



POLICY ON BANK DEPOSITS

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POLICY ON BANK DEPOSIT

1. Introduction

In terms of the Master Direction – Interest Rate on Deposits Directions, 2016 issued by Reserve Bank of India (RBI), as amended from time to time, in exercise of the powers conferred by Sections 21 and 35 A of the Banking Regulation Act, 1949, banks are required to follow the directives/advice on interest rates on deposits and other aspects regarding conduct of deposit accounts.

2. Applicability

The provisions of this policy shall apply to all branches and offices of the bank, except where specifically mentioned otherwise.

3. Definitions

In this policy, the terms herein shall bear the meanings assigned to them below:

- i Bulk Deposits* i.e. Single Rupee term deposits of Rupees three crore and above.
- ii Current Account* is a form of non-interest bearing demand deposit where from withdrawals are allowed any number of times depending upon the balance in the account. It shall also be deemed to include other deposit accounts which are neither savings deposit nor term deposit.
- iii Daily product* means the interest applied on the end of day balance.
- iv Demand Deposits* are those deposits received by the Bank which are withdrawable on demand.
- v Domestic Rupee Deposits* mean rupee deposits maintained in India in the form of current account, savings deposits or term deposit.
- vi Family* includes members as mentioned in the bank's Service / Staff Regulations.
- vii FCNR(B)* account means a Foreign Currency Non-Resident (Bank) account opened with funds remitted from outside India through banking channels or funds received in rupees by debit to the account of a non-resident bank maintained with an authorised dealer in India or funds which are of repatriable nature in terms of the regulations made by Reserve Bank. Accounts may also be opened by transfer of funds from existing NRE/ FCNR (B) accounts.
- viii Individual* means a natural person.
- ix Member of the bank's staff* means a person employed on a regular basis, whether full-time or part-time, and includes a person recruited on probation or employed on a contract of a specified duration or on deputation and an employee taken over in pursuance of any scheme of amalgamation, but does not include a person employed on casual basis.
- x NRE account* means a Non-resident External deposit account opened by Non-resident Indians (NRIs) and Person of Indian Origin (PIOs).
- xi NRO account* means a Non-resident ordinary deposit account opened by any person resident outside India for the purpose of putting through bona fide transactions in rupees.
- xii Retired member of the bank's staff* means an employee retiring whether on superannuation or otherwise as provided in the bank's Service / Staff Regulations.
- xiii RFC account*: A person resident in India can open, hold and maintain with a bank in India a Foreign Currency Account, to be known as a Resident Foreign Currency (RFC) Account.
- xiv Savings deposit* means a form of interest bearing demand deposit which is a deposit account whether designated as "Savings Account", "Savings Bank Account", "Savings Deposit Account",

"Basic Savings Bank Deposit Account (BSBDA)" or other account by whatever name called which is subject to the restrictions as to the number of withdrawals as also the amounts of withdrawals permitted by the bank during any specified period;

- xv **Term deposit** means an interest bearing deposit received by the bank for a fixed period and also include deposits such as Recurring / Cumulative / Annuity / Reinvestment deposits and Cash Certificates

General Guidelines

4. Interest Rate framework

Bank shall pay interest on deposits of money (other than current account deposits) accepted or renewed in Domestic, Ordinary Non-Resident (NRO), Non-Resident (External) Accounts (NRE) and Foreign Currency (Non-resident) Accounts (Banks) Scheme {FCNR(B)} deposit account as per the terms and conditions specified below:

- a) There shall be a comprehensive policy on interest rates on deposits duly approved by the Board of Directors or any committee of the Board to which powers have been delegated.
- b) The rates shall be uniform across all branches and for all customers and there shall be no discrimination in the matter of interest paid on the deposits, between one deposit and another of similar amount, accepted on the same date, at any of the offices.
- c) Interest rates payable on deposits shall be as per the schedule of interest rates disclosed in advance. The bank shall maintain the bulk deposit interest rate card in the Core banking system to facilitate supervisory review.
- d) The rates shall not be subject to negotiation between the depositors and the bank.
- e) The interest rates offered shall be reasonable, consistent and transparent.
- f) All transactions, involving payment of interest on deposits shall be rounded off to the nearest rupee for rupee deposits and to two decimal places for FCNR (B) deposits.
- g) **Deposits maturing on non-business working day**
 - a) If a term deposit is maturing for payment on a non-business working day, Bank shall pay interest at the originally contracted rate on the original principal deposit amount for the non-business working day, intervening between the date of the maturity of the specified term of the deposit and the date of payment of the proceeds of the deposit on the succeeding working day.
 - b) In case of reinvestment deposits and recurring deposits, Bank shall pay interest for the intervening non-business working day on the maturity value.

The above guideline is applicable to rupee deposits of Non-residents also.

h) Consequence of transfer of branch of one bank to another bank.

In case of Deposits accounts transferred from one bank branch to another bank branch on account of takeover of bank branches,

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

DOMESTIC RUPEE DEPOSITS

5. Interest rate on domestic Current Account

No interest shall be paid on deposits held in current account, provided the 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.

6. Interest Rate on domestic Saving Deposits

Interest on domestic rupee savings deposits shall be subject to the following:

- (a) Interest on domestic rupee savings deposits shall be calculated on a daily product basis as under:
 - i.* A uniform interest rate shall be set on balance up to Rupees one lakh, irrespective of the amount in the account within this limit.
 - ii.* Differential rates of interest shall be provided for any end-of-day savings bank balance exceeding Rupees one lakh

7. Interest Rates on domestic Term Deposits

- a. Interest rates on term deposits shall vary only on account of one or more of the following reasons:

- i. Tenor of Deposit :*

Banks shall have the freedom to determine the maturity / tenor of the deposit subject to the condition that minimum tenor of the deposit offered shall be *seven days*.

- ii. Size of Deposits*

Bank is allowed to offer differential rates of interest on the basis of quantum for single Term Deposits of Rs. 2.00 crore and above.

- iii. Non- availability of Premature withdrawal option*

Term deposits without premature withdrawal option shall be offered, provided that all term deposits accepted from individuals (held singly or jointly) for amount of Rupees one crore and below shall have premature-withdrawal-facility. However, it will be ensured that the customer

shall be given the option to choose between Term Deposits either with or without premature withdrawal facility.

b. Payment of Interest on pre-mature withdrawal:

The interest rates applicable on term deposits withdrawn before the maturity date shall be as under:

- i. Interest shall be paid at the rate applicable to the amount and period for which the deposit remained with the bank and not at the contracted rate.
- ii. As per extant RBI guidelines, minimum tenor of a domestic rupee Term Deposit & NRO Term Deposit account is 7 days and that of NRE & FCNR (B) Term Deposit is 1 year. No interest shall be paid, where premature withdrawal of deposit takes place before completion of minimum period specified above.

8. Payment of Additional Interest on domestic deposits

a. Bank shall allow additional interest of one per cent per annum, over and above the rate of interest mentioned in the schedule of interest rates on savings or a term deposits of bank's staff and their exclusive associations as well as on deposits of Chairman, Chairman & Managing Director, Executive Director or such other Executives appointed for a fixed tenure, subject to the following conditions:

- i. The additional interest is payable till the person continues to be eligible for the same and in case of his ceasing to be so eligible, till the maturity of a term deposit account.
- ii. In case of employees taken over pursuant to the scheme of amalgamation, the additional interest is allowed only if the interest at the contractual rate together with the additional interest does not exceed the rate, which could have been allowed if such employees were originally employed by the bank.
- iii. In the case of employees taken on deputation from another bank, the bank from which they are deputed may allow additional interest in respect of the savings or term deposit account opened with it during the period of deputation.
- iv. In the case of persons taken on deputation for a fixed tenure or on a contract of a fixed tenure, the benefit will cease to accrue on the expiry of the term of deputation or contract, as the case may be.
- v. Bank Employees' Federations, in which bank employees are not direct members, shall not be eligible for additional interest.
- vi. The additional interest may be paid on the following deposits after obtaining a declaration from the depositor concerned, that the monies deposited or which may be deposited from time to time into such account belong to the depositor:
 - a. member or a retired member of the bank's staff, either singly or jointly with any member or members of his/her family; or
 - b. the spouse of a deceased member or a deceased retired member of the bank's staff; and
 - c. an Association or a fund, members of which are members of the bank's staff;

- **Family** includes members as mentioned in the bank's Service / Staff Regulations.

- b.** Bank shall 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

Bank shall give their resident Indian retired staffs, who are senior citizens, the benefit of additional interest rates as admissible to senior citizens over and above the additional interest payable to them by virtue of their being retired members of the banks' staff. Staff interest rate together with Senior rate will be payable only to Retired Staff who are senior citizens, and where they are the first holder in the deposit for term deposit with original term of 1 year and above. Spouse of Retired Staff will not be eligible for the dual benefit.

9. Interest on overdue domestic deposits

In respect of overdue deposits , interest for the overdue period will be paid as follows.

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

The same is applicable to resident domestic deposits only.

10. Floating rate domestic term deposits

Floating rate domestic term deposits shall be linked to a directly observable and transparent market determined external benchmark.

11. Periodicity of payment of Interest on domestic savings deposits

Interest on domestic rupee savings deposits shall be subject to the following:

(a) Interest on domestic rupee savings deposits shall be calculated on a daily product basis as under:

- (i) Interest on savings deposit shall be credited at quarterly or shorter intervals.
- (ii) Interest on savings bank accounts, including those frozen by the enforcement authorities, shall be credited on regular basis irrespective of the operational status of the account.

12. Interest payable on the domestic deposit account of deceased depositor

The rate of interest on matured deposits standing in the name of a deceased individual depositor, or two or more joint depositors, where one of the depositors has died, shall be subject to the conditions laid down in Interest Rate Framework (Page No 7) of this policy.

13. Discretion to pay interest on the minimum credit balance in the composite cash credit account of a farmer

Interest on the minimum credit balance in the composite cash credit account of a farmer during the period from the 10th to the last day of each calendar month shall be paid, subject to the conditions given in Interest Rate Framework (Page No 7) of this policy

14. Penalty on premature withdrawal of domestic term deposit.

- a. Bank has a comprehensive policy on penalties for premature withdrawal of term deposits approved by the Board of Directors or any committee of the Board to which powers have been delegated.
- b. The components of penalty shall be clearly brought to the notice of the depositors at the time of acceptance of deposits. If not, no penalty shall be levied.
- c. In case of splitting of the amount of term deposit at the request from the claimant/s of deceased depositors or Joint account holders, no penalty for premature withdrawal of the term deposit shall be levied if the period and aggregate amount of the deposit do not undergo any change.
- d. No penalty for premature withdrawal shall be levied, where depositors of the branch as mentioned in the Interest Frame work (Deposits accounts transferred from one bank branch to another bank branch on account of takeover of bank branches)of this policy desires premature withdrawal of deposit consequent to the transfer of business to another bank.

Rupee Deposits of Non-Residents

15. Interest rates on Rupee Deposits-Non-Residents

Interest on deposits of money accepted or renewed under NRE / NRO deposit scheme shall be on the terms and conditions specified in the ensuing paragraphs:

- (a) The interest rates shall be subject to the conditions laid down in Interest frame work (page no :7) of this policy
- (b) Interest rates on savings deposits under Non-Resident (External) Rupee (NRE) Deposit / Ordinary Non-Resident (NRO) Deposits shall be in accordance with the Interest Rate domestic Saving Deposits mentioned in this policy
- (c) Interest rates on NRE / NRO term deposits shall vary only on account of one or more of the following reasons:

(i) Tenor of Deposits:

Banks shall have the freedom to determine the maturity / tenor of the deposit subject to the condition that minimum tenor of NRE term deposits shall be *one year* and that of NRO term deposits shall be *seven days*.

(ii) Size of Deposits

Differential interest rate shall be offered only on bulk deposits (Single Rupee term deposits of Rupees three crore and above)

- (d) Interest rates on NRE / NRO deposits shall not be higher than those offered by the bank on comparable domestic rupee term deposits.

- (e) The benefit of additional interest rate on deposits on account of being bank's own staff or senior citizens shall not be available to NRE and NRO deposits.
- (f) Interest on savings deposits shall be credited at quarterly intervals.
- (g) If an NRE account holder, immediately on return to India, requests for conversion of the NRE term deposit into Resident Foreign Currency Account (RFC), interest shall be paid as under :
 - (i) if the NRE deposit has not run for a minimum period of one year, interest shall be paid at a rate not exceeding the rate payable on savings deposits held in RFC accounts.
 - (ii) In all other cases, interest shall be paid at the contracted rate.

16. Prohibition on marking lien

Bank shall not mark any type of lien, direct or indirect, against NRE saving deposits.

17. Penalty on premature withdrawal of NRE deposits

There shall be a comprehensive policy on penalties for premature withdrawal of NRE term deposits approved by the Board of Directors or other committee of the Board to which powers have been delegated, subject to the following:

- (a) The components of penalty shall be clearly brought to the notice of the depositors at the time of acceptance of the deposits.
- (b) No penalty shall be levied for premature withdrawal of NRE term deposits for conversion into Resident Foreign Currency (RFC) Account.
- (c) Penalties for premature withdrawal shall be levied for conversion of NRE deposit into FCNR (B) deposit and vice versa.
- (d) No penalty for premature withdrawal shall be levied, where depositors of the branch as mentioned in the Interest Framework (Deposits accounts transferred from one bank branch to another bank branch on account of takeover of bank branches) of this policy desires premature withdrawal of deposit consequent to the transfer of business to another bank.

18. Interest payable on the NRE term deposit account of deceased depositor

In case the claimants of an NRE term deposit account of a deceased depositor are residents, the deposit on maturity shall be treated as a domestic rupee term deposit and interest shall be paid for the subsequent period at a rate applicable to a domestic term deposit of similar maturity.

Foreign Currency Deposits

19. Foreign Currency (Non-resident) Accounts (Banks) Scheme

Interest on deposits of money accepted or renewed under the Foreign Currency (Non-Resident) Accounts (Banks) Scheme shall be in accordance with the terms and conditions specified in the ensuing paragraphs

(a) The interest rates shall be subject to the conditions laid down in Interest frame work (page no: 7)of this policy

(b) Interest rates on term deposits under the FCNR (B) scheme shall vary only on account of one or more of the following reasons:

(i) **Tenor of deposits**

The maturity period for term deposits under the FCNR (B) scheme shall be as under:

- 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

Bank shall not accept or renew FCNR (B) deposits over five years and no recurring deposits shall be accepted under the FCNR (B) Scheme.

(ii) **Size of deposits**

Bank shall decide the currency-wise minimum quantum on which differential rates of interest may be offered.

(c) The interest rates on all deposits, including where differential rates of interest are offered, shall be subject to the overall ceiling prescribed below.

Period of deposit	Ceiling rate
1 year to less than 3 years	Overnight Alternative Reference Rate for the respective currency / Swap plus 250 basis points
3 years and above up to and including 5 years	Overnight Alternative Reference Rate for the respective currency / Swap plus 350 basis points

(d) Interest on floating rate deposits shall be paid within the ceiling of swap rates for the respective currency / maturity and in case of fixed rate deposits, interest shall be paid within the ceiling of Overnight Alternative Reference Rate for the respective currency / maturity.

(e) The interest reset period shall be six months for all floating rate deposits.

(f) The Overnight Alternative Reference Rate for the respective currency / SWAP rates as on the last working day of the preceding month shall form the base for fixing ceiling rates for the interest rates offered effective in the following month.

(g) The Overnight Alternative Reference Rate for the respective currency / Swap rates quoted / displayed by Financial Benchmarks India Pvt Ltd. (FBIL) shall be used as the reference for arriving at the interest rates on FCNR(B) deposits.

20. Manner of calculation of interest on FCNR(B) deposits

- (a) Interest on the deposits accepted under the scheme shall be calculated on the basis of 360 days to a year.
- (b) The interest on FCNR (B) deposits shall be calculated and paid at intervals of 180 days each and thereafter for the remaining actual number of days.

Provided that the option to receive the interest on maturity with compounding effect shall vest with the depositor.

