



## DEPOSIT POLICY

Scotiabank, India

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## 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.

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 deposit accounts, payment of interest on various deposit accounts, closure of deposit accounts, method of disposal of deposits of deceased depositors, etc., for the benefit of customers. 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. This document is a broad framework under which the rights of common depositors are recognized.

This policy is designed for the customers, which includes the following sections.

## TYPES OF DEPOSIT ACCOUNTS

Banks offer various types of deposits, categorized broadly into following types.

- **Term Deposit** - a deposit received by the Bank for a fixed period withdrawable only after the expiry of the fixed period and includes deposits such as Recurring/Fixed Deposits etc.
- **Demand deposits** - means a deposit received by the Bank which is withdrawable on demand.
- **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.
- **Notice Deposit** - means term deposit for specific period but withdrawable on giving at least one complete banking days' notice.
- **Current Account** - means a form of 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 will also include other deposit accounts which are neither Savings Deposit nor Term Deposit.

## CRITICAL DEFINITIONS

**Bulk Deposit-** “Bulk Deposit” means Single Rupee Term Deposit of **Rupees Two crores and above.**

**Daily product** -Daily product means the interest applied on the end of day balance.

**Domestic Rupee Deposits-**Domestic Rupee Deposits mean rupee deposits maintained in India in the form of current account, savings deposits or term deposit.

**FCNR (B) Account-**FCNR(B) account means a Foreign Currency Non-Resident (Bank) account referred to in Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time.

**Individual-**Individual” means a natural person.

## KEY FEATURES ON OPERATION OF DIFFERENT TYPES OF ACCOUNTS

### i) 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) guidelines issued by RBI Anti-Money Laundering rules and regulations and or such other norms or procedures adopted by the Bank/as per the Customer Acceptance 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 will be informed to the customer and the final decision of the Bank will be conveyed at the earliest to the customer.

b) The Bank is committed to providing basic banking services to disadvantaged sections of the society. Banking services will be offered to them through no-frill accounts and accounts will be opened with relaxed customer acceptance norms as per regulatory guidelines.

c) The regulatory guidelines require banks to categorise customers based on risk perception 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 not opening an account.

d) Inability 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.

e) 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.

f) 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 passbook, 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 or from time to time as the case may be.

g) Savings Bank Accounts can be opened for eligible person / persons and certain organizations / agencies (as advised by RBI) from time to time.

h) Current Accounts can be opened by individuals / Partnership firms / Private and Public Limited Companies / Hindu Undivided Family (HUFs) / Specified Associates / Societies / Trusts etc.

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

j) 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 recent photograph of the person/s opening/operating the account is part of due diligence process.

k) In addition to the due diligence requirements, under KYC norms the Bank is required by law to obtain Permanent Account Number (PAN) or alternatively declaration in Form No. 60 or 61 as specified under the Income Tax Act/Rules.

l) 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 under guardianship of guardian, either natural or court appointed (Status: known as Minor's Account).

#### **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. In case of Minor's account, guardian can operate the account till the minor attains majority.

The joint account holders can give any of the following mandates for the disposal of balance in the above accounts:

- 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.

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

**Nomination facility:**

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 as a trustee of legal heirs. The depositor will be informed of the advantages of the nomination facility while opening a deposit account.

The depositor/all depositors together should nominate one person to whom in the event of the death of depositor/all depositors, the amount of deposit may be returned by the Bank. The nominee on death of depositor/all depositors as the case may be becomes entitled to all the rights in relation to such deposit unless the nomination is varied or cancelled.

Where the nominee is minor, the depositor should appoint any person to receive the amount of deposit in the event of his death during the minority of the nominee.

**Statement of account:**

A statement of account will 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. Pass book facility will also be available to the account holder on request.

The Savings Bank and Current Deposit accounts may be transferred to any other branch of the Bank at the request of the depositor by closure of the account and opening a new account at the desired branch, subject, however, to providing satisfactory address verification. Term Deposits can be transferred to another branch on maturity.

**ii) Minor's accounts**

- Minor's Savings Bank Account can be opened and operated by the guardian or minor himself/herself, if he/she is above the age of 14 years. The account can also be opened jointly.
- One month prior to attaining majority, intimation shall be sent to the minor for submission of the fresh account opening form along with KYC documents to be kept on record and for all operational and regulatory purposes.
- Overdraft is not granted to Minors
- Cheque book will be issued; however cheques can be issued only by guardian.
- 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.

