



Grams : " PRAKASM BANK "

Ph: 08592 -232667 , 233726

**THE PRAKASAM DISTRICT COOPERATIVE CENTRAL BANK
LTD., NO. J. 551**

(Post Box No. 38) Central Office: GOVERNOR ROAD,
ONGOLE -523001 , (A.P.)

Email : ceo_pksm@apcob.org

P&D/Deposit File/2023-24

Dt: 29.12.2023.

Circular

Sub: P&D Section- Circulation of **Deposit policy** - Reg.

Ref: Bank MCR No:44 Dt:-11.12.2023.

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Through the above reference cited, The Board of management has approved
the **Deposit policy** of the bank.

Hence All the Section, Branch Heads and staff are directed to strictly follow
the guidelines of the policy without any deviation.


General Manager

Enclosed: Deposit policy

Subject:

To approve the comprehensive Deposit Policy of the Bank.

Explanation:**1.Introduction:**

One of the important functions of the Bank is to accept deposits from the public for the purpose of lending. Infact, depositors are the major stakeholders of the Banking System. The depositors and their interests form the key area of the regulatory framework for banking in India and this has been enshrined in the Banking Regulation Act, 1949. The Reserve Bank of India is empowered to issue directives/advices on Interest Rates on deposits and other aspects regarding conduct of deposit accounts from time to time.

This policy document on deposits outlines the guiding principles with respect to formulation of various deposit products offered by the Bank and the terms and conditions governing the conduct of the account. The document recognize the rights of depositors and aims at dissemination of information with regard to various aspects of acceptance of deposits from the members of the public, conduct and operations of various deposit accounts, payment of interest on various deposit accounts, closure of deposit accounts, method for disposal of deposits of deceased depositors,etc.,for the benefit of customers. It is expected that this document will impart greater transparency in dealing with the individual customers and create awareness of their rights. The ultimate objective is that the customers will get services they are right fully entitled to receive without demand. This document is a broad framework under which the rights of common depositors are recognized. Detailed operational instructions on various deposit scheme related services will be issued from timetotime.

1. Know Your Customer (KYC) Guidelines of RBI:-

Know Your Customer (KYC) is the platform on which Banking system operates to avoid the pitfalls of operational, legal, reputational risks and consequential losses by scrupulously adhering to the various procedures laid down for opening and conduct of account.

The Bank shall adopt appropriate Know Your Customer Policies, procedures and internal controls reasonably designed to:

- a. Determine and document the true identity and address of the customers who establish relationships, open accounts or conduct significant business transactions and obtain basic background information on customers.

- b. Obtain and document any additional customer information, commensurate with assessment of the money laundering risks posed by customers' expected use of Bank's products and services.
- c. Avoid doing business with any individual or entity whose identity cannot be determined or who refuses to provide information or who have provided information that contains significant inconsistencies which cannot be resolved after due investigation.

Customer Identification Procedure – Features to be verified and documents that may be obtained from customers

Customers/Clients	Documents (Certified copy of any one of the following officially valid document)
<p>Accounts of individuals</p> <ul style="list-style-type: none"> • Proof of Identity and Address 	<p>Officially Valid Document [OVD] means the passport, driving license, proof of possession of Aadhaar number, PAN Card, the voter's ID card issued by Election Commission of India. Job card issued by NREGA duly signed by an officer of the State Government and letter issued by the national population register containing details of name and address.</p> <p>Where 'simplified measures' are applied for verifying the identity of customers the following documents shall be deemed to be 'officially valid documents:</p> <p>i. Identity card with applicant's photograph issued by Central/State Government Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, and Public Financial Institutions;</p> <p>ii. Letter issued by a gazetted officer, with a duly</p>