21. Calculation of interest on renewal of FCNR (B) deposits

Interest calculation on renewal of FCNR(B) deposits shall be as under:

- (a) If the 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 shall 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.
- (b) In all other cases of renewal, interest rates for the overdue period on the renewed amount shall be determined by treating it as a fresh term deposit.
- (c) If, after renewal, the deposit is withdrawn before completion of the minimum stipulated period under the scheme, bank may, at their discretion, recover the interest paid for the overdue period i.e. period beyond the original date of maturity

22. Interest payable on the deposit of a deceased FCNR(B) depositor

Banks shall pay interest on the term deposits standing in the name(s) of a deceased FCNR(B) individual depositor or two or more joint depositors where one of the depositors has died, as under:

- (a) If paid on the maturity of the deposit, interest shall be paid at the contracted rate;
- (b) If the deposit is claimed before the maturity date, interest shall be paid not at the contracted rate but at the rate applicable to the period for which the deposit remained with the bank and without charging penalty for pre-payment;
- (c) In case the depositor dies before the date of maturity of the deposit but the amount of the deposit is claimed after the date of maturity, interest shall be paid at the contracted rate till the date of maturity and 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.
- (d) In case of death of the depositor after the date of maturity of the deposit, the interest rate operative on the date of maturity in respect of savings deposits held under Resident Foreign

Currency (RFC) Account Scheme shall be paid from the date of maturity till the date of payment.

(e) In case the claimants are residents, the maturity proceeds shall be converted into Indian Rupees on the date of maturity and interest shall be paid for the subsequent period at the rate applicable to a domestic term deposit of similar maturity.

23. Payment of interest on FCNR (B) deposits of NRIs on return to India

Banks on receipt of the request from the depositor, allow FCNR (B) deposits of persons of Indian nationality / origin who return to India for permanent settlement to continue till maturity at the contracted rate of interest subject to the conditions that:

- (a) The rate of interest as applicable to FCNR(B) deposits shall continue.
- (b) Such deposits shall be treated as resident deposits from the date of return of the account holder to India.
- (c) The FCNR (B) deposits on maturity shall be converted into Resident Rupee Deposit Account or RFC Account (if eligible) at the option of the account holder.
- (d) The rate of interest on the new deposit (Rupee account or RFC Account) shall be the relevant rate applicable for such deposit account.

24. Conversion of FCNR (B) Accounts of Returning Indians into RFC Accounts /Resident Rupee Accounts- Payment of interest

Subject to the conditions mentioned in the Interest frame work (page no:7) of this policy, Bank shall pay interest at the time of conversion of FCNR(B) Account into RFC / Resident Rupee Account even if the deposit has not completed the minimum maturity period of one year.

Provided that the rate of interest shall not exceed the rate payable on savings bank deposits held under RFC Account Scheme.

25. Premature withdrawal of deposits

- (a) Bank shall on request from the depositor, permit premature withdrawal of deposits under the FCNR(B) Scheme.
- (b) If the premature withdrawal of FCNR(B) deposits takes place before completion of the minimum stipulated period of one year, no interest shall be paid.

26. Penalty on Premature Withdrawal of deposits.

There shall be a comprehensive policy on penalties for premature withdrawal of FCNR(B) term deposits approved by the Board of Directors or any committee of the Board to which powers have been delegated, subject to the following:

- (a) The components of penalty shall be clearly brought to the notice of the depositors at the time of acceptance of the deposits. If not, the exchange loss arising out of premature withdrawal shall be borne by the Bank.
- (b) Penalty shall be levied on premature withdrawal of FCNR(B) deposits
 - (i) when the depositors return to India for permanent settlement.
 - (ii) for conversion of FCNR (B) deposits into NRE deposits or vice-versa.
- (c) In case of splitting of the amount of term deposit at the request from the claimant/s, no penalty for premature withdrawal of the term deposit shall be levied if the period and aggregate amount of the deposit do not undergo any change.
- (d) Bank at its discretion, levy penalty to recover the swap cost in the case of premature withdrawal of FCNR(B) deposits.
- (e) No penalties shall be levied in the case of premature conversion of balances held in FCNR (B) deposits into RFC Accounts by Non-Resident Indians on their return to India.
- (f) No penalty for premature withdrawal shall be levied, where depositors of the branch as mentioned in the Interest Frame work (Deposits accounts transferred from one bank branch to another bank branch on account of takeover of bank branches) of this policy desires premature withdrawal of deposit consequent to the transfer of business to another bank.

27. Resident Foreign Currency Accounts Scheme

Bank shall have the freedom to determine interest on deposits of money accepted by it or renewed by it under the Resident Foreign Currency Account Scheme, in accordance to the comprehensive policy on interest rates on deposits duly approved by the Board of Directors or any committee of the Board to which powers have been delegated.

Prohibitions and Exemptions

28. Prohibitions

Bank shall not:

- (a) Pay any remuneration or fees or commission or brokerage or incentives on deposits in any form or manner to any individual, firm, company, association, institution or any other person except:
 - (i) commission paid to agents employed to collect door-to-door deposits under a special scheme.
 - (ii) commission paid to Direct Selling agents / Direct Marketing Agents as part of the outsourcing arrangements.
 - (iii) remuneration paid to Business facilitators or Business Correspondents.

- (b) Offer prize / lottery / free trips (in India and / or abroad), etc or any other initiative having element of chance for mobilizing deposits. However, inexpensive gifts costing not more than Rupees 250/- which is the amount prescribed by the Indian Banks' Association (IBA) as part of the Ground Rules and Code of Ethics framed by them may, at the bank's discretion, be given to depositors at the time of accepting deposits.
- (c) Resort to unethical practices of raising of resources through agents / third parties to meet the credit needs of the existing / prospective borrowers or to grant loans to the intermediaries based on the consideration of deposit mobilisation.
- (d) Issue any advertisement / literature soliciting deposits from public highlighting only the compounded yield on term deposits without indicating the actual rate of simple interest offered by the bank for the particular period. Simple rate of interest per annum for the period of deposit should be indicated invariably.
- (e) Accept interest-free deposit other than in current account or pay compensation indirectly.
- (f) Accept deposits from / at the instance of private financiers or unincorporated bodies under any arrangement which provides for either issue of deposit advice/s favouring client/s of private financiers or giving of an authority by power of attorney, nomination or other-wise, for such clients receiving such deposits on maturity.
- (g) Grant advances against term deposits maintained with other banks.
- (h) Open a savings deposit account in the name of Government departments / bodies depending upon budgetary allocations for performance of their functions / Municipal Corporations or Municipal Committees / Panchayat Samitis / State Housing Boards / Water and Sewerage / Drainage Boards / State Text Book Publishing Corporations / Societies / Metropolitan Development Authority / State / District Level Housing Co-operative Societies, etc. or any political party or any trading / business or professional concern, whether such concern is a proprietary or a partnership firm or a company or an association and entities other than individuals, Karta of HUF and organisations/agencies listed below in Schedule I.

Explanation

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

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

Schedule - I

- (1) Primary Co-operative Credit Society which is being financed by the bank.
- (2) Khadi and Village Industries Boards.

- (3) Agriculture Produce Market Committees.
- (4) Societies registered under the Societies Registration Act, 1860 or any other corresponding law in force in a State or a Union Territory except societies registered under the State Co-operative Societies Acts and specific state enactment creating Land Mortgage Banks.
- (5) Companies licensed by the Central Government under Section 8 of Companies Act, 2013 or Section 25 of Companies Act, 1956 or under the corresponding provision in the Indian Companies Act, 1913 and permitted, not to add to their names the words 'Limited' or the words 'Private Limited'.
- (6) Institutions other than those mentioned in prohibitions (h) and whose entire income is exempt from payment of Income-tax under the Income-Tax Act, 1961.
- (7) Government departments / bodies / agencies in respect of grants / subsidies released for implementation of various programmes / Schemes sponsored by Central Government / State Governments subject to production of an authorization from the respective Central / State Government departments to open savings bank account.
- (8) Development of Women and Children in Rural Areas (DWCRA).
- (9) Self-help Groups (SHGs), registered or unregistered, which are engaged in promoting savings habits among their members.
- (10) Farmers' Clubs - Vikas Volunteer Vahini - VVV.

29. Exemptions

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

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

Accounts in India by Non-residents

1. **NRI:** A 'Non-resident Indian' (NRI) is a person resident outside India who is a citizen of India.
2. **PIO:** A 'Person of Indian Origin (PIO)' is a person resident outside India who is a citizen of any country other than Bangladesh or Pakistan or such other country as may be specified by the Central Government, satisfying the following conditions:
 - a. Who was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955); or
 - b. Who belonged to a territory that became part of India after the 15th day of August, 1947; or
 - c. Who is a child or a grandchild or a great grandchild of a citizen of India or of a person referred to in clause (a) or (b); or
 - d. Who is a spouse of foreign origin of a citizen of India or spouse of foreign origin of a person referred to in clause (a) or (b) or (c)

A **PIO** will include an 'Overseas Citizen of India' cardholder within the meaning of section 7A of Citizenship Act, 1955. Such an OCI Card holder should also be a person resident outside India.

As per Sec 7a of Citizenship Act, 1955, an individual will be considered as an OCI if:

- *He / She is a citizen of another country, but was a citizen of India at the time of, or at any time after, the commencement of the constitution or*
- *He / She is a citizen of another country, but was eligible to become a citizen of India at the time of the commencement of the constitution or*
- *He / She is a citizen of another country, but belonged to a territory that became part of India after the 15th day of August, 1947 or*
- *He / She is a child or a grand-child or a great grandchild of such a citizen or*
- *A person, who is minor child of a person mentioned in clauses above or*
- *He / She is a spouse of foreign origin of a citizen of India or an Overseas Citizen of India Cardholder registered under section 7A, Citizenship Act 1955 and whose marriage has been registered and subsisted for a continuous period of not less than two years immediately preceding the presentation of the application for OCI card.*
- *Provided that no person, who is or had been a citizen of Pakistan, Bangladesh or any other country as notified by Government of India from time to time.*

3. Major accounts that can be opened in India by a non-resident

Particulars	Non-Resident (External) Rupee Account Scheme [NRE Account]	Foreign Currency (Non-Resident) Account(Banks) Scheme [FCNR (B) Account]	Non-Resident Ordinary Rupee Account Scheme [NRO Account]
(1)	(2)	(3)	(4)
Who can open an account	NRIs and PIOs Individual/entities of Pakistan and Bangladesh shall require prior approval of the Reserve Bank of India		Any person resident outside India for putting through bonafide transactions in rupees. Individuals/ entities of Pakistan nationality/ origin and entities of Bangladesh origin require the prior approval of the Reserve Bank of India. A Citizen of Bangladesh/Pakistan belonging to minority communities in those countries i.e. Hindus, Sikhs, Buddhists, Jains, Parsis and Christians residing in India and who has been granted LTV or whose application for LTV is under consideration, can open only one NRO account with an AD bank subject to the conditions mentioned in Notification No. FEMA 5(R)/2016-RB dated April 01, 2016, as updated from time to time.
Joint account	May be held jointly in the names of two or more NRIs/ PIOs. NRIs/ PIOs can hold jointly with a resident relative on 'former or survivor' basis (relative as defined in Companies Act,		May be held jointly in the names of two or more NRIs/ PIOs. May be held jointly with residents on 'former or survivor' basis.

	2013). The resident relative can operate the account as a Power of Attorney holder during the life time of the NRI/ PIO account holder.		
Currency	Indian Rupees	Any permitted currency i.e. a foreign currency which is freely convertible	Indian Rupees
Type of Account	Savings, Current, Recurring, Fixed Deposit	Term Deposit only	Savings, Current, Recurring, Fixed Deposit
Period for fixed deposits	From one to three years, However, bank shall accept NRE deposits above three years from the Asset-Liability point of view	For terms not less than 1 year and not more than 5 years	As applicable to resident accounts.

Permissible Credits	<p>Credits permitted to this account are inward remittance from outside India, interest accruing on the account, interest on investment, transfer from other NRE/ FCNR(B) accounts, maturity proceeds of investments (if such investments were made from this account or through inward remittance).</p> <p>Current income like rent, dividend, pension, interest etc. will be construed as a permissible credit to the NRE account.</p> <p>Care: Only those credits which have not lost repatriable character</p>	<p>Inward remittances from outside India, legitimate dues in India and transfers from other NRO accounts are permissible credits to NRO account.</p> <p>Rupee gift/ loan made by a resident to a NRI/ PIO relative within the limits prescribed under the Liberalised Remittance Scheme may be credited to the latter's NRO account.</p>
Permissible Debits	Permissible debits are local disbursements, remittance outside India, transfer to other NRE/ FCNR(B) accounts and investments in India.	<p>The account can be debited for the purpose of local payments, transfers to other NRO accounts or remittance of current income abroad.</p> <p>Apart from these, balances in the NRO account cannot be repatriated abroad except by NRIs and PIOs up to USD 1</p>

		<p>million, subject to conditions specified in</p> <p>Foreign Exchange Management (Remittance of Assets) Regulations, 2016.</p> <p>Funds can be transferred to NRE account within this USD 1 Million facility.</p>
Repatriability	Repatriable	<p>Not repatriable except for all current income.</p> <p>Balances in an NRO account of NRIs/ PIOs are remittable up to USD 1 (one) million per financial year (April-March) along with their other eligible assets.</p>
Taxability	Income earned in the accounts is exempt from income tax and balances exempt from wealth tax	Taxable
Loans in India	<p>AD can sanction loans in India to the account holder/ third parties without any limit, subject to usual margin requirements. These loans cannot be repatriated outside India and can be used in India only for the purposes specified in the regulations.</p> <p>In case of loans sanctioned to a third party, there should be no direct or indirect foreign exchange consideration for the non-resident depositor agreeing to pledge his deposits to enable the resident individual/ firm/ company to obtain such facilities.</p> <p>In case of the loan sanctioned to the account holder, it can be repaid either by adjusting the deposits or through inward remittances from outside India through banking channels or out of balances held in the NRO account of the account holder.</p> <p>The facility for premature withdrawal of deposits will not be available where loans against such deposits are availed of.</p> <p>The term “loan” shall include all types of fund based/ non-fund based facilities.</p>	<p>Loans against the deposits can be granted in India to the account holder or third party subject to usual norms and margin requirement. The loan amount cannot be used for relending, carrying on agricultural/ plantation activities or investment in real estate.</p> <p>The term “loan” shall include all types of fund based/ non-fund based facilities.</p>

Loans outside India	Bank shall allow branches to grant loans to or in favour of non-resident depositor or to third parties at the request of depositor for bona fide purpose against the security of funds held in the NRE/ FCNR (B) accounts in India, subject to usual margin requirements. The term “loan” shall include all types of fund based/ non-fund based facilities	Not permitted
Rate of Interest	As per guidelines issued by the Department of Regulation	
Operations by Power of Attorney in favour of a resident	Operations in the account in terms of Power of Attorney is restricted to withdrawals for permissible local payments or remittance to the account holder himself through normal banking channels.	Operations in the account in terms of Power of Attorney is restricted to withdrawals for permissible local payments in rupees, remittance of current income to the account holder outside India or remittance to the account holder himself through normal banking channels. While making remittances, the limits and conditions of repatriability will apply.
Change in residential status from Non-resident to resident	NRE accounts should be designated as resident accounts or the funds held in these accounts may be transferred to the RFC accounts, at the option of the account holder, immediately upon the return of the account holder to India for taking up employment or on change in the residential status.	On change in residential status, FCNR (B) deposits shall be allowed to continue till maturity at the contracted rate of interest, if so desired by the account holder. Bank shall 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.	
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4. Opening of accounts by individuals/ entities of Pakistan/ Bangladesh nationality/ ownership

Opening of accounts by individuals/ entities of Pakistan nationality/ ownership and entities of Bangladesh ownership requires prior approval of the Reserve Bank.

However, individuals of Bangladesh nationality can open an NRO account subject to the individual(s) holding a valid visa and valid residential permit issued by Foreigner Registration Office (FRO)/ Foreigner Regional Registration Office (FRRO) concerned.

Further, citizens of Bangladesh/Pakistan belonging to minority communities in those countries, namely, Hindus, Sikhs, Buddhists, Jains, Parsis and Christians residing in India and who have been granted Long Term Visa (LTV) or whose application for LTV is under consideration, are permitted to open only one NRO account with an AD bank in India subject to the conditions mentioned in Notification No. FEMA 5(R)/2016-RB dated April 01, 2016, as updated from time to time. The opening of such NRO accounts will be subject to reporting of the details of the accounts opened by the bank, to the Ministry of Home Affairs (MHA) on a quarterly basis as instructed vide AP (DIR Series) Circular No.28 dated March 28, 2019.

5. Opening of account of a tourist visiting India

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

6. SNRR account

Any person resident outside India, having a business interest in India, can open a Special Non-Resident Rupee Account (SNRR account) for the purpose of putting through bona fide transactions in rupees which are in conformity with the provisions of the Act, rules and regulations made thereunder.