**iii) Account of illiterate/ blind person:**

On satisfying itself of KYC requirements the Bank may open deposit accounts other than Current Accounts of 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. 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. The Bank shall not discriminate while opening such accounts for blind and follow the guidelines of RBI from time to time.

**iv) 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.

**v) Inactive Accounts:**

Accounts which are not operated for one year will be tagged as inactive accounts in the interest of depositor as well as the Bank. An intimation letter shall be sent to the depositor on account turning inactive. Customer can activate the account by performing a financial transaction in the account.

**vi) Dormant accounts:**

Accounts which are not operated for one year will be treated as a dormant / inoperative account in the interest of the depositor as well as the Bank. The depositor will also 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, by submission of fresh KYC documents as required by the bank.

**vii) Accounts of foreign students**

- Banks may open a Non Resident Ordinary (NRO) bank account of a foreign student on the basis of his/her passport (with appropriate visa & immigration endorsement) which contains the proof of identity and address in the home country along with a photograph and a letter offering admission from the educational institution in India.
- Within a period of 30 days of opening the account, the foreign student should submit to the branch where the account is opened, a valid address proof giving local address, in the form of a rent agreement or a letter from the educational institution as a proof of living in a facility provided by the educational institution. Banks should not insist on the landlord visiting the branch for verification of rent documents and alternative means of verification of local address may be adopted by banks.
- During the 30 days period, the account should be operated with a condition of allowing foreign remittances not exceeding USD 1,000 into the account and a cap of monthly withdrawal to Rs. 50,000/-, pending verification of address.
- On submission of the proof of current address, the account would be treated as a Normal Non-Resident Ordinary Rupee (NRO) Account. It will be operated in terms of extant guidelines for NRO accounts.
- Students with Pakistani nationality will need prior approval of the Reserve Bank for opening the account.

**viii) Accounts of Married women:**

In order to facilitate newly married women in opening new account/ transferring or getting pre-marital name and address changed is permitted. Bank can accept any valid document which provides customer information to their satisfaction as part of implementation of customer identification procedure in the absence of documents prescribed there in.

**ix) Senior Citizens Account:**

A fully KYC compliant account should automatically be converted into a 'Senior Citizen Account' based on the date of birth available in bank's records.

Documents required to be submitted to convert normal account into senior citizen accounts that prove age are Passport/ Birth Certificate/ Voter's ID/ Senior Citizen Card/ PAN, etc.

Bank at their discretion may, formulate term deposit schemes specifically for resident Indian senior citizens, offering higher and fixed rates of interest as compared to normal deposits of any size. Provided that this facility is not offered on the term deposit standing in the name of an HUF or the Karta of the Hindu Undivided Family (HUF), even if the Karta is a resident Indian senior citizen.



**x) Basic Savings Bank Deposit Account:**

Bank also offers 'Basic Savings Bank Deposit Account' which will offer following minimum common facilities to all their customers:

- The 'Basic Savings Bank Deposit Account' should be considered a normal banking service available to all.
- This account shall not have the requirement of any minimum balance.
- The services available in the account will include deposit and withdrawal of cash at bank branch; receipt/credit of money through electronic payment channels or by means of deposit/collection of cheques drawn by Central/State Government agencies and departments.
- While there will be no limit on the number of deposits that can be made in a month, account holders will be allowed a maximum of four withdrawals in a month.
- The above facilities will be provided without any charges.
- Further, no charge will be levied for non-operation/activation of in-operative 'Basic Savings Bank Deposit Account'.
- Banks would be free to evolve other requirements including pricing structure for additional value-added services beyond the stipulated basic minimum services on reasonable and transparent basis and applied in a non-discriminatory manner.
- The 'Basic Savings Bank Deposit Account' would be subject to RBI instructions on Know Your Customer (KYC) / Anti-Money Laundering (AML) for opening of bank accounts issued from time to time. If such account is opened on the basis of simplified KYC norms, the account would additionally be treated as a 'Small Account' and would be subject to conditions stipulated for such accounts as specified by RBI and as amended from time to time.
- Holders of 'Basic Savings Bank Deposit Account' will not be eligible for opening any other savings bank deposit account. If a customer has any other existing savings bank deposit account in the bank, he/she will be required to close it within 30 days from the date of opening a 'Basic Savings Bank Deposit Account'