	<p>attested photograph of the person.</p> <p>Where the OVD furnished by the customer does not have updated address, the following or the equivalent e-documents thereof shall be deemed to be OVDs for the limited purpose of proof of address.</p> <p>i. Utility bill which is not more than two months old of any service provider (electricity, telephone, postpaid mobile phone, piped gas, water bill);</p> <p>ii. Property or Municipal Tax receipt;</p> <p>iii. Bank account or Post Office savings bank account statement;</p> <p>iv. Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;</p> <p>v. Letter of allotment of accommodation from employer issued by State or Central Government departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies. Similarly, leave and license agreements with such employers allotting official accommodation; and</p> <p>vi. Documents issued by Government departments of foreign jurisdictions or letter issued by Foreign Embassy or Mission in India.</p>
Accounts of Companies	<p>(i) Certificate of incorporation</p> <p>(ii) Memorandum & Articles of Association</p>

	<p>(iii) Certificate of Commencement of Business in case of Public Ltd Company</p> <p>[iv] Permanent PAN No. of company</p> <p>(v) A resolution from the Board of Directors and power of attorney granted to its managers / officers or employees to transact on its behalf; and</p> <p>An officially valid document in respect of beneficial owner, Managers, Officers or employees, as the case may be, holding an Attorney to transact on company's behalf.</p> <p>For address proof:</p> <p>i) Utility bills such as Electricity, Water, Land phone in the name of the Company</p> <p>ii) Address as per Certificate of Registration</p> <p>iii) License given by the Government</p>
Accounts of partnership firms	<p>i) Registration certificate, if registered</p> <p>ii) PAN of the partnership firm</p> <p>iii) Partnership deed; and</p> <p>An officially valid document in respect of managers, officers or employees, as the case may be, holding an attorney to transact on its behalf.</p> <p>For address proof:</p> <p>i) Utility bills such as Electricity, Water, Land phone in the name of the Company</p> <p>ii) Address as per Certificate of Registration</p>

Accounts of trusts	<p>(i) Registration certificate;</p> <p>(ii) Trust Deed; and Byelaws</p> <p>(iii) PAN or Form 60 of Trust</p> <p>An officially valid document in respect of managers, officers or employees, as the case may be, holding an attorney to transact on its behalf</p> <p>(iv) IT Registration under Sec 12A for those specified by RBI</p>
Account of unincorporated association or a body of individuals	<p>(i) Resolution of the managing body of such association or body of individuals;</p> <p>(ii) power of attorney granted to him / her to transact on its behalf;</p> <p>(iii) PAN or form 60 of the incorporated association or body of individuals</p> <p>(iv) An officially valid document in respect of managers, officers or employees, as the case may be, holding an attorney to transact on its behalf; and</p> <p>(v) Such information as may be required by the bank to collectively establish the legal existence of such an association or body of individuals.</p>
Accounts of Proprietor ship Concerns Proof of the name, address and activity of the concern	<p>Apart from Customer identification procedure as applicable to the proprietor any two of the following documents in the name of the proprietary concern would suffice</p> <p>Registration certificate (in the case of a registered concern)</p> <p>Certificate/license issued by the Municipal authorities under Shop & Establishment Act,</p> <p>Sales and income tax returns</p>

	<p>CST/VAT Certificate / GST certificate [provisional or final]</p> <p>Certificate/registration document issued by sales Tax/Service Tax /Professional Tax authorities</p> <p>IEC [Importer Exporter Code] issued to the proprietary concern by the office of DGFT or license / Certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute. The complete Income Tax return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/ acknowledged by the Income Tax authorities.</p> <p>In cases where the banks are satisfied that it is not possible to furnish two such documents, they would have the discretion to accept only one of those documents as activity / business proof. In such cases the banks, however, would have to undertake contact point verification, collect such information as would be required to establish the existence of such firm, confirm, clarify and satisfy themselves that the business activity has been verified from the address of the proprietary concern.</p>
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The regulatory guidelines require Bank to categorize customers based on risk perception and prepare profiles of customers for the purpose of transaction monitoring. If the decision to open an account of a prospective depositor requires clearance at a higher level, reasons for any delay in opening of the account will be informed and the final decision will be conveyed at the earliest.