The differences between SNRR account and NRO account are:

Feature	SNRR Account	NRO Account
Who can open	<p>Any person resident outside India, having a business interest in India for putting through bona fide transactions in rupees.</p> <p>Opening of SNRR accounts by Pakistan and Bangladesh nationals and entities incorporated in Pakistan and Bangladesh requires prior approval of Reserve Bank.</p>	<p>Any person resident outside India for putting through bonafide transactions in rupees.</p> <p>Individuals/ entities of Pakistan nationality/ origin and entities of Bangladesh origin require the prior approval of the Reserve Bank of India.</p> <p>However, a citizen of Bangladesh/Pakistan belonging to minority communities in those countries i.e. Hindus, Sikhs, Buddhists, Jains, Parsis and Christians residing in India and who has been granted LTV or whose application for LTV is under consideration, can open one NRO account subject to the conditions mentioned in Notification No. FEMA 5(R)/2016-RB dated April 01, 2016, as updated from time to time.</p>
Type of Account	Non-interest bearing	<p>Current, Savings, Recurring or Fixed Deposit;</p> <p>Rate of interest – as per guidelines issued by Department of Regulation.</p>
Permissible Transactions	Debits and credits specific/ incidental to the business proposed to be done by the account holder	<p>Credits:</p> <p>Inward remittances, legitimate dues in India, transfers from other NRO accounts and any amount received in accordance with the Rules/Regulations/Directio ns under FEMA, 1999.</p> <p>Debits:</p> <p>Local payments, transfer to other NRO accounts, remittance of current income, settlement of charges on International Credit Cards.</p>

Tenure	<p>Concurrent to the tenure of the contract / period of operation / the business of the account holder and in no case shall exceed seven years, other than with approval of the Reserve Bank.</p> <p>Restriction of seven years is not applicable to SNRR accounts opened for the purposes stated at sub. paragraphs i to v of paragraph 1 of Schedule 4 of FEMA 5(R).</p>	No such restrictions on tenure.
Repatriability	Repatriable	Not repatriable except for current income; and remittances by NRIs/ PIOs up to USD 1 million per financial year in accordance with the provisions of FEMA 13(R).

Foreign Diplomatic missions/ personnel and their family members in India are permitted to hold the following deposits accounts:

- a. Foreign diplomatic missions and diplomatic personnel and their family members in India may open rupee deposits.
- b. Diplomatic missions and diplomatic personnel can open special rupee accounts namely Diplomatic Bond Stores Account to facilitate purchases of bonded stocks from firms and companies who have been granted special facilities by customs authorities for import of stores into bond, subject to conditions. The funds in the account may be repatriated outside India without the approval of Reserve Bank.
- c. Diplomatic missions, diplomatic personnel and non-diplomatic staff, who are the nationals of the concerned foreign countries and hold official passport of foreign embassies in India can open foreign currency accounts in India. The account may be held in the form of current or term deposit account, and in the case of diplomatic personnel and non-diplomatic staff, may also be held in the form of savings account. Such accounts can be credited by way of inward remittances and transfers (which are collected in India as visa fees) from the rupee account of the diplomatic mission in India. Funds held in such account if converted in rupees shall not be converted back into foreign currency. The funds in the account may be repatriated outside India without the approval of Reserve Bank.

7. Opening of accounts in India by person's resident in Nepal and Bhutan

Persons resident in Nepal and Bhutan can open Indian rupee accounts in India.

8. Deposits of multilateral organisation in India

Any multilateral organization, of which India is a member nation, or its subsidiary/ affiliate bodies and officials in India can open deposits in India.

9. Acceptance of deposits by an Indian company from non-residents in compliance with section 160 of the Companies Act, 2013

Acceptance of deposit and refunds, if required, will be covered under current account transactions and can be made freely without any restriction from FEMA perspective.

10. Foreign currency account opening by a Foreign Portfolio Investor or a Foreign Venture Capital Investor in India

A Foreign Portfolio Investor or a Foreign Venture Capital Investor, both registered with the Securities and Exchange Board of India (SEBI) under the relevant SEBI regulations can open and maintain a non-interest bearing foreign currency account for the purpose of making investment in accordance with Foreign Exchange Management (Non Debt Instrument) Rules, 2019.

11. Escrow Account in India

Resident and Non-resident acquirers can open Escrow Account in INR in India as the Escrow Agent, for acquisition/transfer of capital instruments/convertible notes in accordance with Foreign Exchange Management (Non-Debt Instrument) Rules, 2019 as amended from time to time and subject to the terms and conditions specified under Schedule 5 of Foreign Exchange Management (Deposit) Regulations, 2016, as amended from time to time.

Deposits and Accounts

Part I

Opening, holding and maintaining foreign currency accounts by a person resident in India

1.1 The Foreign Exchange Management Act, 1999 (FEMA) empowers the Reserve Bank to frame regulations to prohibit, restrict and regulate the opening, holding and maintaining of foreign currency accounts and the limits up to which amounts can be held in such accounts by a person resident in India. These regulations are notified under Notification No. FEMA 10 (R)/2015-RB of January 21, 2016, (FEMA 10 (R)) as amended from time to time.

1.2 A person resident in India who held or maintained a Foreign Currency Account before the commencement of FEMA 10(R) with special or general permission of the Reserve Bank, can continue to maintain the account.

1.3 A person resident in India is allowed to maintain a foreign currency account outside India if he had maintained it when he was resident outside India or inherited it from a person resident outside India.

2. Definitions

Some key terms used in this part are given below:

2.1 ‘Foreign Currency Account’ means an account held or maintained in currency other than the currency of India or Nepal or Bhutan.

2.2 ‘Relative’ is a person as defined in section 2(77) of the Companies Act, 2013.

List of relatives in terms of clause (77) of section 2.-

“relative”, with reference to any person, means any one who is related to another, if—

(i) they are members of a Hindu Undivided Family;

(ii) they are husband and wife; or

A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely: -

(1) Father:

Provided that the term “Father” includes step-father.

(2) Mother:

Provided that the term “Mother” includes the step-mother.

(3) Son:

Provided that the term “Son” includes the step-son.

(4) Son’s wife.

(5) Daughter.

(6) Daughter’s husband.

(7) Brother:

Provided that the term “Brother” includes the step-brother;

(8) Sister:

Provided that the term “Sister” includes the step-sister.

2.3. A ‘Start up’ is an entity which complies with the conditions laid down in Notification No. GSR 180(E) dated February 17, 2016 issued by Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.

3. Foreign Currency Accounts that can be held in India

3.1 Exchange Earner's Foreign Currency (EEFC) Account – EEFC Account

A person resident in India is allowed to an EEFC account 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:

- a. 100 percent of the foreign exchange earnings by way of inward remittance through normal banking channel, (other than loans or investments);
- b. payments received for the purpose of counter trade;
- c. advance remittance received by an exporter towards export of goods or services;
- d. 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;
- e. interest earned on the funds held in the account;
- f. Re-credit of unutilised foreign currency earlier withdrawn from the account;
- g. repayment of trade related loans/ advances (which were granted to the account holder's importer customer out of balances held in the EEFC accounts);
- h. disinvestment proceeds received by the resident account holder on conversion of shares held by him to ADRs/ GDRs under the ⁷DR Scheme, 2014; and
- i. 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:

- a. 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;
- b. 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;
- c. payment of customs duty in accordance with the provisions of Export Import Policy;
- d. 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;
- e. 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 are 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 shall 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 shall 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 shall 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.

3.2 Resident Foreign Currency (RFC) Account – RFC Account

- 1) A person resident in India is permitted to open an RFC account with the 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.

3.3 Resident Foreign Currency (Domestic) Account – RFC (D) Account

- 1) A resident individual is allowed to 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 DR 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 shall 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 can be credited to NRE/ FCNR (B) Accounts, at the option/ request of the account holder's consequent upon change of their residential status from resident to non-resident.

3.4 Diamond Dollar Account (DDA) Scheme – DDA Account

Firms and companies which comply with the eligibility criteria stipulated in the Foreign Trade Policy of the Government of India are allowed to open DDA accounts, details of which are laid down in Schedule II of FEMA 10(R), as amended from time to time. The salient features of the Scheme are:

1. Realisation of export proceeds and local sales (in USD) of rough, cut, polished diamonds; and pre and post shipment finance availed in USD can be credited to such account.
2. Payments for purchase of rough, cut and polished diamonds can be made from DDA account. Funds can also be transferred to rupee account of the exporter.
3. The account shall be maintained in the form of a non-interest bearing current account.
4. The sum total of the accruals in the account during a calendar month shall 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.

3.5 Indian agent of shipping or airline companies incorporated outside India can maintain foreign currency account in India for meeting the local expenses of the overseas company. The credits permitted to such accounts are freight or passage fare collections in India or from his principal outside India.

3.6 Ship-manning/ crew managing agencies in India can maintain non-interest bearing foreign currency account in India for the purpose of undertaking transactions in the ordinary course of their business, as detailed:

1. Credits: Only by way of inward remittances through normal banking channels from the overseas principal.
2. Debits: Towards various expenses in connection with the management of the ships/ crew in the ordinary course of its business.
3. No credit facility (fund-based or non-fund based) should be granted against security of funds held in the account.
4. The bank shall meet the prescribed Reserve Requirements in respect of such accounts.
5. No EEFC facility shall be allowed in respect of the remittances received in the account.
6. The account shall be maintained only during the validity period of the agreement.

3.7 Project Offices of foreign companies can open non-interest bearing one or more foreign currency accounts in India for the project to be executed in India. Such accounts will be subject to the following conditions:

- 1) The Project Office has been established in India, with the general/ specific permission of Reserve Bank, having the requisite approval from the concerned Project Sanctioning Authority,
- 2) The contract under which the project has been sanctioned, specifically provides for payment in foreign currency,
- 3) Each Project has only one Foreign Currency Account.
- 4) Debits:
 - a. Payment of project related expenditure.
- 5) Credits:
 - a. Foreign currency receipts from the Project Sanctioning Authority, and
 - b. Remittances from parent/ Group Company abroad or bilateral/ multilateral international financing agency.
- 6) The Foreign Currency account shall be closed at the completion of the Project.
- 7) Inter-project transfer of funds shall be permitted with the prior permission of the Regional Office of the Reserve Bank under whose jurisdiction the project office is situated.
- 8) In case of disputes between the Project Office and the project sanctioning authority or other Government/ Non-Government agencies etc., the balance held in such account shall be converted into INR and credited to a special account which shall be dealt with as per the settlement of the dispute.

3.8 Organisers of international Seminars, Conferences, Conventions, etc. – are allowed to open temporary foreign currency accounts in India subject to the following conditions:

1. Credits: All inward remittances in foreign currency towards registration fees payable by overseas delegates, grant, sponsorship fees and donations, received from abroad, in connection with the conference, convention, etc
2. Debits: (i) Payment to foreign/ special invitees attending the conference, etc., on the specific invitation of the organisers, towards travel, hotel charges, etc., and honorarium to foreign guest speakers; (ii) Remittance towards refund of registration fees to foreign delegates and unutilised sponsorship/grant amount, if any; (iii) Bank charges, if any; (iv) Conversion of funds into rupees.
3. All other credits/ debits would require the prior approval of the Reserve Bank.
4. The account shall be closed immediately, after the conference/event is over.

3.9 An exporter who has undertaken a construction contract or a turnkey project outside India or who is exporting services or engineering goods from India on deferred payment terms can open, hold and maintain a Foreign Currency Account with a bank in India, provided that approval as required under the Foreign Exchange Management (Export of goods and services) Regulations, 2015, as amended from time to time has been obtained for undertaking the contract/ project/ export of goods or services, and the terms and conditions stipulated in the letter of approval have been duly complied with.

3.10 A unit located in a Special Economic Zone (SEZ) – is allowed to open , hold and maintain a foreign currency account with an authorized dealer in India to credit all foreign exchange funds received by the unit.

1. The account can be used for bona fide trade transactions between the unit and a person resident in/ outside India.
2. Foreign exchange purchased in India against rupees cannot be credited to the account without prior permission from the Reserve Bank.
3. The balances in the accounts are from the restrictions imposed under Rule 5, of Foreign Exchange Management (Current Account Transaction) Rules, as amended from time to time, except for the use of the balances for gift etc.
4. The funds held in these accounts cannot be lent or made available to any person or entity resident in India not being a unit in Special Economic Zones.

3.11 An Indian company receiving foreign investment under FDI route in terms of Foreign Exchange Management (Non-debt Instruments) Rules, 2019 dated October 17, 2019, as amended from time to time, are allowed to open and maintain a foreign currency account with a bank in India provided the Indian investee company has impending foreign currency expenditure and the account is closed immediately after the requirements are completed or within six months from the date of opening of such account, whichever is earlier.

3.12 Re-insurance and Composite Insurance brokers registered with Insurance Regulatory and Development Authority of India (IRDA) are allowed to open and maintain non-interest bearing foreign currency accounts with a bank in India for the purpose of undertaking transactions in the ordinary course of their business.

4. Foreign Currency Accounts that can be held outside India

4.1 The following persons are allowed to open a foreign currency account with a bank outside India for carrying on normal business and incidental transactions.

- a. An authorized dealer in India with its branch/ head office/ correspondent outside India.

- b. A branch outside India of a bank incorporated in India.
- c. An Indian shipping or airline company.
- d. Insurance/ reinsurance companies registered with Insurance Regulatory and Development Authority of India (IRDA) to carry out insurance/ reinsurance business.
- e. An India firm/ company/ body corporate in the name of its foreign office/ branch or its representative posted outside India.
- f. An exporter who is exporting services and engineering goods on deferred payment terms or executing a turnkey project or a construction contract abroad.

4.2 A person resident in India who has gone abroad for studies can open a foreign currency account with a bank outside India during his stay abroad. All credits to the account from India should be made in accordance with FEMA and the rules and regulations made thereunder. On the student's return to India after completion of studies, the account will be deemed to have been opened under the Liberalised Remittance Scheme.

4.3 A person resident in India who is on a visit to a foreign country can open a foreign currency account with a bank outside India during his stay abroad. The balance in the account shall be repatriated to India on return of the account holder to India.

4.4 A person going abroad to participate in an exhibition/ trade fair can open a foreign currency account with a bank outside India for crediting the sale proceeds of goods. The balance shall be repatriated to India within one month from the date of closure of the exhibition/ trade fair.

4.5 The following persons can open a foreign currency account outside India for remitting/ receiving their entire salary payable to him in India.

- a) A foreign citizen resident in India, being an employee of a foreign company, on deputation to the office/ branch/ subsidiary/ joint venture/ group company in India;
- b) An Indian citizen, being an employee of a foreign company, on deputation to the office/ branch/ subsidiary/ joint venture/ group company in India
- c) A foreign citizen resident in India employed with an Indian company;

4.6 An Indian Party [as defined in Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004, as amended from time to time] is allowed to open a foreign currency account abroad for making overseas direct investment provided the overseas regulator mandates opening of such an account.

4.7 A resident individual is allowed to open a foreign currency account with a bank outside India for the purpose of sending remittances under the Liberalized Remittance Scheme.

4.8 Subject to compliance with the conditions in regard to raising of External Commercial Borrowings (ECB) or raising of resources through American Depositary Receipts (ADRs) or Global Depositary Receipts (GDRs), the funds so raised may, pending their utilisation or repatriation to India, be held in deposits in foreign currency accounts with a bank outside India.

4.9 Indian start up, having an overseas subsidiary, is allowed to open a foreign currency account with a bank outside India for the purpose of crediting to the account the foreign exchange earnings out of exports/ sales made by the said start-up or its overseas subsidiary. The balances held in such accounts, to the extent they represent exports from India, shall be repatriated to India within the

period prescribed for realization of exports, in Foreign Exchange Management (Export of Goods and Services) Regulations, 2015 dated January 12, 2016, as amended from time to time.

5. Miscellaneous

5.1 Unless otherwise specifically stated, a foreign currency account maintained by a person resident in India with a bank in India under the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2015, dated January 21, 2016 as amended from time to time, may be opened, held and maintained in the form of current or savings or term deposit account in cases where the account holder is an individual, and in the form of current account or term deposit account in all other cases.

5.2 The account can be held singly or jointly in the name of person eligible to open, hold and maintain such account.

5.3 On the death of a foreign currency account holder -

- a. the bank with whom the account is held or maintained can remit to a nominee being a person resident outside India, funds to the extent of his share or entitlement from the account of the deceased account holder;
- b. a nominee being a person resident in India, who is desirous of remitting funds outside India out of his share for meeting the liabilities abroad of the deceased, shall apply to the Reserve Bank for such remittance.
- c. A resident nominee of an account held outside India in accordance with Regulation 5 of Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2015, dated January 21, 2016, has to close the account and bring back the proceeds to India through banking channels.

Part II

Opening, holding and maintaining accounts in India by a person resident outside India

1. Introduction

1.1 The Foreign Exchange Management Act, 1999 (FEMA) empowers the Reserve Bank to frame regulations to restrict, regulate and prohibit the maintenance of deposits *between a person resident in India and a person resident outside India*. These regulations are notified under Notification No. FEMA 5(R)/2016-RB of April 1, 2016, (FEMA 5(R)) as amended from time to time.