**xi) Non- Resident (External) (NRE) Accounts:**

Any NRI can open an NRE account with funds remitted to India through a bank abroad. This is a repatriable account and transfer from another NRE account or FCNR (B) account is also permitted. An NRE rupee account may be opened as current, savings or term deposit. Local payments can be freely made from NRE accounts. Since this account is maintained in Rupees, the depositor is exposed to exchange risk. NRIs / PIOs have the option to credit the current income to their Non-Resident (External) Rupee accounts, provided the Bank is satisfied that the credit represents current income of the non-resident account holders and income-tax thereon has been deducted / provided for.

Bank is free to determine interest rates on both savings deposits and term deposits of maturity of one year and above under Non-Resident (External) (NRE) Deposit account. However, interest rates offered by bank on NRE deposits cannot be higher than those offered on comparable domestic rupee deposits. Bank shall not mark any type of lien, direct or indirect, against NRE saving

deposits. Penalty on premature withdrawal of NRE term deposit will be framed as per RBI directives and will be clearly brought to the notice of depositor at the time of acceptance of deposit.

### **xii) Ordinary Non-Resident (NRO) Accounts:**

NRIs can open Non-Resident Ordinary (NRO) deposit accounts for collecting their funds from local bonafide transactions.

When a resident becomes an NRI, his existing Rupee accounts are designated as NRO. Such accounts also serve the requirements of foreign nationals resident in India.

Bank may permit foreign nationals who have come to India on employment and are eligible to open/hold a resident savings account to re-designate their resident account maintained in India as NRO account on leaving the country after their employment to enable them to receive their legitimate dues subject to certain conditions.

NRO accounts can be maintained as current, saving, recurring or term deposits.

While the principal of NRO deposits is non-repatriable, current income and interest earning is repatriable. Further NRI/PIO may remit an amount, not exceeding USD one million per financial year, out of the balances held in NRO accounts/ sale proceeds of assets /the assets in India acquired by him by way of inheritance/legacy, on production of documentary evidence in support of acquisition, inheritance or legacy of assets by the remitter, and an undertaking by the remitter and certificate by a Chartered Accountant in the formats prescribed by the Central Board of Direct Taxes vide their Circular No. 10/2002 dated October 9, 2002.

Accordingly, bank is free to determine their interest rates on savings deposits of maturity of one year and above under Ordinary Non-Resident (NRO) Deposit account. However, interest rates offered by banks on NRO deposits cannot be higher than those offered by them on comparable domestic rupee deposits.

### **xiii) FCNR Deposits:**

FCNR deposits stands for Foreign Currency Non-Repatriable account deposits. This is a Fixed Deposit Foreign Currency account and not a savings account. Deposits in this account can be made in any of the major currencies like US Dollar, UK Pound, Canadian Dollar, Deutsche Mark, Japanese Yen and Euro.

The deposits should be accepted under the Scheme for the following maturity periods:

- A. One year and above but less than two years
- B. Two years and above but less than three years
- C. Three years and above but less than four years
- D. Four years and above but less than five years
- E. Five years only

Note: Recurring Deposits should not be accepted under the FCNR (B) Scheme.

Prior approval from Board of Directors is required is required for interest rates that it will offer on deposits of various maturities. The Board of Directors of a bank may

authorise the Asset Liability Management Committee to fix interest rates on deposits subject to reporting to the Board immediately thereafter.

The interest on the deposits accepted under the scheme should be paid on the basis of 360 days to a year. The interest on FCNR (B) deposits should be calculated and paid at intervals of 180 days each and thereafter for the remaining actual number of days. However, the depositor will have the option to receive the interest on maturity with compounding effect.

If term deposit maturing for payment on a Saturday / Sunday or a holiday or a non-business working day, interest should be paid at the originally contracted rate on the original principal deposit amount for the Saturday / Sunday / holiday / non-business working day intervening between the date of expiry of the specified term of the deposit and the date of payment of the proceeds of the deposit on the succeeding working day. In case of reinvestment deposits interest should be paid for the intervening Saturday/Sunday/holiday/non-business working day on the maturity value.