2. Opening of Accounts and operations of deposit accounts:

3.1 Operational Instructions:

Operational instructions in the joint accounts have to be carefully followed. They may be:

3.1.1 Joint Account without survivorship clause: This account is to be operated jointly by all the account holders. In the event of death of one of the account holders, operations in this account should be stopped and the balance in this account is payable to the survivor joint account holders and the legal heirs of the deceased party.

3.1.2 Joint or Survivor with Survivorship: This account is to be operated jointly by all the account holders. In the event of death of one/some of the account holders, the survivor/s can be allowed to continue to operate the account or the balance in the account can be paid to survivor/s.

3.1.3 Either or Survivor: This account is opened in the names of two persons and this account can be operated by either of them. In the event of the death of one of them, the survivor can be allowed to operate this account or the balance in the account can be paid to the survivor.

3.1.4 Anyone or Survivor: This account is opened by more than two persons and can be operated by any one of them. In the event of death of one / some of them, the right to operate the account rests with the survivors, but jointly. A fresh mandate has to be obtained from all the survivors, if the account is to be operated as E or S or otherwise. On the death of all except one of the account holders the balance in the account is payable to the lone survivor.

Any variation in the instructions given by the joint account holder at the time of opening the account can be made only if it is authorized by all the surviving account holders jointly.

3.2 Conversion of Accounts – Single into Joint and Joint into Single:

To convert an existing single account into a joint or E or S account, a letter from the existing account holder attesting the specimen signature of the new person(s) has to be obtained and attached to the Account Opening Form. Specimen signatures of existing as well as the newly added person(s) have to be obtained in a fresh application form and should be attached to the original application and signature of the newly added account holder, as per the extant KYC norms, scanned for easy verification while passing the instrument. All the changes have to be properly

recorded duly authenticated by an authorized officer with dates of changes.

In case the customer having a joint account with the Bank intends to convert the same into a single account, it is desirable to close such account by getting necessary instructions from the existing account holders and then open a new account in the name of the person in whose name the account is to be continued.

Opening and operating of Accounts under different categories:

4.1 Minor:

Savings Bank account can be opened and operated by a minor who is above the age of 10 years (even if not literate).

An account may be opened in the name of a minor by the guardian and operated by the guardian. Proof of date of birth of the minor from appropriate authorities (School record, municipal authorities etc.) has to be obtained at the time of opening the account and should be retained in the records of the bank.

Any contract with a Minor is not a valid one.

The guardian must not be allowed to operate the minor's account once the minor attains majority status or in the event of the death of the minor. In the event of death of the minor, the guardian has to close the account.

In the Account Opening Form the guardian must sign in representative capacity. For example, guardian should sign as "For and on behalf of minor.....".

Bank will provide ATM/Debit card, subject to Rs. 5,000/- per day transaction limit as a safeguard measure to minor accounts. KYC Norms and other due diligence of minor should be ensured while opening and operating these accounts.

No cheque book is to be issued to minors who are operating their Savings Bank accounts by themselves.

No overdraft should be allowed to a minor. No collection of cheques should be allowed in accounts operated by minor, other than the scholarship received from the school / Government.

Accounts in the name of minor to be operated by the natural guardian or by the guardian or by the guardians appointed by the court or to be operated by the minor himself, must be noted in the account opening form as detailed below:

Ram (Minor) by father and Guardian Shri. Krishna

Or

Ram (Minor) by guardian appointed by the Court, Shri. Krishna

Or

Ram (Minor) by himself (If above 10 years of age)

- d. Date of Birth of the minor must be noted and authenticated by an authorized officer of the bank. On the date of minor attaining majority, the bank has to issue a notice in the prescribed format with regard to the eligibility of the minor to operate the account personally.
- e. On the date of minor attaining majority, fresh Account Opening Form duly signed by the account holder in the status of a major with his fresh set of specimen signatures along with KYC documents, latest photographs should be obtained and retained in Bank records. Proper notings about the minor attaining majority status should be made and authenticated by an authorized officer of the Bank. From such date of minor attaining majority, the guardian should not be permitted to operate the account in the status of guardian.