2. Definitions

2.1 'Deposit' includes deposit of money with a bank, company, proprietary concern, partnership firm, corporate body, trust or any other person.

2.2 A 'Non-resident Indian' (NRI) is a person resident outside India who is a citizen of India.

2.3 A 'Person of Indian Origin (PIO)' is a person resident outside India who is a citizen of any country other than Bangladesh or Pakistan or such other country as may be specified by the Central Government, satisfying the following conditions:

- a. Who was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955); or
- b. Who belonged to a territory that became part of India after the 15th day of August, 1947; or
- c. Who is a child or a grandchild or a great grandchild of a citizen of India or of a person referred to in clause (a) or (b); or
- d. Who is a spouse of foreign origin of a citizen of India or spouse of foreign origin of a person referred to in clause (a) or (b) or (c)

Explanation: PIO will include an ‘Overseas Citizen of India’ cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955.

2.6 ‘Permissible currency’ is a foreign currency which is freely convertible.

2.7 Relative’ means relative as defined in section 2(77) of the Companies Act, 2013.

2.8 As FEM (Deposit) Regulations, 2000 have been repealed and replaced by FEM (Deposit) Regulations, 2016 with effect from April 1, 2016 (FEMA 5(R)), the term NRI, wherever it appeared, has been replaced by NRI and/or PIO. Prior to this, PIOs were covered within the definition of NRI.

3. Exemptions

These restrictions are not applicable for the following:

3.1 Deposits in rupee accounts and special rupee accounts maintained by foreign diplomatic missions and diplomatic personnel.

3.2 Foreign currency accounts maintained by diplomatic missions, diplomatic personnel and non-diplomatic staff who are the nationals of the concerned foreign countries and hold official passport of foreign embassies in India, subject to the following conditions:

- a. The permissible credits to the account shall be inward remittances received from outside India through banking channels; and transfer of funds, from the rupee account of the diplomatic mission in India, which are collected in India as visa fees and credited to such account;
- b. Funds held in such account if converted in rupees cannot be converted back into foreign currency;
- c. The account can be held in the form of current or term deposit account, and in the case of diplomatic personnel and non-diplomatic staff, may also be held in the form of savings account;
- d. The rate of interest on savings or term deposits shall be such as may be determined by the authorised dealer maintaining the account;
- e. The funds in the account may be repatriated outside India without the approval of Reserve Bank.

3.3 Deposits with Authorized Dealer maintained in rupees by persons resident in Nepal and Bhutan.

3.4 Deposits with authorized dealer maintained by any multilateral organization and its subsidiary/affiliate bodies and officials in India, of which India is a member nation.

4. Non-Resident (External) Rupee Account Scheme – (NRE Account):

The detailed instructions for opening and maintaining this account are laid down in Schedule 1 to Foreign Exchange Management (Deposit) Regulations, 2016, as amended from time to time. The salient features of the scheme are given below:

4.1 Non-resident Indians (NRIs) and Person of Indian Origin (PIOs) are permitted to open and maintain these accounts with a bank authorised by the Reserve Bank to maintain such accounts.

4.2 The accounts can be maintained in any form, e.g. savings, current, recurring or fixed deposit account etc.

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

4.4 Inward remittances to the account and remittances outside India from NRE account are permitted.

4.5 Credits permitted to this account as inward remittance are interest accruing on the account, interest on investment, transfer from other NRE/ FCNR(B) accounts, maturity proceeds if such investments were made from this account or through inward remittance.

4.6 The debits allowed from this account are local disbursements, transfer to other NRE/ FCNR(B) and investments in India.

4.7 Current income like rent, dividend, pension, interest etc. shall be construed as a permissible credit to the NRE account provided the bank is satisfied that the credit represents current income of the NRI/PIO account holder and income tax thereon has been deducted/ paid/ provided for, as the case may be.

4.8 The regulations for sanction of loans are detailed below:

4.8.1 Bank shall grant loans against the security of the funds held in NRE accounts to the account holder/ third party in India, without any limits, subject to the usual margin requirements. The loan cannot be repatriated outside India and shall be used for the following purposes:

- a. personal purposes or for carrying on business activities except for the purpose of relending or carrying on agricultural/ plantation activities or for investment in real estate business;
- b. making direct investment in India on non-repatriation basis by way of contribution to the capital of Indian firms/ companies subject to the provisions of the relevant Regulations made under the Act;
- c. acquiring flat/ house in India for his own residential use subject to the provisions of the relevant Regulations made under the Act.

In case of loans sanctioned to a third party, there shall be no direct or indirect foreign exchange consideration for the non-resident depositor agreeing to pledge his deposits to enable the resident individual/ firm/ company to obtain such facilities.

In case of the loan sanctioned to the account holder, it can be repaid either by adjusting the deposits or through inward remittances from outside India through banking channels or out of balances held in the NRO account of the account holder.

4.8.2 Bank shall allow their branches/ correspondents outside India to grant loans to or in favour of non-resident depositor or to third parties at the request of depositor for bona fide purpose against the security of funds held in the NRE accounts in India and also agree for remittance of the funds from India, if necessary, for liquidation of the outstanding.

4.8.3 The facility for premature withdrawal of deposits shall not be available where loans against such deposits are availed of.

4.8.4 The term “loan” shall include all types of fund based/ non-fund based facilities.

4.9 NRE accounts shall be designated as resident accounts or the funds held in these accounts may be transferred to the RFC accounts, at the option of the account holder, immediately upon the return of the account holder to India for taking up employment or on change in the residential status.

4.10 In the event of the demise of an account holder, balances in the account can be transferred to the non-resident nominee of the deceased account holder. However, request 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, shall be forwarded to the Reserve Bank for consideration.

4.11 Operations on an NRE account shall be allowed 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 or remittance to the account holder himself through banking channels. In cases where the account holder or a bank designated by him is eligible to make investments in India, the Power of Attorney holder shall be permitted to operate the account to facilitate such investment. The resident Power of Attorney holder is not allowed to (a) open a NRE account; (b) repatriate outside India funds held in the account other than to the account holder himself; (c) make payment by way of gift to a resident on behalf of the account holder; (d) transfer funds from the account to another NRE account.

4.12 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.

4.13 The rate of interest and tenor applicable to these accounts shall be in accordance with the directions/ instructions issued by the Department of Banking Regulations, Reserve Bank of India.

5. Foreign Currency (Non-resident) Account (Banks) Scheme – FCNR (B) Account

The detailed instructions for opening and maintaining this account are laid down in Schedule 2 to Foreign Exchange Management (Deposit) Regulations, 2016, as amended from time to time. The salient features of the scheme are given below:

5.1 Non-resident Indians (NRIs) and Persons of Indian Origin (PIOs) are permitted to open and maintain these accounts with the bank authorised by the Reserve Bank to maintain such accounts. Deposits may be accepted in any permissible currency.

5.2 The accounts shall be maintained only in the form of fixed deposit.

5.3 Other conditions such as credits/debits, joint accounts, loans / overdrafts, operation by power of attorney etc., as applicable to an NRE account shall be applicable to FCNR (B) account as well.

5.4 The rate of interest and tenor applicable to these accounts shall be in accordance with the directions/ instructions issued by the Department of Banking Regulation, Reserve Bank of India.

6. Non-Resident (Ordinary) Account Scheme – NRO account

The detailed instructions for opening and maintaining this account are laid down in Schedule 3 to Foreign Exchange Management (Deposit) Regulations, 2016, as amended from time to time. The salient features of the scheme are given below:

6.1 Any person resident outside India (as per Section 2 (w) of FEMA), can open and maintain NRO account with the Bank for the purpose of putting through bona fide transactions denominated in Indian Rupees.

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

6.3 Opening of accounts by individuals/ entities of certain countries:

(a) Opening of accounts by individuals/ entities of Pakistan nationality/ ownership and entities of Bangladesh ownership requires prior approval of the Reserve Bank. However, individuals of Bangladesh nationality shall be allowed to open these accounts subject to the individual/s holding a valid visa and valid residential permit issued by Foreigner Registration Office (FRO)/ Foreigner Regional Registration Office (FRRO) concerned.

(b) Bank shall open only one Non-Resident Ordinary (NRO) Account for a citizen of Bangladesh or Pakistan, belonging to minority communities in those countries, namely Hindus, Sikhs, Buddhists, Jains, Parsis and Christians, residing in India and who has been granted a Long Term Visa (LTV) by the Central Government. The account shall be converted to a resident account once such a person becomes a citizen of India. This account can also be opened if such person has applied for LTV which is under consideration of the Central Government, in which case the account will be opened for a period of six months and may be renewed at six monthly intervals subject to the condition that the individual holds a valid visa and valid residential permit issued by Foreigner Registration Office (FRO)/ Foreigner Regional Registration Office (FRRO) concerned. The opening of such NRO accounts will be subject to reporting of the details of accounts opened by the concerned Authorised bank to the Ministry of Home Affairs (MHA) on a quarterly basis. The report shall contain details of (i) name/s of the individual/s; (ii) date of arrival in India; (iii) Passport No. and place/country of issue; (iv) Residential Permit/Long Term Visa reference and date & place of issue; (v) name of the FRO/FRRO concerned; (vi) complete address and contact number of the branch where the bank account is being maintained. The Head Office of the bank shall furnish the above details on a quarterly basis to the Under Secretary (Foreigners), Ministry of Home Affairs, NDCC-II Building, Jai Singh Road, New Delhi – 110 001. Bank shall ensure strict compliance to these instructions.

6.4 The accounts can be maintained in any form, e.g. savings, current, recurring or fixed deposit account.

6.5 The accounts can be held jointly with residents on 'former or survivor' basis. NRIs and PIOs may hold an NRO account jointly with other NRIs and PIOs.

6.6 Inward remittances from outside India, legitimate dues in India and transfers from other NRO accounts are permissible credits to NRO account. Rupee gift/ loan made by a resident to a NRI/PIO relative within the limits prescribed under the Liberalised Remittance Scheme can be credited to the latter's NRO account.

6.7 The account can be debited for the purpose of local payments, transfers to other NRO accounts or remittance of current income abroad. Apart from these, balances in the NRO account cannot be repatriated abroad except by NRIs and PIOs up to USD 1 million, subject to conditions specified in Foreign Exchange Management (Remittance of Assets) Regulations, 2016. Funds can be transferred to NRE account within this USD 1 Million facility.

6.8 Loans against the deposits can be granted in India to the account holder or third party subject to usual norms and margin requirement. The loan amount shall not be used for relending, carrying on agricultural/plantation activities or investment in real estate.

6.9 NRO accounts shall be designated as resident accounts on the return of the account holder to India for any purpose indicating his intention to stay in India for an uncertain period. Likewise, when a resident Indian becomes a person resident outside India, his existing resident account shall be designated as NRO account.

6.10 Bank shall allow operations on an NRO account in terms of a Power of Attorney granted in favour of a resident by the non-resident individual account holder provided such operations are restricted to local payments and remittances to non-residents.

6.12 To facilitate the foreign nationals to collect their pending dues in India, Bank shall permit such foreign nationals 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 pending bona fide dues, subject to the bank satisfying itself that the credit of amounts are bona fide dues of the account holder when she/ he was a resident in India. The funds credited to the NRO account should be repatriated abroad immediately, subject to payment of the applicable income tax and other taxes in India. The amount repatriated abroad should not exceed USD one million per financial year. The debit to the account should be only for the purpose of repatriation to the account holder's account maintained abroad. The account should be closed immediately after all the dues have been received and repatriated as per the declaration made by the account holder when the account was designated as an NRO account.

6.13 International Credit Cards – Bank is permitted to issue International Credit Cards to NRIs/PIOs, without prior approval of Reserve Bank. Such transactions may be settled by inward remittance or out of balances held in the cardholder's FCNR (B) / NRE / NRO Accounts.

6.14 Income-Tax - The remittances (net of applicable taxes) will be allowed to be made by the bank on production of requisite information in the formats prescribed by the Central Board of Direct Taxes, Ministry of Finance, Government of India from time to time. Reserve Bank of India will not issue any instructions under FEMA, clarifying tax issues. It shall be mandatory on the part of Bank to comply with the requirement of tax laws, as applicable.

7. Special Non-Resident Rupee Account - SNRR account

7.1 Any person resident outside India, having a business interest in India, is allowed to open a Special Non-Resident Rupee Account (SNRR account) with the bank 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. The business interest, apart from generic business interest, shall include the following INR transactions, namely:

- i. Investments made in India in accordance with Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 dated October 17, 2019 and Foreign Exchange Management (Debt Instruments) Regulations, 2019 notified vide Notification No. FEMA 396/2019-RB dated October 17, 2019, as applicable and as amended from time to time.
- ii. Import of goods and services in accordance with Section 5 of the Foreign Exchange Management Act 1999 (42 of 1999), read with Notification No. G.S.R. 381(E) dated May 3, 2000, viz., Foreign Exchange Management (Current Account Transactions) Rules, 2000, as amended from time to time;
- iii. Export of goods and services in accordance with Section 7 of the Foreign Exchange Management Act 1999 (42 of 1999), read with Notification No. G.S.R. 381(E) dated May 3, 2000, viz. Foreign Exchange Management (Current Account Transactions) Rules, 2000, as amended from time to time, and further read with FEMA Notification No.23(R)/2015-RB dated January 12, 2016, as amended from time to time;
- iv. Trade credit transactions and lending under External Commercial Borrowings (ECB) framework in accordance with Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended from time to time; and
- v. 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 a bank in India (outside IFSC).

7.2 The SNRR account shall carry the nomenclature of the specific business for which it is in operation and shall not earn any interest. Indian bank may, at its discretion, maintain separate SNRR account for each category of transactions or a single SNRR Account for a person resident outside India engaged in multiple categories of transactions provided it is able to identify/segregate and account them category-wise.

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

7.4 Bank shall ensure that all the operations in the SNRR account are in accordance with the provisions of the Act, rules and regulations made thereunder.

7.5 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 shall not be applicable to SNRR accounts opened by persons' resident outside India for the purposes stated at sub-paragraphs (i) to (v) of paragraph 7.1 above.

7.6 The operations in the SNRR account shall 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.

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

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

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

7.10 The amount due/ payable to non-resident nominee from the account of a deceased account holder, shall be credited to NRO/NRE account of the nominee with the authorised bank in India or by remittance through normal banking channels.

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

8. Escrow Account

8.1 Resident or non-resident corporate/ acquirers are allowed to open Escrow account in INR with a bank in India as an Escrow agent subject to the terms and conditions specified in Schedule 5 of the Foreign Exchange Management (Deposit) Regulations, 2016, as amended from time to time.

8.2 Transactions shall be in accordance with the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 dated October 17, 2019, as amended from time to time and relevant regulations issued by the Securities and Exchange Board of India.

8.3 The accounts shall be non-interest bearing.

8.4 No fund/ non-fund based facility would be permitted against the balances in the account.

9. Acceptance of deposit by a company in India from NRIs/PIOs on repatriation basis

A company incorporated in India including NBFC registered with the Reserve Bank is not allowed to accept deposits on repatriation basis. It can, however, renew the deposits it had accepted in accordance with Schedule 6 of Foreign Exchange Management (Deposit) Regulations, 2016, as amended from time to time.

10. Acceptance of deposits by Indian proprietorship concern/ firm or a company from NRIs or PIOs on non-repatriation basis

10.1 An Indian proprietorship concern/ firm or a company (including Non-Banking Finance Company) registered with Reserve Bank can accept deposits from NRIs or PIOs on non-repatriation basis subject to the terms and conditions specified in Schedule 7 to Foreign Exchange Management (Deposit) Regulations, 2016, as amended from time to time.

11. Acceptance of deposits by Indian companies from a person resident outside India for nomination as Director

Keeping deposits with an Indian company by persons' resident outside India, in accordance with section 160 of the Companies Act, 2013, is a current account (payment) transaction and, as such, does not require any approval from Reserve Bank. All refunds of such deposits, arising in the event

of selection of the person as director or getting more than twenty-five percent votes, shall be treated similarly.

12. Other Accounts / Deposits

12.1 A deposit made by the bank with its branch, head office or correspondent outside India, and a deposit made by a branch or correspondent outside India of the bank, and held in its books in India, will be governed by the directions issued by the Reserve Bank in this regard.

12.2 A shipping or airline company incorporated outside India, is allowed to open, hold and maintain a Foreign Currency Account with the bank for meeting the local expenses in India of such airline or shipping company. The credits permitted to such accounts are only freight or passage fare collections in India or by inward remittances through banking channels from its office outside India.