An overdue deposit or a portion thereof can be renewed provided the overdue period from the date of maturity till the date of renewal (both days inclusive) does not exceed 14 days. The rate of interest payable on the amount of the deposit so renewed should be the appropriate rate of interest for the period of renewal as prevailing on the date of maturity or on the date when the depositor seeks renewal, whichever is lower. In the case of overdue deposits where the overdue period exceeds 14 days and if the depositor places the entire amount of overdue deposit or a portion thereof as a fresh FCNR (B) deposit, own interest rates can be fixed for the overdue period on the amount so placed as a fresh term deposit. Interest so paid for the overdue period can be recovered if the deposit is withdrawn before completion of the minimum stipulated period under the Scheme, after renewal.

In the case of a term deposit standing in the name/s of -

- A. Deceased individual depositor, or
- B. Two or more joint depositors, where one of the depositors has died, interest should be paid in the manner indicated below:

- (a) at the contracted rate on the maturity of the deposit;
- (b) in the event of the payment of the deposit being claimed before the maturity date, pay interest at the rate applicable to the period for which the deposit remained with the bank and not at the contracted rate, without charging penalty;
- (c) in the event of death of the depositor before the date of maturity of the deposit and the amount of the deposit being claimed after the date of maturity, pay interest at the contracted rate till the date of maturity. From the date of maturity to the date of payment, pay simple interest at the applicable rate operative on the date of maturity, for the period for which the deposit remained with the bank beyond the date of maturity. However, in the case of death of the depositor after the date of maturity of the deposit, the bank should pay interest at a rate operative on the date of maturity in respect of savings deposits held under Resident Foreign Currency (RFC) Account Scheme, from the date of maturity till the date of payment;
- (d) if, on request from the claimant/s, the bank agrees to split the amount of term deposit and issues two or more receipts individually in the name/s of the claimant/s, it should not be construed as premature withdrawal of the term deposit for the

purpose of levy of penalty provided the period and aggregate amount of the deposit do not undergo any change.

Note: In the case of claimant/s being residents, the maturity proceeds may be converted into Indian rupees on the date of maturity and interest be paid for the subsequent period at the rate applicable to a deposit of similar maturity under the domestic deposit scheme.

For FCNR (B) deposits of persons of Indian nationality/origin who return to India for permanent settlement, except the provision relating to rate of interest and reserve requirements as applicable to FCNR(B) deposits, for all other purposes, such deposits should be treated as resident deposits from the date of return of the account holder to India. Premature withdrawal of such FCNR (B) deposits should be subject to penal provisions of the Scheme. FCNR (B) deposits on maturity should be converted into Resident Rupee Deposit Account or RFC Account (if eligible) at the option of the account holder. The rate of interest on the new deposit (Rupee account or RFC Account) should be the relevant rate applicable for such deposit account.

#### **XIV) Exchange Earner's Foreign Currency (EEFC) Account – EEFC Account:**

A person resident in India may open an EEFC account with an AD in India as per the conditions stipulated in Schedule I to FEMA 10(R). The salient features of the scheme are:

1) Credits: The credits permitted to this account are:

- 100 percent of the foreign exchange earnings by way of inward remittance through normal banking channel, (other than loans or investments);
- payments received for the purpose of counter trade;
- advance remittance received by an exporter towards export of goods or services;
- professional earnings including director's fees, consultancy fees, lecture fees, honorarium and similar other earnings received by a professional by rendering services in his individual capacity;
- interest earned on the funds held in the account;
- Re-credit of unutilised foreign currency earlier withdrawn from the account;
- repayment of trade related loans/ advances (which were granted to the account holder's importer customer out of balances held in the EEFC accounts);
- disinvestment proceeds received by the resident account holder on conversion of shares held by him to ADRs/ GDRs under the 7DR Scheme, 2014; and
- Payments received in foreign exchange by an Indian start up arising out of sales/ export made by the start up or its overseas subsidiaries.

