the form and

- iii. Check up, obtain and send all the documents required to be sent along with the form.

Date:

Manager

INSTRUCTIONS FOR FILLING UP THE CLAIM FORM

1. All the columns should be filled in with specific answers
2. The form should be signed by all the heirs/claimants of the deceased.
3. If there are minor heir/s claimant/s, they should be represented by their legal guardian.
4. If any of the heir/s claimant/s sign in any language other than the language(s) in which the claim form is printed or affix his/her thumb impression, the same should be duly attested by a Magistrate/Notary Public under his official seal.
5. Letter from two respectable persons certifying to the correctness of the particulars furnished by the claimants in the claim form should be sent along with the claim form.

VOUCHING LETTER

From

Place:

Date:

To

The Manger,
Indian Bank,

.....Branch.

Dear Sir,

Re: Claim to the balance in theaccount(s)
standing in the name of late.....

I know late Shri/Smt.....and the members of his/her family very well for the pastyears. He/She passed away onHe/She is survived by the under mentioned persons as his/her heirs:

Name	Age	Relationship to the deceased

I have gone through the claim form to which this letter is appended and I hereby certify that the particulars furnished by the claimant(s) in the claim form are true and correct to the best of my knowledge and information

Yours faithfully,

VOUCHING LETTER

From

Place:

Date:

To

The Manger,
Indian Bank,
.....Branch.

Dear Sir,

Re: Claim to the balance in theaccount(s)
standing in the name of late.....

I know late Shri/Smt.....and the members of his/her family very well for the pastyears. He/She passed away onHe/She is survived by the under mentioned persons as his/her heirs:

Name	Age	Relationship to the deceased

I have gone through the claim form to which this letter is appended and I hereby certify that the particulars furnished by the claimant(s) in the claim form are true and correct to the best of my knowledge and information.

Yours faithfully,

CONSENT LETTER

From

Place:

Date:

To

The Manager,
Indian Bank,

.....Branch.

Dear Sir,

Re: Claim to the balance in theaccount(s)
standing
in the name of late.....

I am writing this to inform you that mySri/Smt.
.....passed away on
leaving behind him as his/her heirs, the under mentioned persons.

Name	Age	Relationship to the Deceased
1.		
2.		
3.		
4.		
5.		

The amount(s) /Jewels claimed under the above deposit/s account forms part of the assets of the deceased. I am entitled to a share in his/her assets.

I hereby declare that I have no objection to the entire balance in the accounts/ jewels (including my share) being paid/ delivered over to my.....

Sri /Smt.....I therefore accord my consent to the balance in the accounts/ jewels being paid over/ released to him/ her. I further state

that the discharge given by the said Sri/ Smt..... in respect of the said deposits/ accounts shall be as effective as if the same is given by me and binding on me.

Yours faithfully,

- 1.
- 2.
- 3.
- 4.
- 5.

N.B.: In the case of thumb impression/ signature in any language other than the language(s) in which the claim form and other papers are printed, the same should be duly attested by a Magistrate or Notary under his official seal. While doing so, the attesting official should state that the contents have been explained to and understood by the signatory.

A

..... Branch

Identity Card for claimant(s)

Nae of the Deceased.....

1	2	3	4
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Passport size photograph of the claimant	Passport size photograph of the claimant	Passport size photograph of the claimant	Passport size photograph of the claimant
..... (Signature of the claimant/s) (Signature of the claimant/s) (Signature of the claimant/s) (Signature of the claimant/s)
5	6	7	8
..... (Signature of the claimant/s) (Signature of the claimant/s) (Signature of the claimant/s) (Signature of the claimant/s)

The claimants who are personally known to us and whose photos are affixed above have signed the claim form in our presence and also signed in this card in ours presence on DD/MM/YY at

Witnesses:

1. Signature

Name & address:

2. Signature:

Name & address