12.3 Bank shall allow unincorporated joint ventures (UJV) of foreign companies/ entities, with Indian entities, executing a contract in India, to open and maintain non-interest bearing foreign currency account and an SNRR account as specified in Schedule 4 of the Deposit Regulations for the purpose of undertaking transactions in the ordinary course of its business. The debits and credits in these accounts should be incidental to the business requirement of the UJV. The tenure of the account should be concurrent to the tenure of the contract/ period of operation of the UJV and all operations in the account shall be in accordance with the provisions of the Act or the rules or regulations made or the directions issued thereunder. Opening of such accounts by companies/ entities of Pakistan/ Bangladesh ownership/ nationality would require the prior approval of the Reserve Bank.

12.4 Bank shall allow a Foreign Portfolio Investor and a Foreign Venture Capital Investor, both registered with the Securities and Exchange Board of India (SEBI) under the relevant SEBI Regulations, to open and maintain a non-interest bearing foreign currency account for the purpose of making investment in accordance with Foreign Exchange Management (Non-debt Instruments) Rules, 2019 dated October 17, 2019, and Foreign Exchange Management (Debt Instruments) Regulations, 2019 dated October 17, 2019, as applicable and as amended from time to time.

13. Nomination

Bank shall provide nomination facility in respect of the deposits/ accounts maintained by individual account holders.

14. Responsibility of bank maintaining foreign currency accounts

Bank shall comply with the directions issued by the Reserve Bank from time to time and shall submit periodic return or statement, if any, as may be stipulated by the Reserve Bank.

Customer Service in Bank

Customer service has great significance in the banking industry. The banking system in India today has perhaps the largest outreach for delivery of financial services and is also serving as an important conduit for delivery of financial services. While the coverage has been expanding day by day, the quality and content of dispensation of customer service has come under tremendous pressure mainly owing to the failure to handle the soaring demands and expectations of the customers

1. Comprehensive Deposit Policy

Bank has a transparent and comprehensive policy setting out the rights of the depositors in general and small depositors in particular. The policy covers all aspects of operations of deposit accounts, charges leviable and other related issues to facilitate interaction of depositors at branch levels. The said policy shall also be explicit in regard to secrecy and confidentiality of the customers.

1.1 Giving publicity to the policies

- a. Bank shall display the policy prominently on the web-site and will also display them on the notice board in the branches.
- b. The customers shall be clearly apprised of the assurances of the bank on the services on these aspects at the time of establishment of the initial relationship be it as a depositor, borrower or otherwise.
- c. Bank shall also take necessary steps to keep the customers duly informed of the changes in the policies formulated by them from time to time.

2. Financial Inclusion

2.1 Basic Savings Bank Deposit Account (BSBDA)

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

- i. The 'Basic Savings Bank Deposit Account' should be considered a normal banking service available to all.
- ii. This account shall not have the requirement of any minimum balance.
- iii. The services available in the account will include deposit and withdrawal of cash at bank branch as well as ATMs; receipt / credit of money through electronic payment channels or by means of deposit / collection of cheques drawn by Central / State Government agencies and departments.
- iv. 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, including ATM withdrawals.
- v. Facility of ATM card or ATM-cum-Debit Card.
- vi. 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'.

- vii. 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.
- viii. 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 indicated in paragraph 3.2.2(I)(A)(vi) of Master Circular dated July 01, 2015 on 'KYC norms / AML standards / Combating of Financing of Terrorism (CFT) / Obligation of banks under PMLA, 2002'

A 'Small Account' means a savings account which is opened in terms of sub-rule (5) of the PML Rules, 2005 and entails the following limitations:

- i. the aggregate of all credits in a financial year does not exceed rupees one lakh;
- ii. the aggregate of all withdrawals and transfers in a month does not exceed rupees ten thousand; and
- iii. the balance at any point of time does not exceed rupees fifty thousand

Provided, that this limit on balance shall not be considered while making deposits through Government grants, welfare benefits and payment against procurements.

Further, small accounts are subject to the following conditions:

- a. The bank shall obtain a self-attested photograph from the customer.
- b. The designated officer of the bank certifies under his signature that the person opening the account has affixed his signature or thumb impression in his presence.

Provided that where the individual is a prisoner in a jail, the signature or thumb print shall be affixed in presence of the officer in-charge of the jail and the said officer shall certify the same under his signature and the account shall remain operational on annual submission of certificate of proof of address issued by the officer in-charge of the jail.

- c. Such accounts are opened only at Core Banking Solution (CBS) linked branches or in a branch where it is possible to manually monitor and ensure that foreign remittances are not credited to the account.
- d. Banks shall ensure that the stipulated monthly and annual limits on aggregate of transactions and balance requirements in such accounts are not breached, before a transaction is allowed to take place.
- e. The account shall remain operational initially for a period of twelve months which can be extended for a further period of twelve months, provided the account holder applies and furnishes evidence of having applied for any of the OVDs during the first twelve months of the opening of the said account.
- f. The entire relaxation provisions shall be reviewed after twenty-four months.
- g. Notwithstanding anything contained in clauses (e) and (f) above, the small account shall remain operational between April 1, 2020 and June 30, 2020 and such other periods as may be notified by the Central Government.
- h. The account shall be monitored and when there is suspicion of money laundering or financing of terrorism activities or other high risk scenarios, the identity of the customer shall be established as per para 16.
- i. Foreign remittance shall not be allowed to be credited into the account unless the identity of the customer is fully established.

- ix. Holders of 'Basic Savings Bank Deposit Account' will not be eligible for opening any other savings bank deposit account in the bank. If a customer has any other existing savings bank deposit account in the bank, he / she will be required to close it within 30 days from the date of opening a 'Basic Savings Bank Deposit Account'.
- x. The existing basic banking 'no-frills' accounts should be converted to 'Basic Savings Bank Deposit Account' as per the instructions contained above.

2.2 IT-enabled Financial Inclusion

In order to achieve the objectives of Financial Inclusion to a greater level, bank shall increase the banking outreach to the remote corners of the country. This shall be done with affordable infrastructure and low operational costs with the use of appropriate technology. This would enable bank to lower the transaction costs to make small ticket transactions viable.

A few banks have already initiated certain pilot projects in different remote parts of the country utilizing smart cards/mobile technology to extend banking services similar to those dispensed from branches. Bank shall urge to scale up their financial inclusion efforts by utilizing appropriate technology. Care shall be taken to ensure that the solutions developed are:

- ✓ highly secure,
- ✓ amenable to audit and
- ✓ follow widely accepted open standards to allow inter-operability among the different systems adopted by different banks.

2.3 Printed material in trilingual form

In order to ensure that banking facilities percolate to the vast sections of the population, banks shall make available all printed material used by retail customers including account opening forms, pay-in-slips, passbooks, etc., in trilingual form i.e., English, Hindi and the concerned Regional Language.

2.4 Accounts of Transgender persons

In case of a person claiming to be transgender and needs to open account or to do any banking transaction, the person will be recognized as “Transgender” and the details shall be accepted in the AOFs/ or other applicable forms as such. The salutation of such person shall be “Mx”. All transgender customers shall be treated equally to other male/ female customers without any discrimination.

3. Opening / Operation of Deposit Accounts

Bank shall be guided by RBI instructions on KYC/AML for opening accounts (mentioned in KYC AML CFT policy published in website)

Online Account Opening facility will be provided to Residents as well as Non Residents subject to compliance of terms and conditions as stipulated by the Bank. A resident individual, born in the country, not reportable under FATCA or CRS, who is neither a PEP nor related to one may opt for the facility subject to agreeing to authorize the Bank to fetch personal details from UIDAI & completion of personal verification and KYC within a year of opening. Failing to complete required formalities within a year, bank reserves the right to freeze / close account operation. A non-resident may also opt the facility subject to the submission of embassy attested KYC proofs

in case of residing in a FATF blacklisted country. Other details will be dealt as specified in Bank's KYC, AML, CFT Policy.

3.1. Customer Identification Procedure for individual accounts

Bank shall follow RBI instructions on KYC / AML for opening of accounts which is already mentioned in our KYC AML CFT Policy published in our website.

3.1.1. Intra-bank Deposit Accounts Portability

KYC once done by one branch of the bank shall be valid for transfer of the account within the bank as long as full KYC has been done for the concerned account. The customer should be allowed to transfer his account from one branch to another branch without insisting on fresh proof of address and on the basis of a self-declaration from the account holder about his / her current address, subject to submitting proof of address within a period of six months. Periodical updation of KYC data would continue to be done by bank as per prescribed periodicity.

3.2. Savings Bank Rules

Since bank is issuing statement of accounts in lieu of pass books, the Savings Bank Rules shall be annexed as a tear-off portion to the account opening form so that the account holder can retain the rules.

3.3. Photographs of depositors

Bank shall obtain and keep on record photographs of all depositors'/account holders in respect of accounts opened by them subject to the following clarifications:

- i. The instructions cover all types of deposits including fixed, recurring, cumulative, etc.
- ii. They apply to all categories of depositors, whether resident or non-resident. Only banks, Local Authorities and Government Departments (excluding public sector undertakings or quasi-Government bodies) will be exempt from the requirement of photographs.
- iii. The bank shall not insist on photographs in case of accounts of staff members only (Single/Joint).
- iv. The bank shall obtain photographs of all persons authorised to operate the accounts viz., Savings Bank and Current Accounts without exception.
- v. The bank shall also obtain photographs of the 'Pardanishin' women.
- vi. The bank shall obtain two copies of photographs and obtaining photocopies of driving licence/passport containing photographs in place of photographs would not suffice.
- vii. The bank shall not ordinarily insist on the presence of account holder for making cash withdrawals in case of 'self' or 'bearer' cheques unless the circumstances so warrant. The banks should pay 'self' or 'bearer' cheques taking usual precautions.
- viii. Photographs cannot be a substitute for specimen signatures.
- ix. Only one set of photographs shall be obtained and separate photographs shall not be obtained for each category of deposit. The applications for different types of deposit accounts shall be properly referenced.
- x. Fresh photographs need not be obtained when an additional account is desired to be opened by the account holder.
- xi. In the case of operative accounts, viz. Savings Bank and Current accounts, photographs of persons authorised to operate them should be obtained. In case of other deposits, viz., Fixed, Recurring, Cumulative, etc., photographs of all depositors in whose names the deposit

advice stands shall be obtained except in the case of deposits in the name of minors where guardians' photographs should be obtained.

3.4. Minimum balance in savings bank accounts

At the time of opening the accounts, bank shall inform their customers in a transparent manner the requirement of maintaining minimum balance and levying of charges, etc., if the minimum balance is not maintained. Any charge levied subsequently shall be transparently made known to all depositors in advance with one month's notice. The bank shall inform, at least one month in advance, the existing account holders of any change in the prescribed minimum balance and the charges that may be levied if the prescribed minimum balance is not maintained. With effect from May 6, 2014, banks shall not levy penal charges for non-maintenance of minimum balances in any inoperative account.

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.

3.4.1. Levy of Penal Charges on Non-Maintenance of Minimum balance in savings bank accounts

With effect from April 1, 2015, while levying charges for non-maintenance of minimum balance in savings bank accounts, banks shall adhere to the following additional guidelines:

- (i) In the event of a default in maintenance of minimum balance / average minimum balance as agreed to between the bank and customer, the bank shall notify the customer clearly by SMS / email / letter etc. that in the event of the minimum balance not being restored in the account within a month from the date of notice, penal charges will be applicable.
- (ii) In case the minimum balance is not restored within a reasonable period, which shall not be less than one month from the date of notice of shortfall, penal charges may be recovered under intimation to the account holder.
- (iii) The policy on penal charges to be so levied may be decided with the approval of Board of the bank.
- (iv) The penal charges should be directly proportionate to the extent of shortfall observed. In other words, the charges should be a fixed percentage levied on the amount of difference between the actual balance maintained and the minimum balance as agreed upon at the time of opening of account. A suitable slab structure for recovery of charges shall be finalized.
- (iv) Penal charges shall be reasonable and not out of line with the average cost of providing the services.
- (vi) The balance in the savings account does not turn into negative balance solely on account of levy of charges for non-maintenance of minimum balance.

The guidelines shall be brought to the notice of all customers apart from being disclosed on the bank's website.

3.5. Statement of accounts / Pass Books

3.5.1. Issuance of Passbooks to Savings Bank Account holders (Individuals)

Bank shall invariably offer pass book facility to all its savings bank account holders (individuals) and in case the bank offers the facility of sending statement of account and the customer chooses to get statement of account, the bank issue monthly statement of accounts. The cost of providing such Pass Book or Statements shall not be charged to the customer.

3.5.2. Updating passbooks

- i. Customers shall be made conscious of the need on their part to get the pass-books updated regularly and employees may be exhorted to attach importance to this area.
- ii. Wherever pass-books are held back for updating, because of large number of entries, paper tokens indicating the date of its receipt and also the date when it is to be collected shall be issued.
- iii. If customers submit their passbook for posting after a long interval of time or after very large number of transactions, in addition to the instructions printed in the passbook, bank shall provide a printed slip requesting the depositor to tender it periodically should be given.

3.5.3. Entries in passbooks / statement of accounts

- i. Bank shall give constant attention to ensure entry of correct and legible particulars in the pass books and statement of accounts.
- ii. Bank shall avoid usage of inscrutable entries in passbooks / statement of accounts and ensure that brief, intelligible particulars are invariably entered in passbooks / statement of account.

3.5.4. Maintenance of savings bank pass books: precautions:

- i. Branches shall accept the pass books and return them against tokens.
- ii. Pass books remaining with the branches should be held in the custody of named responsible officials.
- iii. While remaining with the branch, pass books should be held under lock and key overnight.

3.5.5. Providing monthly statement of accounts

- i. Banks shall adhere to the monthly periodicity while sending statement of accounts.
- ii. The statements of accounts for current account holders shall be sent to the depositors in a staggered manner instead of sending by a target date every month. The customers shall be informed about staggering of the preparation of these statements.
- iii. Bank shall advise their Inspecting Officers to carry out sample check at the time of internal inspection of branches to verify whether the statements are being despatched in time.

3.5.6. Address / Telephone Number of the Branch in Pass Books / Statement of Accounts

Bank shall mention full address / telephone number of the branch invariably in the passbooks / statement of accounts issued to account holders.

3.5.7. Printing of MICR code and IFSC code on passbook / statement of account

Bank shall provide MICR code and IFSC code in all passbook / statement of account of their account holders.

3.6. Term Deposit Account

These are received by the Bank for a fixed period withdrawable after expiry of the tenure. These may be opened by individuals / partnership firms / private and public limited companies / HUFs/ Specified Associates / Associations / Societies / Trusts / Limited liability partnership etc. The minimum period for a domestic deposit is 7 days to a maximum of 10 years. [Deposits in the name of minors / under court order may be accepted for longer tenure at the discretion of competent authority of the Bank.]

3.6.1. Issue of term deposit advice

Bank shall issue term deposit advice indicating therein full details, such as, date of issue, period of deposit, due date, applicable rate of interest, etc.

Deposit Register shall be maintained (Proper acknowledgement shall be taken at the time of delivery of the TDA)

3.6.2. Transferability of deposit

Term deposits shall be freely transferable from one office of bank to another.

3.6.3. Disposal of deposits

Advance instructions from depositors for disposal of deposits on maturity can be obtained in the application form itself. Wherever such instructions are not obtained, bank shall send intimation of impending due date of maturity well in advance to their depositors to extend better customer service.

3.6.4. Notifying the change in interest rates

Bank shall make known to customers as well as branches expeditiously on the change in interest rate payable on deposits and the same shall be published in Banks's website as well as in the notice board at branches. Interest rates are subject to change without any prior notice and the same shall be published in our website.

3.6.5. Payment of interest on fixed deposit – Method of calculation of interest

Interest shall be paid on Domestic, Ordinary Non-Resident (NRO), Non-Resident (External) Accounts (NRE) and Foreign Currency (Non-resident) Accounts (Banks) Scheme {FCNR(B)} deposit account as fixed from time to time with the prior approval of the Bank's Board of Directors / Asset Liability Management Committee (ALCO) subject to extant RBI guidelines/ directives from time

to time. However, interest rate is fixed by ALCO only. Further, in terms of RBI directives dated 03.03.2016 the interest on domestic rupee Savings Deposit accounts shall be calculated on the daily product basis at quarterly intervals.

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. It is expected of the Bank official opening the deposit shall provide information to their depositors about the manner of calculation of interest appropriately while accepting the deposits and display the same at their branches.