2) Debits: The debits allowed in these accounts are:

- Payment outside India towards capital or current account transactions in accordance with the provisions of Foreign Exchange Management (Permissible Capital Account Transactions) Regulations, 2000 or Foreign Exchange Management (Current Account Transactions) Rules, 2000, respectively;

- payment in foreign exchange towards cost of goods purchased from a 100 percent Export Oriented Unit or a Unit in an Export Processing Zone/ Software Technology Park/ Electronic Hardware Technology Park;
  - payment of customs duty in accordance with the provisions of Export Import Policy;
  - trade related loans/ advances, by an exporter account holder to his importer customer outside India, subject to complying the provisions of FEMA and the rules/ regulations made thereunder;
  - payment in foreign exchange to a person resident in India for supply of goods/ services including payments for air fare and hotel expenditure
- 3) Withdrawal in rupees is permitted from this account, provided the amount so withdrawn cannot be re-credited to the account.
- 4) The account will be in the form of a non-interest bearing account.
- 5) The claims settled in rupees by ECGC/ insurance companies should not be construed as export realisation in foreign exchange and the claim amount will not be an eligible credit to the EEFC account.
- 6) The sum total of the accruals in the account during a calendar month should be converted into Rupees on or before the last day of the succeeding calendar month after adjusting for utilization of the balances for approved purposes or forward commitments.
- 7) Fund-based/ non-fund based credit facilities should not be granted against the balances held in EEFC Accounts.
- 8) Exporters can repay packing credit advances, whether availed of in Rupee or in foreign currency; from balances in their EEFC account to the extent exports have actually taken place.
- 9) Balances held in the account may be credited to NRE/ FCNR (B) Accounts, at the option/ request of the account holders consequent upon change of their residential status from resident to non-resident.

#### **XV) Resident Foreign Currency (RFC) Account – RFC Account**

- 1) A person resident in India is permitted to open a RFC account with an AD bank in India out of foreign exchange received or acquired by him:
- a. as pension or superannuation benefits or other monetary benefits from his overseas employer;
  - b. by converting assets which were acquired by him when he was a non-resident or inherited from or gifted by a person resident outside India and repatriated to India;
  - c. before July 8, 1947 or any income arising or accruing thereon which is held outside India in pursuance of a general or special permission granted by the Reserve Bank;
  - d. received as proceeds of LIC claims/ maturity/ surrendered value settled in forex from an Indian insurance company permitted to undertake life insurance business by the Insurance Regulatory and Development Authority.

- 2) The balances in the RFC account are free from all restrictions regarding utilisation of foreign currency balances outside India.
- 3) Such accounts can be held jointly with resident relative as joint holder on 'former or survivor' basis. However, such resident Indian relative joint account holder cannot operate the account during the life time of the resident account holder.
- 4) The balances in the Non-Resident External (NRE) Account and Foreign Currency Bank [FCNR (B)] Account can be credited to the RFC account when the residential status of the non-resident Indian (NRI) or person of Indian origin (PIO) changes to that of a Resident.

#### **XVI) Resident Foreign Currency (Domestic) Account – RFC (D) Account:**

- 1) A resident individual may open an RFC (D) account to retain in a bank account in India the foreign exchange acquired in the form of currency notes, bank notes and travellers cheques from overseas sources such as:
  - a. payment while on a visit abroad for services not arising from any business or anything done in India;
  - b. honorarium or gift or for services rendered or in settlement of any lawful obligation from any person not resident in India and who is on a visit to India;
  - c. honorarium or gift while on a visit to any place outside India;
  - d. gift from a relative;
  - e. unspent foreign exchange acquired from an authorised person for travel abroad;
  - f. representing the disinvestment proceeds received by the resident account holder on conversion of shares held by him to ADRs/ GDRs under the 10DR Scheme, 2014;
  - g. by way of earnings received as the proceeds of life insurance policy claims/ maturity/ surrender values settled in foreign currency from an insurance company in India permitted to undertake life insurance business by the Insurance Regulatory and Development Authority
- 2) This facility is in addition to that provided under RBI Notification No.FEMA.11(R)/ 2015-RB dated December 29, 2015, as amended from time to time.
- 3) The sum total of the accruals in the account during a calendar month should be converted into Rupees on or before the last day of the succeeding calendar month after adjusting for utilization of the balances for approved purposes or forward commitments.
- 4) Balances in the account can be used for any current or capital account transactions in accordance with the provisions of the Foreign Exchange Management (Current Account Transactions) Rules, 2000 or the Foreign Exchange Management (Permissible Capital Account Transactions) Regulations, 2000, respectively.
- 5) Balances may be credited to NRE/ FCNR (B) Accounts, at the option/ request of the account holders consequent upon change of their residential status from resident to non-resident.