4.2 Guardians:

1. The natural guardian of a Hindu Minor in respect of Minor's property according to the Hindu Minority and Guardianship Act 1956:
 - a. In the case of a boy or unmarried girl, the father and if the father is not alive, the mother;
 - b. In the case of illegitimate boy or illegitimate unmarried girl - the mother and if she is not alive, the father.
 - c. If both the father and mother are not alive, no one other than the person appointed by a competent court can act as a guardian of a minor.
 - d. In the case of a married girl-the husband.
2. Under Mohammedan Law, the father is the guardian for the property of the Minor but after the father's death, the following persons are entitled, in the

- order mentioned here under, to both guardians of a minor.
- a. the Executor appointed by the father's will;
 - b. Father's father;
 - c. The Executor appointed by the will of the father's father.
- 3. If none of the above persons is alive only the person appointed by the competent court can act as the guardian of a minor.
 - 4. Under no circumstance mother can act as guardian of the minor under Mohammedan Law.
 - 5. In respect of Christians, either the Father or Mother is the natural guardian to the Minor.
 - 6. The RBI has advised that Banks could open Savings, R.D, and Term Deposit accounts in the names of minors with Mothers as Guardians.

4.3 Illiterate Persons:

- a. The Rules relating to Savings Bank or other deposit accounts have to be clearly explained to an illiterate person intending to open such accounts in a language in which he understands. He/she should be advised that for withdrawing money from their account, they have to personally come to the bank with the PassBook, everytime.
- b. Debit card and Cheque Book should not be issued to such account holder under any circumstances.
- c. Left hand thumb impression of the constituent has to be obtained on the Account Opening Form and specimen signature in the presence of the authorized bank officer and obtain the signature of a person well-known to the bank, as witness on the Account Opening Form.
- d. Two passport size photographs have to be obtained from the customer. One copy shall be affixed on the Account Opening Form. At the lower portion of this photograph (without covering the face of the constituent) his Left Thumb Impression (LTI) has to be affixed in such a way as to half of the thumb impression is on the photograph and the other half on the Account Opening Form. The authorized officer of the bank will have to attest this thumb impression beneath that.
- e. Every time before passing the withdrawal, the Passing Officer should ask the account holder whether he / she intends to withdraw the amount mentioned in the withdrawal slip. Only on getting his/her oral confirmation the withdrawal must be passed for payment.
- f. In the account, it must be clearly noted "after the name of the party" as "Illiterate person" and in the case of the customer operating his account

with LTI, that fact also must be recorded as thumb impression.

- g. An illiterate depositor if he / she intends to allow a literate person to operate his / her account, he / she has to submit an authorization cum indemnity letter in the prescribed format.
- h. Current account should not be open the name of an illiterate person.
- i. In case the illiterate person wants to open an account jointly with alliterate person such account must be opened with the condition that it can be operated only jointly by both. No illiterate person's account should be opened with operation facility of E or S or by "literate person only."
- j. No Cheque book is to be issued even for such joint accounts.

4.4 Blind persons:

- a. There is no legal bar for a blind person to open a bank account.
- b. Due care must be exercised in opening accounts for blind persons as there may not be consistency in their signature. As they always depend on someone the chance for their being cheated is greater; and it may not be always possible for blind person to come to the Bank in person and he may send a messenger for transaction whose reliability may be known to the bank.
- c. Two copies of recent passport size photographs of the blind person have to be obtained at the time of opening the account— one to be attached to Account Opening Form — second copy to the PassBook. The signature / thumb impression of the blind person has to be attested by a person well known to the bank and countersigned by the authorized officer of the bank on the reverse of two photographs.
- d. Signature of the blind person in the Account Opening Form and Specimen Signature are to be attested by a witness who must be a person well known to the bank or a longstanding customer of the bank.
- e. It must be boldly written as "BLIND" in red ink in the Account Opening Form, noted in the system and the Passbook.
- f. In the cases where the Branch Manager is satisfied, he may allow the blind persons to operate their accounts by themselves, or on merits of each case the Branch Manager may allow a next of kin of the blind customer to operate the account as representative after taking proper 'letter of authority' from the blind customer to that effect.
- g. Whenever inconsistency in the signature of the blind customers noticed, his left hand thumb impression may be obtained by the Bank in addition to his signature.