- *Interest payment shall be mandatorily made to account of the deposit holder provided at the time of account opening. The account number should be an operative account under the same CIF ID/ TDS CIF ID/ Account under the joint holder CIF ID. In the absence of an operative account with the Bank, the Internal account for Deposit Repayment-RTGS/ NEFT/ DD [252.52] shall be used as ICAN under the approval of Branch Head / an officer of Scale II or above.*

In such cases, for crediting the interest to the Other Bank Account, Bank shall collect additional request from the customer along with the proof of the Other Bank Account (like pass sheet / copy of front page of pass book / cancelled cheque leaf).

Interest rates are subject to change without any prior notice and the same shall be published in our website expeditiously. 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.

Rupee Time deposits held in Domestic, Ordinary Non-Resident (NRO) and Non-Resident External (NRE) Accounts:

The interest on Term Deposits is calculated by the Bank in accordance with the formulae and conventions advised by Indian Banks' Association. In case of cumulative deposits, interest is compounded quarterly. For term deposit with tenor less than three months or where the terminal quarter is incomplete, interest on a monthly basis for every completed months and for incomplete months proportionately for the actual number of months and days, reckoning the year at 365 days, even in case of leap years. In case of non- cumulative deposits, interest is paid out quarterly or monthly, based on the account opening date. (as preferred by the customer). In case of bulk deposits, cumulative rate of interest is offered based on actual number of days, reckoning the year at 366 days in a leap year and 365 days in other years.

3.6.6. Premature withdrawal of term deposit

The Bank on request from the depositor, at its discretion may allow closure / withdrawal of deposit before completion of the period of the deposit agreed upon at the time of placing the deposit. However, interest rate applicable, at the time of placing the deposit, as applicable to prematurely closed period shall be paid for the period it has remained with the Bank, after applying the penal rates if any and not at the contracted rates. Penalty is applicable for premature closure of deposits for withdrawal as well as for reinvestment of Term Deposits including Recurring Deposits. Further, the effective rate will be the net of applicable rate to the amount and period for which the deposit remained with the bank (less the penal rate) or the net of original contracted rate (less penal rate) whichever is less.

The Bank shall make depositors aware of the applicable penal rate along with the deposit rates. The interest rates including the applicable penal rates shall be fixed by the ALCO of the Bank from time to time. All charges / penalty levying shall be deducted subject to a maximum of interest portion and not from the principle amount. As per extant RBI guidelines, minimum tenor of a domestic rupee Term Deposit & NRO Term Deposit account is 7 days and that of NRE & FCNR (B) Term Deposit is 1 year. No interest shall be paid, where premature withdrawal of deposit takes place before completion of minimum period specified above. Bank shall have the discretion to disallow premature withdrawal of Rupee Term Deposits of Rs 2 Cr and above of all depositors, including deposits of individuals and HUFs. Bank shall notify the depositors of its policy of disallowing premature withdrawal in advance i.e. at the time of placing such deposits. Premature withdrawal facility will not be provided for Domestic Bulk Deposits [Non-callable Single Rupee Term Deposits of Rs.3 cr and above].

3.6.6.1. Repayment of Term/Fixed Deposits in banks:

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.

(a) Either or Survivor:

If fixed/term deposit accounts are opened with operating instructions 'Either or Survivor', the signatures of both the depositors need not be obtained for payment of the amount of the deposits on maturity. However, the signatures of both the depositors may have to be obtained, in case the deposit is to be paid before maturity. If the operating instruction is 'Either or Survivor' and one of the depositors expires before the maturity, no pre-payment of the fixed/term deposit may be allowed without the concurrence of the legal heirs of the deceased joint holder. This, however, would not stand in the way of making payment to the survivor on maturity.

(b) Former or Survivor:

In case the mandate is 'Former or Survivor', the 'Former' alone can operate/withdraw the matured amount of the fixed/term deposit, when both the depositors are alive. However, the signature of both the depositors may have to be obtained, in case the deposit is to be paid before maturity. If the former expires before the maturity of the fixed/term deposit, the 'Survivor' can withdraw the deposit on maturity. Premature withdrawal would however require the consent of both the parties, when both of them are alive, and that of the surviving depositor and the legal heirs of the deceased in case of death of one of the depositors.

(c) In case of term deposits with "Either or Survivor" or "Former or Survivor" mandate, bank shall permit to allow premature withdrawal of the deposit by the surviving joint depositor on the death of the other, only if, there is a joint mandate from the joint depositors to this effect.

(d) The joint deposit holders may be permitted to give the mandate either at the time of placing fixed deposit or anytime subsequently during the term / tenure of the deposit. If such a mandate is

obtained, bank shall allow premature withdrawal of term / fixed deposits by the surviving depositor without seeking the concurrence of the legal heirs of the deceased joint deposit holder. It is also reiterated that such premature withdrawal would not attract any penal charge

(e) When a fixed deposit account is opened in the joint names of two depositors on ‘Either or Survivor’ basis and the said joint depositors already have a savings bank account in their names jointly on ‘Either or Survivor’ instructions, on maturity of the fixed deposit, proceeds of the matured fixed deposit can be credited to the joint savings bank account already opened in the bank. There is no need for opening a separate savings bank account in the name of the first depositor for crediting the proceeds of the fixed deposit.

Anyone or Survivor:

If the account is held by more than two individuals say, A, B and C the final balance (on maturity) along with interest, if applicable, will be paid to any one of them when all are alive and to any one of the survivor/s on death of anyone or any two account holders. The above mandate 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.

(f) Latter or Survivor:

If the account is in the name of two individuals say, A & B, the final balance along with interest, if applicable, will be paid to the latter i.e. B on date of maturity and to the survivor on death of anyone of the account holders. In case of Term Deposit with “Either or Survivor” or “Former or Survivor” or “Latter or Survivor” or “Anyone or Survivor/s” mandate, Banks may allow premature withdrawal of the deposit by the surviving joint depositor/s on the death of the other depositor/s, if there is a joint mandate from all the joint depositors to this effect.

However, in case of accounts held by Non-Residents Indians along with their resident close relatives, the only mode of operation permitted is “Former or Survivor” while Resident individuals maintaining joint account with Non-Residents Indian Close relatives can have mode of operation as “Either or Survivor”.

(f) Mandate / Power of Attorney:

At the request of the depositor, the Bank will register Mandate / Power of Attorney given by him / her authorizing another person to operate the account on his / her behalf. Operations on an NRE account may be allowed 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 or remittance to the account holder himself through banking channels. In cases where the account holder or a bank designated by him is eligible to make investments in India, the Power of Attorney holder may be permitted to operate the account to facilitate such investment. The resident Power of Attorney holder is not allowed to (a) open a NRE account; (b) repatriate outside India funds held in the account other than to the account holder himself; (c) make payment by way of gift to a resident on behalf of the account holder; (d) transfer funds from the account to another NRE.

3.6.7. Renewal of Overdue deposits

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 as on the date of maturity. In case of absence of any instructions, it shall be presumed that the depositor intends to auto renew the deposit for the same period to which it was initially deposited and shall be renewed automatically for the same period to which it got matured. However, this shall not be applicable to Tax Gain Deposits, Recurring Deposits, FCNRB, SIB Galaxy Deposits etc.

When a Term Deposit is renewed on maturity, interest rate on renewed deposit 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 , interest for the overdue period will be paid as follows:

“if a Term Deposit (TD) matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract rate of interest as applicable to the SB interest rate at the time of maturity of the deposit/SB interest rate at the time of closure of the deposit/Contracted TD rate whichever is the lowest.”

The same is applicable to resident domestic deposits only.

Bi-dating of deposits is not allowed where the overdue period exceeds 14 days

Effective from 15th July 2022, the process of calculation of Interest on overdue deposit has been automated in system. The logic implemented for calculating the overdue interest is by comparing the SB interest rate at the time of maturity of the deposit/SB interest rate at the time of closure of the deposit/Contracted TD rate and the lowest of these rates will be taken for calculation of interest for the overdue period. The same is applicable to resident domestic deposits only.

3.6.8. Addition or deletion of the name/s of joint account holders

A bank may, at the request of all the joint account holders, allow the 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. However, in no case should the amount or duration of the original deposit undergo a change in any manner in case the deposit is a term deposit. The request may be considered, as long as

- (a) all the joint holders were eligible to maintain the existing status/category of deposit during the life span of the deposit, i.e., from date of opening till date of modification,
- (b) the remaining joint holder, who would be continuing to maintain the deposit, continues to be eligible to maintain the existing status/category of deposit, at the time of modification,
- (c) a suitable joint request is ensured, including the clause/undertaking to inform bank of any change in status in future,

(d) ensure that KYC of all holders, including those exiting is available in bank's records.

A bank may, at its discretion, and at the request of all the joint account holders of a term deposit, allow the splitting up of the joint deposit, in the name of each of the joint account holders only, provided that the period and the aggregate amount of the deposit do not undergo any change.

Note: NRE deposits should be held jointly with non-residents only. NRO accounts may be held by non-residents jointly with residents.

Individuals resident in India have been permitted to include non-resident close relative(s) (relatives as defined in section 2 (77) of the Companies Act, 2013) as a joint holder(s) in their resident Bank accounts on 'Either or Survivor' basis subject to the following conditions:

- Such account will be treated as resident bank account for all purposes and all regulations applicable to a resident bank account shall be applicable.
- Cheques, instruments, remittances, cash, card or any other proceeds belonging to the NRI close relative shall not be eligible for credit to this account.
- The NRI close relative shall operate such account only for and on behalf of the resident for domestic payment and not for creating any beneficial interest for himself.
- Where the NRI close relative becomes a joint holder with more than one resident in such account, such NRI close relative should be the close relative of all the resident bank account holders.
- Where due to any eventuality, the non-resident account holder becomes the survivor of such an account, it shall be categorized as Non-Resident Ordinary Rupee (NRO) account as per the extant regulations.
- Onus will be on the non-resident account holder to keep bank informed to get the account categorized as NRO account and all such regulations as applicable to NRO account shall be applicable. The above joint account holder facility may be extended to all types of resident accounts including savings bank account.

Non-Resident (External) Rupee Account Scheme (NRE Account) - Joint accounts can be opened by two or more NRIs and/or PIOs or by an NRI / PIO with a resident relative(s) on 'former or survivor' basis. However, during the life time of the NRI / PIO account holder, the resident relative can operate the account only as a Power of Attorney holder.

Non-Resident (Ordinary) Account Scheme – NRO account - The accounts may be held jointly with residents on 'former or survivor' basis. NRIs and PIOs may hold an NRO account jointly with other NRIs and PIOs.

3.6.9. Payment of interest on accounts frozen by banks

In case of issue of payment of interest on Term Deposit Accounts frozen by the enforcement authorities, bank shall follow the procedure detailed below:

- i. A request letter may be obtained from the customer on maturity. While obtaining the request letter from the depositor for renewal, bank shall advise him to indicate the term for which

the deposit is to be renewed. In case the depositor does not exercise his option of choosing the term for renewal, banks may renew the same for a term equal to the original term.

- ii. No new advice shall be issued. However, a suitable note may be made regarding renewal in the deposit ledger.
- iii. Renewal of deposit may be advised by registered letter / speed post / courier service to the concerned Government department under advice to the depositor. In the advice to the depositor, the rate of interest at which the deposit is renewed shall be mentioned.
- iv. If overdue period does not exceed 14 days on the date of receipt of the request letter, renewal may be done from the date of maturity. If it exceeds 14 days, bank shall pay interest for the overdue period as per the bank's policy on interest on overdue deposits, and keep it in a separate interest free sub-account which should be released when the original fixed deposit is released.

Further, with regard to the savings bank accounts frozen by the Enforcement authorities, bank shall continue to credit the interest to the account on a regular basis.

3.6.10. Acknowledgement by banks at the time of submission of Form 15-G / 15-H

The depositor, if entitled to get exemption from TDS / lower rate of TDS can submit declaration in Form 15H / Form 15G / Tax Exemption Certificates at the beginning of every FY along with the Permanent Account Number issued by IT Department. Bank shall give an acknowledgment at the time of receipt of Form 15-G/15-H.

☐ *TDS is deducted at the time of accrual of interest at the year end and / or on actual payment of interest to the depositor (at periodical intervals i.e., monthly / quarterly / annually) or on maturity.*

☐ *In respect of re-investment deposits, TDS would be deducted on the last day of Financial Year or at the time of maturity / premature closure / premature extension / part-withdrawal of the deposit, whichever event takes place.*

☐ *Interest on bank deposits is exempted from Income Tax up to the limit specified by Income Tax authorities from time to time. If the aggregate interest on deposits (including interest on Recurring Deposit – RD), per depositor, per financial year for Bank as a whole exceeds the stipulated limit, the same is subject to Tax deduction at source [TDS] at the rate stipulated by the Income Tax authorities, except in case of exempted categories of deposits such as Domestic SB / NRE SB / NRE Term Deposit.*

☐ *The depositor may furnish declaration in Form No.15G / 15H at the commencement of the financial year or one month prior to it, for receiving interest on deposits without deduction of tax.*

☐ *Furnishing of PAN is mandatory. With effect from 1st April 2010, Tax at higher of the prescribed rate or 20% will be deducted on all transactions liable to TDS, where the Permanent Account Number (PAN) of the deductee is not available. The law will also apply to all non-residents in respect of payments / remittances liable to TDS.*

☐ *Customers can also submit 15G / H through Internet / Mobile Banking Portals or through designated branches.*

3.6.11. Timely Issue of TDS Certificate to Customers

The Bank has statutory obligation to deduct tax at source if the total interest paid/ payable on all Term Deposits and recurring deposits [domestic & NRO] held by a person exceeds the amount specified under the Income Tax Act. The Bank shall issue TDS Certificate (Form 16A as per IT acts) to the customers for the amount of tax deducted.

3.7. Acceptance of cash over the counter

Branches shall invariably accept cash over the counters from all their customers who desire to deposit cash at the counters.

3.8. Opening accounts in the name of minors with Mothers as guardians

Mothers are allowed to be treated as guardians only to the opening of fixed and savings bank accounts. Such accounts are opened provided, adequate safeguards are taken in allowing operations in the accounts by ensuring that the minors' accounts opened with mothers as guardians are not allowed to be overdrawn and that they always remain in credit. In this way, the minors' capacity to enter into contract would not be a subject matter of dispute.

Branches are allowed to open minors' accounts (fixed and savings only) with mothers as guardians, whenever such requests are received by them, subject to the safeguards mentioned above. The facility of allowing opening of minor's accounts with mothers as guardians may be extended to Recurring Deposit Accounts also subject to precautions mentioned above.

3.8.1 Opening of Bank Accounts in the Names of Minors

- 1) Saving Bank Account and Term Deposit Accounts including Recurring Deposits can be opened in the name of minor (known as Minor's Account) by natural guardian or legal guardian. Savings Bank Account or Term Deposit Account can also be opened in the name of a minor jointly with natural guardian or with mother as the guardian (known as Minor's Account) .
 - 1) **Natural Guardian** can be one of the natural parents; viz., Mother or the Father.
 - 2) **The Legal guardian** is the one appointed by the court or an authority vested with the rights to appoint a Legal Guardian for the Minor.
 - 3) A savings /fixed / recurring bank deposit account can be opened by a minor of any age through his/her natural or legally appointed guardian.
 - 4) Minors above the age of 10 years shall be allowed to open and operate Savings Bank Account independently. The minor's accounts are not allowed to be overdrawn and that these always remain in credit. KYC norms & due diligence of minor should be ensured while opening and operating these accounts.
 - 5) On attaining majority, the erstwhile minor should confirm the balance in his/her account and if the account is operated by the natural guardian / legal guardian, fresh operating instructions and specimen signature of erstwhile minor should be obtained and kept on record for all

operational purposes. However, in case of NRIs, Minor's Account will be opened with Natural Guardian and continued to be operated in this manner till he / she attains majority.

Additional banking facilities like internet banking, ATM/ debit card, cheque book facility etc.can be offered, subject to the safeguards that minor accounts are not allowed to be overdrawn and that these always remain in credit.

3.9. Opening of Current Accounts – Need for discipline

Current Accounts are designed to meet the needs of such sections of people who operate their accounts regularly and frequently like traders i.e. Traders, businessmen, corporate bodies or the like who receive money and make payments very often. These may be opened by Individuals / Partnership Firms / Private and Public Limited Companies / HUFs / Associations / Societies / Trusts, Limited Liability Partnership, etc

RBI Circular on opening of Current Accounts DOR.CRE.REC.23/21.08.008/2022-23 dated 19.04.2022, consolidates earlier instructions issued by the Reserve Bank of India, on opening and operation of current accounts and CC/OD accounts with a view to enforce credit discipline amongst the borrowers as well as to facilitate better monitoring by the lenders.

These instructions shall apply to current accounts and CC/OD accounts opened or maintained in all branches and offices of the bank, except where specifically mentioned otherwise.