#### **XVII) Special Non-Resident Rupee Account - SNRR account:**

1 Any person resident outside India, having a business interest in India, may open a Special Non-Resident Rupee Account (SNRR account) with an authorised dealer for the purpose of putting through bona fide transactions in rupees, not involving any violation of the provisions of the Act, rules and regulations made thereunder.

2 The SNRR account shall carry the nomenclature of the specific business for which it is opened and shall not earn any interest.

3 The debits/ credits and the balances in the account shall be incidental and commensurate with the business operations of the account holder.

4 Authorised Dealers should ensure that all the operations in the SNRR account are in accordance with the provisions of the Act, rules and regulations made thereunder.

5 The tenure of the SNRR account should be concurrent to the tenure of the contract/ period of operation/ the business of the account holder and in no case should exceed seven years. Approval of the Reserve Bank shall be obtained in cases requiring renewal. However, the restriction of seven years will not be applicable to SNRR accounts opened by person's resident outside India for the purpose of making investment in India in accordance with Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017, as amended from time to time.

6 The operations in the SNRR account should not result in the account holder making available foreign exchange to any person resident in India against reimbursement in rupees or in any other manner.

7 The balances in the SNRR account shall be eligible for repatriation and transfers from any NRO account to the SNRR account are prohibited.

8 All transactions in the SNRR account will be subject to payment of applicable taxes in India.

9 SNRR account may be designated as resident rupee account on the account holder becoming a resident.

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

11 Opening of SNRR accounts by Pakistan and Bangladesh nationals and entities incorporated in Pakistan and Bangladesh requires prior approval of Reserve Bank.

With a view to promote the usage of INR products by person's resident outside India, RBI has issued guidelines vide **Circular A.P. (DIR Series) Circular No. 09 dated November 22, 2019** as below:

It has been decided, in consultation with the Government of India, to expand the scope of SNRR Account by permitting person resident outside India to open such account for:

- I. External Commercial Borrowings in INR;
- II. Trade Credits in INR;
- III. Trade (Export/ Import) Invoicing in INR; and
- IV. Business related transactions outside International Financial Service Centre (IFSC) by IFSC units at GIFT city like administrative expenses in INR outside IFSC, INR amount from sale of scrap, government incentives in INR, etc. The account will be maintained with bank in India (outside IFSC).

It has also been decided, in consultation with the Government of India, to rationalise certain other provisions for operation of the SNRR Account, as under:

- I. Remove the restriction on the tenure of the SNRR account opened for the purposes given at paragraph 3 above as the proposed transactions are more enduring in nature.
- II. Apart from Non-Resident Ordinary (NRO) Account, permit credit of amount due/ payable to non-resident nominee from account of a deceased account holder to Non-Resident External (NRE) Account or direct remittance outside India through normal banking channels.

## **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 account holder.

## **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.

## **INTEREST PAYMENT**

- (i) No interest shall be paid on deposits held in current accounts. Provided that balances lying in current account standing in the name of a deceased individual depositor or sole proprietorship concern shall attract interest from the date of death of the depositor till the date of repayment to the claimant/s at the rate of interest applicable to savings deposit as on the date of payment.
- (ii) Interest shall be paid on saving A/c at the rate specified by the Bank from time to time which will be calculated on daily product basis and will be credited