- h. Entries and the balance must be made up to date at the time of each transaction by the blind customer and should also be read out to him when no other person is in hearing distance of the blind customer.

4.5 Sole Proprietorship:

The law does not distinguish between the Proprietor and the Proprietary Concerned the improve such accounts can be treated as individual accounts and the proprietor has to submit a declaration in the prescribed format. Apart from customer Id procedure as applicable to the sole proprietor, some documentary evidence as per KYC norms has to be obtained as activity proof. The Proprietor must sign all the documents as well as the Cheques relating to the account in the name of the Proprietorship Concern as below:

For Ganesh Trading Company,

Raj Kumar

Sole-Proprietor.

A declaration stating that they are not enjoying any credit facilities from any other Bank shall be obtained and kept on record.

4.6 Executors /Administrators:

- a. An Executor is a person named in the will and derives title immediately after the date of death of Testator for the purpose of administration of the property of the deceased. He must obtain a Probate from a court of law before acting as an Executor.
- b. An Administrator is a person appointed by the Court to manage the property of the deceased who had died without leaving any will, through a letter of administration.
- c. Executors and Administrators cannot delegate power to third parties.
- d. Any power of attorney or authority given to third parties on the account of the estate should not be accepted unless they are cleared by Head Office (H.O.) after examination by the Legal Department / Legal Advisor of the Bank.

- e. The opening of accounts for Executors / Administrators has to be cleared by the Legal Advisor / Legal Department of the Bank.
- f. Account Opening Form should be signed by all the Executors / Administrators if there is more than one Executor / Administrator - photographs of all Executors / Administrators have to be obtained and retained with Bank records.
- g. Cheques drawn in favour of Executor / Administrator should not be credited to the personal account of the Executor / Administrator.
- h. The staff of the Branch must carefully read the contents of the Will or Letter of Administration so that the operations in the account of Executor / Administrator are allowed only as per the terms of the Will or letter of Administration.
- i. The account should be opened in the name of an individual with the addition of the words "Executor" or "Administrator." ("ABC Executors or Administrators to the Estate of XYZ deceased").
- j. The Banker should not have recourse to the security belonging to the deceased for granting personal loan to the Executors.

4.7 Hindu Undivided Family (HUF) Account:

- a. The Bank may open accounts in the names of joint Hindu families. The account should be opened in the name of 'Karta' (senior male member of the family) or in the name of the family business. The bank has to obtain two copies of the photographs of the 'Karta', one to be affixed on the Account Opening Form and the other on the pass book.
- b. It must be written in bold letters in red ink as "HUF Account." in the Account Opening Form, Account in the system and Passbook. Further, the bank has to obtain the HUF declaration duly signed by the 'Karta' and the coparceners.
- c. The current account opening form prescribed by the Bank and the Joint Hindu family letter both have to be signed by all the adult members of the joint family.
- d. If there is a minor coparcener in a joint family, the Karta should sign the documents on behalf of the minor apart from signing in the capacity as Karta. When the coparcener attains majority, he /she should also sign the documents to give his assent to the undertaking given by the major coparceners.