Exposure for the purpose shall mean sum of sanctioned fund based and non-fund-based credit facilities availed by the borrower. All such credit facilities carried in their Indian books shall be included for the purpose of exposure calculation.

1. Opening of Current Accounts for borrowers availing Cash Credit/ Overdraft Facilities from the Bank

1.1 For borrowers, where the aggregate exposure of the bank is less than ₹5 crore, bank shall open current accounts without any restrictions subject to obtaining an undertaking from such customers that they (the borrowers) shall inform the bank, if and when the credit facilities availed by them from the bank becomes ₹5 crore or more.

1.2 Where the aggregate exposure of the bank is ₹5 crore or more:

1.2.1 Borrowers can open current accounts with the bank with which it has CC/OD facility, provided that the bank has at least 10 per cent of the aggregate exposure of the bank to that borrower. In case none of the lenders has at least 10 per cent of the aggregate exposure, the bank having the highest exposure among CC/OD providing banks shall open current accounts.

1.2.2 Other lending banks shall open only collection accounts subject to the condition that funds deposited in such collection accounts will be remitted within two working days of receiving such funds, to the CC/OD account maintained with the above-mentioned bank (para 1.2.1) maintaining current accounts for the borrower. The balances in such collection accounts shall not be used for

repayment of any credit facilities provided by the bank, or as collateral/ margin for availing any fund or non-fund based credit facilities. However, banks maintaining collection accounts shall debit fees/ charges from such accounts before transferring funds to CC/OD account.

1.2.3 *Non-lending banks shall not open current/ collection accounts.*

2. Opening of Current Accounts for borrowers not availing Cash Credit/ Overdraft Facilities from the Bank

2.1 *In case of borrowers where aggregate exposure of the banking system is ₹50 crore or more:*

2.1.1 Bank shall put in place an escrow mechanism where borrowers shall be free to choose any lending bank as their escrow managing bank. All lending banks shall be part of the escrow agreement. The terms and conditions of the agreement shall be decided mutually by lending banks and the borrower.

2.1.2 Current accounts of such borrowers shall be opened/ maintained by the escrow managing bank only

2.1.3 Other lending banks can open 'collection accounts' subject to the condition that funds will be remitted from these accounts to the said escrow account at the frequency agreed between the bank and the borrower. Further, balances in such collection accounts shall not be used for repayment of any credit facilities provided by the bank, or as collateral/ margin for availing any fund or non-fund based credit facilities. There is no prohibition on amount or number of credits in 'collection accounts'. But debits in these accounts shall be limited to the purpose of remitting the proceeds to the said escrow account. However, banks maintaining collection accounts shall debit fees/ charges from such accounts before transferring funds to the escrow account.

2.1.4 *Non-lending banks shall not open any current account for such borrowers.*

2.2 *Borrowers where aggregate exposure of the banking system is ₹5 crore or more but less than ₹50 crore*

Lending Bank shall open Current account. However, non-lending banks may open only collection accounts as detailed at para 2.1.3 above.

2.3 *Borrowers where aggregate exposure of the banking system is less than ₹5 crore,*

Bank shall open current accounts subject to obtaining an undertaking from them that they (the customers) shall inform the bank, if and when the credit facilities availed by them from the banking system becomes ₹5 crore or more. The current account of such customers, as and when the aggregate exposure of the banking system becomes ₹5 crore or more, and ₹50 crore or more, will be governed by the provisions of the above para 2.2 and para 2.1 respectively.

2.4 Bank shall open current accounts of prospective customers who have not availed any credit facilities from the banking system, subject to necessary due diligence as per the Board approved policies.

2.5 Bank shall open current accounts, without any of the restrictions placed in this policy for borrowers having credit facilities only from NBFCs/ FIs/ co-operative banks/ non-bank institutions,

etc. However, if such borrowers avail aggregate credit facilities of ₹5 crore or above from the banks covered under these guidelines, the provisions of the above mentioned points shall be applicable.

3. Opening of Cash Credit/ Overdraft Facilities

3.1 When a borrower approaches a bank for availing CC/OD facility, the bank shall provide such facilities without any restrictions placed vide this policy if the aggregate exposure of the bank to that borrower is less than ₹5 crore. However, the bank shall obtain an undertaking from such borrowers that they (the borrowers) shall inform the bank, if and when the credit facilities availed by them from the banking system becomes ₹5 crore or more.

3.2 *For borrowers, where the aggregate exposure of the banking system is ₹5 crore or more:*

3.2.1 If the Bank is having a share of 10 per cent or more in the aggregate exposure of the banking system to such borrower, CC/OD facility can be provided without any restrictions .

3.2.2 In case none of the banks has at least 10 per cent exposure, bank having the highest exposure among CC/OD providing banks, shall provide such facility without any restrictions.

3.2.3 Where a bank's exposure to a borrower is less than 10 per cent of the aggregate exposure of the banking system to that borrower, while credits are freely permitted, debits to the CC/OD account can only be for credit to the CC/OD account of that borrower with a bank that has 10 per cent or more of aggregate exposure of the banking system to that borrower. Funds will be remitted from these accounts to the said transferee CC/OD account at the frequency agreed between the bank and the borrower. Further, the credit balances in such collection accounts shall not be used for repayment of any credit facilities provided by the bank, or as collateral/ margin for availing any fund or non-fund based credit facilities. However, bank shall debit interest/ charges pertaining to the said CC/OD account and other fees/ charges before transferring the funds to the CC/OD account of the borrower with bank having 10 per cent or more of the aggregate exposure. Bank with exposure to the borrower of less than 10 per cent of the aggregate exposure of the banking system shall offer working capital demand loan (WCDL)/ working capital term loan (WCTL) facility to the borrower.

3.2.4 In case there is more than one bank having 10 per cent or more of the aggregate exposure, the bank to which the funds are to be remitted shall be decided mutually between the borrower and the banks.

4. Exemptions Regarding Specific Accounts

4.1 Bank shall open and operate the following accounts without any of the restrictions placed in the above paras 1, 2 and 3 of this Policy:

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

- i. Accounts for real estate projects mandated under Section 4 (2) 1 (D) of the Real Estate (Regulation and Development) Act, 2016 for the purpose of maintaining 70 per cent of advance payments collected from the home buyers
- ii. Nodal or escrow accounts of payment aggregators/ prepaid payment instrument issuers for specific activities as permitted by Department of Payments and Settlement Systems (DPSS), Reserve Bank of India under Payment and Settlement Systems Act, 2007

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

4.2 Banks maintaining accounts listed in para 4.1 shall ensure that these accounts are used for permitted/ specified transactions only. Further, banks shall flag these accounts in the CBS for easy monitoring. Lenders to such borrowers may also enter into agreements/ arrangements with the borrowers for monitoring of cash flows/ periodic transfer of funds (if permissible) in these accounts.

5. Other Instructions

5.1 In case of borrowers covered under guidelines on loan system for delivery of bank credit issued vide circular DBR.BP.BC.No.12/21.04.048/2018-19 dated December 5, 2018, bifurcation of working capital facility into loan component and cash credit component shall continue to be maintained at individual bank level in all cases, including consortium lending

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

5.3 Bank shall put in place a monitoring mechanism, both at head office and regional/ zonal office levels to monitor non-disruptive implementation of the points in the policy to ensure that customers are not put to undue inconvenience during the implementation process.

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

- *In case of proprietary firms, the aggregate exposure shall include all the credit facilities availed by the borrower, for business purpose or in personal capacity.*
- *Banks may compute the aggregate exposure based on the information available from Central Repository of Information on Large Credits (CRILC), Credit Information Companies (CICs), National E-Governance Services Ltd. (NeSL), etc. and by obtaining customers' declaration, if required.*

4. Levy of Service Charges

4.1. Fixing service charges by banks

The decision to prescribe service charges has been left to individual banks. While fixing service charges for various types of services like charges for cheque collection, etc., bank shall ensure that the charges are reasonable and are not out of line with the average cost of providing these services. Bank shall ensure that customers with low volume of activities are not penalised.

Banks shall make arrangements for working out charges with prior approval of their Boards of Directors and shall operationalise them in the branches as early as possible.

4.2. Uniformity in Intersol Charges

The customers of bank are treated uniformly at any sales or service delivery point, with the introduction of Core Banking Solution (CBS). The cash handling charges are not included under intersol charges.

Bank follow a uniform, fair and transparent pricing policy and not discriminate between their customers at home branch and non-home branches. Accordingly, if a particular service is provided free at home branch, the same should be available free at non home branches also. There is no discrimination as regards intersol charges between similar transactions done by customers at home branch and those done at non-home branches.

5. Nomination Facility

The facility is available on all deposit accounts opened by the individuals. Nomination is also available to a sole proprietary concern account. 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.

- ☐ Nomination can be made in favour of one individual only.
- ☐ Nomination so made can be cancelled or changed by the account holder/s at any time.
- ☐ In case the nominator is an illiterate person, he /she shall affix the thumb impression on the required form and shall be attested by two independent witnesses.
- ☐ Nomination can be modified by the consent of account holder/s.
- ☐ Nomination can be made in favour of a minor also. In such cases at the time of making nomination, depositor has to give a name of person (called appointee) who is a major and will receive the amount of deposit on behalf of the nominee in the event of death of the account holder during the minority of the nominee.

Legal Provisions

5.1.1. Provisions in the Banking Regulation Act, 1949

The Banking Regulation Act, 1949 was amended by Banking Laws (Amendment) Act, 1983 by introducing new Sections 45ZA to 45ZF, which provide, inter alia, for the following matters:

- a. Enable bank to make payment to the nominee of a deceased depositor, the amount standing to the credit of the depositor.
- b. Enable bank to return the articles left by a deceased person in its safe custody to his nominee, after making an inventory of the articles in the manner directed by the Reserve Bank.
- c. Enable bank to release the contents of a safety locker to the nominee of the hirer of such locker, in the event of the death of the hirer, after making an inventory of the contents of the safety locker in the manner directed by the Reserve Bank.

5.1.2 The Banking Companies (Nomination) Rules, 1985

Bank shall provide:-

- i. Nomination Forms for deposit accounts, articles kept in safe custody and contents of safety lockers.
- ii. Forms for cancellation and variation of the nominations.
- iii. Registration of Nominations and cancellation and variation of nominations, and
- iv. matters related to the above.

5.1.3 Nomination facilities in respect of safe deposit locker / safe custody articles

Bank shall release the contents of safety lockers / safe custody article to the nominee and protect against notice of claims of other persons. In the matter of returning articles left in safe custody by the deceased depositor to the nominee or allowing the nominee/s to have access to the locker and permitting him/them to remove the contents of the locker, the Reserve Bank of India, in pursuance of Sections 45ZC (3) and 45ZE (4) of the Banking Regulation Act, 1949 has specified the formats for the purpose.

In order to ensure that the amount of deposits, articles left in safe custody and contents of lockers are returned to the genuine nominee, as also to verify the proof of death, bank has own claim formats or follow the procedure, suggested by the Indian Banks' Association for the purpose.(mentioned in Safe Deposit Locker Policy)

5.1.4 Nomination Facility – Sole Proprietary Concern

Banks may extend the nomination facility also in respect of deposits held in the name of a sole proprietary concern.

5.2 Nomination Facility in Single Deposit Accounts

Bank shall provide guidance to deposit account holders on the benefits of nomination facility and the survivorship clause. Banks shall generally insist that the person opening a deposit account makes a nomination. In case the person opening an account declines to fill in nomination, the bank shall explain the advantages of nomination facility. If the person opening the account still does not want to nominate, the bank should ask him to give a specific letter to the effect that he does not want to make a nomination. In case the person opening the account declines to give such a letter, the bank shall record the fact on the account opening form and proceed with opening of the account if otherwise found eligible. Under no circumstances, a bank shall refuse to open an account solely on the ground that the person opening the account refused to nominate.

5.3 Acknowledgement of Nomination

Bank shall acknowledge in writing to the depositor(s) / locker hirers (s) the filing of the relevant duly completed Form of nomination, cancellation and / or variation of the nomination.

Bank shall devise a proper system of acknowledging the receipt of the duly completed form of nomination, cancellation and / or variation of the nomination. Such acknowledgement shall be given to all the customers irrespective of whether the same is demanded by the customers.

5.4 Registering the nomination

Banks shall register in its books the nomination, cancellation and / or variation of the nomination. The bank shall register nominations or changes therein, if any, made by their depositor(s) / hirers.

5.5 Incorporation of the legend “Nomination Registered” in pass book, deposit advice etc. and indicating the Name of the Nominee in Pass Books / Fixed Deposit Advice

When a bank account holder has availed himself of nomination facility, the same shall be indicated on the passbook so that, in case of death of the account holder, his relatives can know from the pass book that the nomination facility has been availed of by the deceased depositor and take suitable action. Bank shall introduce the practice of recording on the face of the passbook the position regarding availment of nomination facility with the legend "Nomination Registered". This shall be done in the case of term deposit advice also.

Further, bank shall also indicate the name of the Nominee in the Pass Books / Statement of Accounts / FDRs, in case the customer is agreeable to the same.

5.6 Separate nomination for savings bank account and pension account

Nomination facility is available for Savings Bank Account opened for credit of pension.

5.7 Nomination Facility – Certain Clarifications

5.7.1 Nomination facility in respect of deposits

- (i) Nomination facility is intended for individuals including a sole proprietary concern.
- (ii) Rules stipulate that nomination shall be made only in favour of individuals. As such, a nominee cannot be an Association, Trust, Society or any other Organisation or any office-bearer thereof in his official capacity. In view thereof any nomination other than in favour of an individual will not be valid.
- (iii) There cannot be more than one nominee in respect of a joint deposit account.
- (iv) Banks shall allow variation/cancellation of a subsisting nomination by all the surviving depositor(s) acting together. This is also applicable to deposits having operating instructions "either or survivor".
- (v) In the case of a joint deposit account the nominee's right arises only after the death of all the depositors.
- (vi) **Witness in Nomination Forms:** Only Thumb-impression(s) shall be attested by two witnesses. Signatures of the account holders need not be attested by witnesses.
- (vii) **Nomination in case of Joint Deposit Accounts:** Nomination facility is available for joint deposit accounts also. Bank ensure that the branches offer nomination facility to all deposit accounts including joint accounts opened by the customers.

5.7.2 Nomination in Safe Deposit Lockers / Safe Custody Articles

- (i) Nomination facilities are available only in the case of individual depositors and not in respect of persons jointly depositing articles for safe custody.
- (ii) A minor can be a nominee for obtaining delivery of the contents of a locker. However, bank shall ensure that when the contents of a locker were sought to be removed on behalf of the minor nominee, the articles were handed over to a person who, in law, was competent to receive the articles on behalf of the minor.
- (iii) As regards lockers hired jointly, on the death of any one of the joint hirers, the contents of the locker are only allowed to be removed jointly by the nominees and the survivor(s) after an inventory was taken in the prescribed manner. In such a case, after such removal preceded by an inventory, the nominee and surviving hirer(s) may still keep the entire contents with the same bank, if they so desire, by entering into a fresh contract of hiring a locker.

5.8 Customer Guidance and Publicity Educating Customers on the Benefits of nomination / survivorship clause

- (i) The nomination facility is intended to facilitate expeditious settlement of claims in the accounts of deceased depositors and to minimise hardship caused to the family members on the death of the depositors. Bank shall drive home to their constituents the benefit of nomination facilities and ensure that the message reaches all the constituents by taking all necessary measures for popularising the nomination facility among their constituents.

(ii) Bank shall give wide publicity and provide guidance to deposit account holders on the benefits of the nomination facility and the survivorship clause. It shall be highlighted in the publicity material that in the event of the death of one of the joint account holders, the right to the deposit proceeds does not automatically devolve on the surviving joint deposit account holder, unless there is a survivorship clause.

(iii) In addition to obtaining nomination forms, the account opening form contains space for nomination also so that the customers could be educated about availability of such facilities.

(iv) Unless the customers prefer not to nominate (this may be recorded without giving scope for conjecture of non-compliance), nomination shall be a rule, to cover all other existing and new accounts.

(v) To popularise the nomination facility, publicity shall be launched, including printing compatible message on cheque books, pass-book and other literatures reaching the customers as well as launching periodical drives.

6. Unclaimed Deposits / Inoperative Accounts in banks

As per extant instructions, the credit balance in any deposit account maintained with banks, which have not been operated upon for ten years or more, or any amount remaining unclaimed for ten years or more, as mentioned in paragraph 3(iii) of the “Depositor Education and Awareness” (DEA) Fund Scheme, 2014, are required to be transferred by banks to DEA Fund maintained by the Reserve Bank of India.