- quarterly at the specified dates. Any change/ revision in interest rate on Savings Bank Deposits shall be notified to the customers through Bank's website
- (iii) In terms of RBI directives, minimum tenor of the deposit offered shall be seven days. 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 the Indian Banks' Association.
  - (iv) The rate of Interest on Deposits will be prominently displayed in the branch premises/on Bank's Website from time to time. Changes in rates, if any, with regard to the deposit schemes and other related services shall also be communicated upfront and shall be prominently displayed from time to time.
  - (v) The rate of interest on Term Deposits is decided by Asset Liability Management Committee (ALCO). Bank doesn't discriminate in the matter of interest paid on deposits, between one deposit and another, accepted on the same date and for the same maturity, whether such deposits are accepted at the same office or at different offices of the bank.
  - (vi) The Bank has statutory obligations to deduct income tax at source if the total interest paid/payable on all Term Deposits held by a person during a financial year exceeds the amount specified under the Income Tax Act. The customer may give instructions to deduct TDS payable on the deposit, from operative account linked to the Term Deposit account; otherwise the amount of tax would be deducted from interest payable on term deposits and the maturity proceeds of the deposits will be lower than that mentioned on Term Deposit. The Bank will issue a Tax Deduction Certificate (TDS) for the amount of tax deducted. The depositor, if entitled for exemption from TDS can submit declaration in the prescribed format i.e. Form 15G/15H at the beginning of every financial year. Depositors must furnish their PAN Number along with 15G /15H. Failure to furnish PAN will result in deduction of TDS at the prevailing rate advised by Income Tax department.  
Note: Interest paid on Term Deposits (Fixed as well as recurring) will attract TDS provisions. TDS will be deducted on the interest earned on the total amount of deposits held by a customer in the Bank as a whole, and not on individual deposits held by him branch-wise including Recurring Deposits
  - (vii) TDS on RD is applicable as per Finance Act 2015 and will be deducted when interest payable on RD per customer across all branches, exceed Rs.10,000/- in a financial year.

## **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. The Bank shall declare their penal interest rates for premature withdrawal of term deposit. The Bank shall make depositors aware of the applicable rate along with the deposit rate.

## **PREMATURE RENEWAL OF TERM DEPOSIT**

In case 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 on the period for which the deposit remained with the bank and not at the contracted rate.

## **RENEWAL OF OVERDUE TERM DEPOSIT**

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 simple rates applicable for Savings Bank Deposits.

## **PAYMENT OF INTEREST ON OVERDUE TERM DEPOSITS ON ENCASHMENT**

If an overdue term deposit receipt (irrespective of amount) is presented for encashment, (irrespective of overdue period) interest for the overdue period will be paid by the Bank as applicable to saving deposits.

## **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.

## **STANDING INSTRUCTIONS**

Standing instructions can be given to the Bank for transfer/remittance of funds from one account to other account(s) maintained in the same branch, any other branch of the bank.

## **STOP PAYMENT**

The Bank will accept Stop Payment instructions from the depositors in respect of Cheques issued/reported lost and not paid till receipt of stop payment instructions. Charges, as specified, will be recovered.

## **DECEASED ACCOUNT HANDLING**

### **a) Settlement of dues in deceased deposit account**

- If the depositor has registered nomination with the Bank, the balance outstanding in the account of the deceased depositor will be transferred to the account of/ paid to the nominee after the Bank satisfies about the identity of the nominee, etc.
- The above procedure will be followed even in respect of a joint account where nomination is registered with the Bank.
- 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/latter 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.
- In the absence of nomination and when there are no disputes among the claimants, the Bank will pay the amount outstanding in the account of deceased person against joint application and indemnity by all legal heirs or the person mandated by the legal heirs to receive the payment on their behalf without insisting on legal documents up to the limit approved by the bank’s management. This is to ensure that the common depositors are not put to hardship on account of delays in completing legal formalities.

### **b) Interest payable on term deposit in deceased account**

- 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.
- 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.

## **REDRESSAL OF COMPLAINTS AND GRIEVANCES**

Depositors having any complaint / grievance with regard to services rendered by the Bank have 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 30 days from date of

complaint or he is not satisfied with the response received from the Bank, he has a right to approach Internal Banking Ombudsman appointed by the Reserve Bank of India.

## **THE DEPOSITOR EDUCATION AND AWARENESS FUND SCHEME, 2014**

### **a) Procedure for crediting the Fund and submission of Form online:**

- Bank needs to transfer unclaimed deposits to fund through E-Kuber portal post which an auto generated acknowledgement receipt will be received by the bank on the registered e-mail ids.
- At the end of every month, the system will auto generate Form I and send it to the registered e-mail ids of the bank. Bank after verifying the correctness of Form I, is required to submit the same online through the Portal. The form needs to be duly audited by concurrent auditors and is sent to RBI in original , by post.