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

- a. All types of charges levied by banks including taxes deducted
- b. Savings Bank account interests

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

- a. a financial transaction initiated by or done at the behest of the account holder by the bank/ third party or;
- b. a non-financial transaction, or;
- c. KYC updation done in face-to-face physical mode or through digital channels such as internet banking or mobile banking application of the bank.

iii. **Financial transaction-** A monetary transaction in the savings/ current account of the customer with the bank either by way of a credit or debit transaction which includes the following:

- a. ATM/ Cash withdrawal/deposit
- b. RTGS / NEFT/ IMPS /UPI/ AePS/ ABPS Transactions
- c. Internet Banking Transactions
- d. Debit Card Transactions
- e. Transfer of funds from / to the linked CBDC(e-Rupee) account
- f. Cheque Clearing
- g. Remittance of funds by way of demand drafts

- h. Cash withdrawal by third party through cheque
- i. Standing Instructions issued by the customer
- j. NACH Debit / Credits
- k. Term Deposit Interest / proceeds
- l. Dividend on shares/Interest on Debentures or any other investment proceeds
- m. Direct Benefit Transfer (DBT) credits
- n. Refunds like refunds related to e-commerce payments, Income Tax Returns, etc.
- o. National Electronic Toll Collection (NETC) debits

iv. **Inoperative Account-** A savings/ current account shall be treated as inoperative, if there are no 'customer induced transactions' in the account for a period of over two years.

v. **Non-financial transactions** -An enquiry or request for any product/ service initiated by the account holder through any ATM or internet banking or mobile banking application of the bank or through Third Party Application Providers, which requires two-factor authentication (2FA) and leaves a trail for audit purposes or successful log-in to the internet banking/ mobile banking application. Illustratively, this includes transactions such as change in transaction limit, request for issue of cheque book/ credit card/ debit card, nomination facility, balance enquiry, etc.

vi. **Unclaimed Deposits-** The credit balance in any deposit account maintained with banks, which have not been operated upon for ten years or more, or any amount remaining unclaimed for ten years or more as mentioned in paragraph 3(iii) of the "Depositor Education and Awareness" (DEA) Fund Scheme, 2014

vii. **Unclaimed Deposit Reference Number (UDRN)-** It is a unique number generated through Core Banking Solution (CBS) and assigned to each unclaimed account/ deposit transferred to DEA Fund of RBI. The number shall be such that the account holder or the bank branch where account is maintained, cannot be identified by any third party.

2. Review of Accounts

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

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

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

the extended period, the banks shall classify the said account as inoperative account after the expiry of the extended period.

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

2.5 The classification of an account as inoperative shall be for a particular account of the customer and not with reference to the customer. In case a customer is maintaining multiple accounts/deposits with a bank, all such accounts/deposits shall be assessed individually for the purpose of classifying them as inoperative account/ unclaimed deposit, as the case may be.

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

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

Bank shall open zero balance accounts for beneficiaries of Central/State government schemes and for students who receive scholarship. The bank shall, based on the purpose of opening of the account, segregate the aforementioned accounts in their CBS, so that the stipulation of ‘inoperative’ account is not applicable to these accounts due to their non-operation for a period of more than two years. The bank will exempt Basic savings account, small accounts and financial inclusion accounts that have been seeded with aadhaar from being classified as inoperative/dormant. Furthermore, the bank shall ensure that scholarship accounts remain active and will not be classified as dormant .

4. Tracing of Customers of Inoperative Accounts/ Unclaimed Deposits

4.1 The bank shall contact the holder(s) of the inoperative account/ unclaimed deposit through letters, email or SMS (if the email and mobile number are registered with the bank). The email/ SMS shall be sent on a quarterly basis.

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

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

5. Payment of Interest

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

6. Levy of Charges

6.1 The banks are not permitted to levy penal charges for non-maintenance of minimum balances in any account that is classified as an inoperative account.

6.2 No charges shall be levied for activation of inoperative accounts

7. Display of Unclaimed Deposits and Search Facility

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

8. Customer Awareness

8.1 The bank shall provide on the website as well as at their branches, the information on the process for activation of the inoperative account/ unclaimed deposits and claiming the balances therein. Necessary claim forms and documents shall be made available for the benefit of customers.

8.2 The banks shall conduct public awareness and financial literacy campaigns regularly to educate the members of public about the activation of inoperative accounts/unclaimed deposits and the prescribed procedure to claim amounts lying therein by a depositor or his/her nominee/ legal heir in case of deceased depositor.

Activation of Inoperative / Dormant accounts

The Account holders may contact branches at which accounts are maintained with documents as prescribed in sections above. On satisfying all requirements as stipulated, the account will be activated gratis by the Bank.

Process for claim of unclaimed deposits

- *Claim from Customer - Customer may visit the nearest branch and submit Unclaimed Deposit claim request, along with valid & latest KYC documents.*
- *Claim from Other entities - For claim of other accounts, the Claim form need to be submitted on Company's letter head duly signed by authorized signatories along with valid identity proof.*
- *Claim from Legal Heir/Nominee - For claim process, legal heir may visit the nearest branch and submit the Unclaimed deposits claim request, along with following documents.*
 - *Valid KYC proof of the claimant.*
 - *Copy of Death Certificate of Deposit Holder*
 - *Other Relevant Documents (As norms stipulated in the Death Claim Manual - Settlement of claims in deceased deposit accounts)*

At the time of submission of claims, original documents have to be produced for the purpose of verification at the branch.

Claim from DEAF

Deposits are transferred to DEAF at the end of the month subsequent to funds attaining unclaimed status. The process is in place since June 2014.

In the case of demand for refund from the depositor/ entity/ legal heir or nominee (deceased depositor) whose unclaimed deposit has been transferred to the DEAF through Head Office, branches are advised to obtain necessary documents from the claimant (for branch records). Only forms duly attested by Branch heads are to be forwarded to CFM – Accounts department.

All the relevant documents are to be preserved and kept separately for verification by the auditors/ internal inspectors.

Format for DEAF Refund attached in Annexure I

Inoperative / Dormant Foreign Currency Deposits

With the objective of aligning the instructions in respect to foreign currency accounts with the Scheme, Reserve Bank of India has issued Foreign Exchange Management (Crystallization of Inoperative / Dormant Foreign Currency Deposits) Regulations, 2014 vide Notification No. FEMA.10A/2014-RB dated March 21, 2014 under Foreign Exchange Management Act (FEMA), 1999 relating to Inoperative/ Dormant foreign currency deposits.

Accordingly, bank shall crystallize, that is, convert the credit balances in any Inoperative / Dormant foreign currency denominated deposit into Indian Rupee, in the manner indicated below:

☐ *In case a foreign currency denominated deposit with a fixed maturity date remains Inoperative/ Dormant for a period of three years from the date of maturity of the deposit; at the end of the third year, the authorized bank shall convert the balances lying in the foreign currency denominated deposit into Indian Rupee at the exchange rate prevailing as on that date. Thereafter, the depositor shall be entitled to claim either the said Indian Rupee proceeds and interest thereon, if any, or the foreign currency equivalent (calculated at the rate prevalent as on the date of payment) of the Indian Rupee proceeds of the original deposit and interest, if any, on such Indian Rupee proceeds*

In case of foreign currency denominated deposit with no fixed maturity period, if the deposit remains Inoperative / Dormant for a period of three years (debit of bank charges not to be reckoned as operation), the authorized bank shall, after giving a three month notice to the depositor at his last known address as available with it, convert the deposit from the foreign currency in which it is denominated to Indian Rupee at the end of the notice period at the prevailing exchange rate. Thereafter, the depositor shall be entitled to claim either the said Indian Rupee proceeds and interest thereon, if any, or the foreign currency equivalent (calculated at the rate prevalent as on the date of payment) of the Indian Rupee proceeds of the original deposit and interest, if any, on such Indian Rupee proceeds.

Strengthening the Regulatory Framework for Unclaimed Deposits

With a view to further strengthen the regulatory framework for inoperative accounts and unclaimed deposits, bank shall put in place a Board approved policy on classification of unclaimed deposits; grievance redressal mechanism for quick resolution of complaints; record keeping; and periodic review of such accounts.

7. Customer Confidentiality Obligations

Bank shall maintain secrecy arises out of the contractual relationship between the banker and customer, and as such no information shall be divulged to third parties except under the following circumstances which are well defined

- i. Where disclosure is under compulsion of law
- ii. Where there is duty to the public to disclose
- iii. Where interest of bank requires disclosure and
- iv. Where the disclosure is made with the express or implied consent of the customer

7.1 Collecting Information from customers for cross-selling purposes

The information collected from the customers will not be used for cross selling of services or products by the Bank, its subsidiaries / affiliates. If the Bank proposes to use such information, it should be strictly with the consent of the account holder. The Bank shall not disclose details / particulars of the customer's account to a third person or party without the express 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.

8. Transfer of account from one branch to another

- i. Instructions of a customer for transfer of his account to another office shall be carried out immediately on receipt of, and in accordance with, his instructions. It shall be ensured that along with the balance of the account, the relative account opening form, specimen signatures, standing instructions, etc., or the master sheets wherever obtained, are also simultaneously transferred, under advice to the customer.
- ii. The account transfer form with the enclosures shall be handed over to the customer in a sealed cover if he so desires for delivery at the transferee office / branch. However, the transferee office shall also be separately supplied with a copy of the account transfer letter.
- iii. When an office receives an enquiry from a customer regarding the receipt of his account on transfer from another office the matter shall be taken up with the transferor office by electronic means, in case it has not received the balance of the account and/or other related papers even after a reasonable transit time.

9. Miscellaneous

9.1 Accepting standing instructions of customers

Standing instructions shall be freely accepted on all current and savings bank accounts. The scope of standing instructions service shall be utilised for payment on account of taxes, rents, bills, school / college fees, licences, etc.

9.2 Rounding off of transactions

All transactions, including payment of interest on deposits/charging of interest on advances, should be rounded off to the nearest rupee i.e., fractions of 50 paise and above shall be rounded off to the next higher rupee and fraction of less than 50 paise shall be ignored. Issue prices of cash certificates should also be rounded off in the same manner. Bank shall not reject or dishonour the cheques/drafts issued by clients containing fractions of a rupee.

10. 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. *The maximum insurance cover as on date of review of this policy is Rs 5,00,000/- for both principal and interest amount held by the customer in the same right and same capacity as on date of liquidation / cancellation of Bank's license or the date on which the scheme of amalgamation /merger / reconstruction comes into force*

11. Roles and Responsibilities

It shall be the prime responsibility of the front office personnel at branches to:

- *Increase transparency of dealing with customers and achieve higher operating standards;*
- *Promote a fair and cordial relationship between customer and bank;*
- *Foster confidence in the banking system;*
- *Promote safe and fair customer dealing in case of banking in a digitized environment;*
- *Increase awareness of customers and to enhance customer protection.*
- *Assist the customer in choosing product suitable to his/ her profile.*
- *Promote good and fair banking practices by setting high standards in dealings with customers*
- *Assess customers before on boarding and maintain due diligence.*
- *Provide clear information regarding MITC of a product / service.*
- *Avoid misselling.*
- *Collect requisite documents from customers and not process oral requests in any case.*
- *Educate the customer of the importance of availing nomination.*
- *Attend to all customer requests and process them with minimal TAT.*

The Regional Offices and Processing centres/ departments at Head Office shall ensure that:

- *Rights / privileges of the customer as stipulated in Bank's Board approved Policy on Customer Rights is upheld.*
- *Necessary resources [infrastructure/ human/ financial/ IT / knowledge related] are available at the disposal of branches & front office personnel.*
- *Design of Products and services are done keeping suitability to customers in mind & charges levied are reasonable and in line with cost incurred to Bank.*
- *Any significant modification in policies / procedures that directly affect the customer are implemented with sufficient intimation to affected class of customers.*

12. 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 complaints / grievances. *The same will be addressed to as per Bank's Policy on Grievance redressal.*

In case the depositor does not get response for the complaint within one month of receipt of the same at the Bank or the Bank rejects the complaint or if the complainant is not satisfied with the reply given by the Bank; he / she has a right to approach The Banking Ombudsman appointed by the Reserve Bank of India.

Format for DEAF Refund

Annexure I

Branch Name:

Branch Code:

To,

The South Indian Bank Ltd

Head Office CFM (Accounts) Department, Head

Office, Thrissur.

Respected Sir/Madam,

Sub:-Request for DEAF Refund

Sl. No	Particulars	
1	*Name of the Account holder/ holders of the amount transferred to HO	
2	*Mode of operation in the original A/c (joint operation / E or S / Former or Survivor etc.)	
2	Address of the account holders at the time of transfer.	
3	Account Number in Finnacle (16 digit)	
4	Date of transfer to Head office	
5	Amount Transferred	
6	Whether account referred in (1) above is KYC complied.	
	Mode of repayment requested for (Account Credit, Account	
7	payee DD in the name of A/c holder/holders, NEFT/RTGS	
	in the name of A/c holder/holders etc.)	
8	Account number to which amount is proposed to be credited	
9	* In case of account credit, whether the name of account	
	holder/ holders is the same as (1) above.	
10	Account maintained with us to which above repayment is effected is KYC complied & active.	
11	Remarks if any	

**** Name & mode of operation of the closed account & account to which DEAF refunds are to be made must be same. In the case death claim settlement, please inform the relevant details.***

Recommendation:

I hereby certify that I have personally verified the records available at the branch and records submitted by the claimant. Based on the verification, it is further certified that the claim as per details furnished above is genuine and the documents furnished are sufficient to release the amount as per extant guidelines/rules prevailing in the bank. All relevant records relating to the account and refund are kept in a separate file for verification in future by the auditors/ internal inspectors. Accordingly, I recommend to refund the claim.

Branch Seal

Signature :

Name :

Date:

PPC :

Designation : Branch Head

Annexure II

Other Miscellaneous

1. Operation of Deposit Accounts

For Savings 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 cheque books, additional statements 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 and be stipulated in the Bank's Website as well as Notice Boards at branches.

On request of customer, Bank shall permit operation of eligible Savings Bank and Current accounts through digital channels like Debit Card, Internet Banking and Mobile Banking subject to terms and conditions and transaction limits prescribed by the Bank from time to time. Bank shall also provide mobile based, digital transactions locking facility to customers.

Bank shall permit opening and closing of Term Deposit accounts including Recurring Deposit of existing customers through Digital channels like Internet Banking and Mobile Banking. In case of accounts opened through digital channels an electronic acknowledgement shall be given to the customer immediately. While closing Term Deposit accounts through digital channels, the closure proceeds shall be credited to the designated operative account of the customer. For deposits with operative account in CIF ID (unclosed accounts) ,even for re depositing the same by closing/ closure for outflow ,it shall be routed through their operative account in CIF ID.

2. Tax Gain Deposits: Government of India vide reference No.203/2006 dated 28.07.2006 has notified the scheme "Bank Term Deposit Scheme-2006" effective from 01.04.2006, which was announced in the Finance Budget for FY 2006-07. For unique identity, we have renamed the deposit scheme as "SIB-TAX GAIN –2006. The salient features of the scheme are given below:

1. An amount up to Rs. 1,50,000.00 (Minimum Rs.100/- and maximum Rs. 1,50,000.00 in multiples of Rs.100/-) deposited in the bank as Fixed / under Compound interest scheme for a period of 5 years is eligible to be exempted from Income Tax under Section 80C of IT Act, 1961.
2. Amount deposited in the name of individual, joint (first name holder) or HUF (Karta) not exceeding Rs. 1, 50,000.00 in a financial year is eligible for tax exemption.
3. Though nomination can be registered, NO nomination shall be made in respect of a term deposit applied for and held by or on behalf of a minor.
4. Submission of PAN is mandatory.
5. The rate of interest will be the rate of interest applicable for fixed deposits with maturity 5 years.
6. Additional rate for staff members, senior citizens will be applicable to this deposit also.
7. This deposit shall not be closed before the expiry of 5 years from the date of its receipt.
8. Tax Gain Deposit cannot be closed prematurely except on death of the depositor.

9. Auto renewal shall not be applicable to Tax Gain Deposit, except, if the customer specifically requests to renew the same on maturity.

3. MACT Deposits : Banking Operation Group shall do name change/Customer ID creation in the cases of MACT as per the court order.

4. Online deposit closure facility

- Online opened FD can be closed both via online & offline mode (branch).
- Deposits opened Offline (Branch) can be closed through offline channel only.

5. Advances against deposits

The Bank may consider request of the depositor/s for Loan / Overdraft Facility against any Term Deposits including recurring deposits except against those opened under “Tax Gain Scheme”, “Flexi Deposit” and “Security Deposit”. It is not mandatory for the customer to submit the Deposit Advice for availing loan. Necessary loan documents shall be collected and lien marked against the deposit in the system. 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.