### **b) Procedure for claim refund - Form II**

- The banks will submit refund claims to RBI through E-Kuber portal by filling up Form 112.
- After submission of the claim, a printout of the auto generated Form II, duly signed by the authorized officials and certified by the concurrent auditors of the bank, shall be sent by the concerned bank to RBI, in original, by post.
- The refund claim will be credited by RBI to the account of Bank maintained with RBI along with the e-mail confirmation.
- true copy of the Resolution of the Board of Directors (in Hindi or English only) authorizing two officials designated as authorized signatories who would operate the account jointly, specimen signature card in prescribed formats and all previous Form I of the concerned bank needs to be submitted to RBI for claiming deposit.
- While bank would not be required to provide the customer-wise details in case of refund claims in Form II, Bank would, however, be required to maintain the customer-wise details of claims at their end, duly certified by their concurrent auditors, which Reserve Bank may seek at a later stage/during supervisory review process.

### **c) Submission of reconciliation certificate - Form III**

Bank will also submit a reconciliation certificate Form III (Annex 5) signed by two senior officers, other than those involved in transfer and refund claims for unclaimed deposits, and the concurrent auditors of the Bank, certifying agreement of the balances of the banks as shown in their general ledger with the amount reflected in the DEA Fund account of RBI at the end of June and December every year. This certificate needs to be submitted to RBI in original, not later than July 31 and January 31 respectively.

### **d) Process for customers to claim deposits**

The list of account holders whose funds have been credited with RBI by the Bank will be published on Bank's website. Claimant can search the record(s) based on the name of account holder(s)/Individual/entity. Customer may approach the branch in Mumbai or Delhi and submit application for amount of unclaimed

deposit as per the process note for claim of unclaimed deposits published on Bank's website.

The rate of interest payable by banks to the depositors/claimants on the unclaimed interest bearing deposit amount transferred to the DEA Fund shall be 3.5% simple interest per annum until further notice or as specified by RBI from time to time.

### **BOOKED DEPOSITORS' CREDITS TO BE DEEMED PROVED**

As per section 43 of Banking Regulation Act 1949, in any proceeding for the winding up of a bank, every depositor of the bank shall be deemed to have filed his claim for the amount shown in the books of the bank as standing to his credit and the High Court shall presume such claims to have been proved, unless the official liquidator shows that there is reason for doubting its correctness.

### **PREFERENTIAL PAYMENT TO DEPOSITORS**

In case of winding up of the Bank, the preferential claim is paid as per section 43A of Banking Regulation Act, 1949 first to saving Bank account then to other depositor account and further to general creditors.

In order to enable the official liquidator to have in his custody or under his control in cash as much of the assets of the bank as possible, the securities given to every secured creditor may be redeemed by the official liquidator.

If official liquidator is not satisfied with the valuation made by the creditor, he may apply to the High Court for making a valuation.

When any claimant, creditor or depositor to whom any payment is to be made, cannot be found or is not readily traceable, adequate provision shall be made by the official liquidator for such payment.

### **NOTICE OF CLAIMS OF OTHER PERSONS REGARDING DEPOSITS NOT RECEIVABLE**

As per section 45ZB of Banking Regulation Act 1949, no notice of the claim of any person, other than the person or persons in whose name a deposit is held by the Bank, shall be receivable by the Bank, nor shall the Bank be bound by any such notice though even expressly given to it:

PROVIDED that where any decree, order, certificate or other authority from a court of competent jurisdiction relating to such deposit is produced before the Bank, the Bank shall take due note of such decree, order, certificate or other authority.

### **RESTRICTIONS ON ACCEPTANCE OF DEPOSITS WITHDRAWABLE BY CHEQUE**

As per section 49A of Banking Regulation Act 1949, no person other than the Bank including RBI, SBI or specified bank shall accept from the public deposit of money

withdrawable by cheque. The same does not apply to saving bank scheme run by the Government.

### **Policy Revision**

This policy is subject to revision on every year in September (as RBI Master Guidelines are published in July every year) & also subject to revision based on the extant RBI guideline from time to time.

RBI Master Direction – Deposit & Accounts updated as on Jan 09, 2020 is attached for reference:



MD Deposits &  
Accounts .PDF

**Note 1-** Gap analysis has been conducted for policy and latest guidelines up to January 09, 2020 have been considered for above policy