4.8 Power of Attorney:

- a. A person may authorize another person to open and operate a bank account on his / her behalf. This authority maybe given by executing a "Power of Attorney".
- b. The Power of Attorney may be 'special or general'. Special Power of Attorney authorizes a person to act in a specific transaction. A General Power of Attorney authorizes the person to have wide range of powers to carry out various transactions. The Power of Attorney must be a registered one.
- c. The Power of Attorney must give specific authority to open and operate a bank account, to overdraw in Current Account, to borrow, to accept / endorse bills of exchange ,etc.
- d. The staff of the Branch must study the Power of Attorney very carefully and allow operations only as per the terms of Power of Attorney. If any operation outside the terms of Power of Attorney is permitted in the account, such transaction will not bind the principal, and the officer permitted such transactions shall be held responsible.
- e. The Power of Attorney can be revoked at any time by the grantor.It is also automatically revoked by the death, insanity or insolvency of the grantor and also by the death or insanity of Attorney. But in case, the Attorney becomes insolvent, he cannot receive payments on behalf of the principal but the authority given by the principal does not dissolve automatically.Theprincipal,insuchcases,hastogiveconfirmationthatthepower of attorney holder will continue to exercise the powers conveyed in the Power of Attorney executed by the principal.
- f. Copy of the Power of Attorney should be carefully compared with the original by an Officer of the Bank who will attest the copy as "Compared with the Original".
- g. The branch must maintain the "Power of Attorney Register" bearing all relevant terms and conditions of the Power. It should be recorded and duly authenticated by an Officer. Main operational clauses should also be recorded in the system.

4.9PartnershipAccounts:

- a. It is desirable that the partnership firm is are gistere done.
- b. Account should be opened in the name of the firm and not in the name of any partner.
- c. Account Opening Form prescribed by the Bank should be signed by all the partners in their official capacity(i.e.,aspartner)and also in personal capacity.

- d. While operating the partnership account the partners should sign for and on behalf of the firm and not as an individual.
- e. Partnership Deed should be very carefully examined and in case the branch officers have any doubt it is always desirable to refer such cases before opening the account to H.O for examination and approval by Bank's Legal Department / Legal Advisor.
- f. Once a partnership account is opened operations in such account should be strictly in conformity with the provisions of the deed. If there are any restrictive clauses in the Partnership Deed they must be clearly noted in Power of Attorney Register as well as in the system and strictly followed while allowing operations in the account.
- g. A Partnership letter should be obtained and signed by all the partners along with the Account Opening Form. This letter must be signed by all the partners in their individual capacity and not on behalf of the firm.
- h. The total number of partners in a partnership firm is 10 in case of banking business and 20 in case of other business.
- i. Cheques payable to the firm should not be credited to the private account of any partners or any employee of the firm.
- j. In case any one partner in the firm advise the bank not to allow operations on the firm's account by the other partner(s), all operations on the account must be stopped under intimation to all the partners and the firm. In the event of death of any of the partner, the operation in the account is to be stopped and a fresh account is to be opened, provided the partnership deed permits the same.

4.10 Limited Company:

While opening an account in the name of a limited company, the following documents are to be obtained along with the Account Opening Form. A separate file containing various documents as noted below should be maintained:

- a. A certified true copy of the Certificate of incorporation.
- b. A copy of Memorandum and Articles of Association duly certified as true and up to date by a competent officer of the company for Bank's records. This document will contain a provision as to who is the competent officer of the company to certify the copy of the Memorandum and Articles of Association as "True and up to date." In case of any doubt these documents submitted to the Bank should be verified from the records of the Registrar of Companies.

- c. Certified copy of the latest resolution of the General Body / Board, etc., regarding opening of the account, with names and designation of persons authorized to operate the account.
- d. In the case of Public Limited Company certified true copy of the "Certificate of Commencement of Business".
- e. An officer of the Bank who verified this certificate with original must authenticate on the copy submitted to the bank to the effect that "verified with the original and found correct". This is not required in the case of a Private Limited Company.
- f. PAN card of the company.
- g. List of Directors / Chairman and other office bearers of the institution with designation to be obtained.
- h. Before opening an account for such a company, the bank must satisfy itself that the said company is a well-established one, or the Directors of the Company are wellknown to the Bank.
- i. The Bank must before be accepting any Cheque drawn in favour of the company for collection and issue of cheque book, make independent inquiry about the company and its Directors.
- j. Specimen signatures of authorized persons to operate the account duly countersigned by the Chairman of the meeting with the official seal of the company are to be obtained.
- k. Recent passport size photographs of the person(s) opening the account / authorized persons to operate the account.
- l. Copies of PAN Card and KYC of the authorized signatories to be obtained.

4.11 Trust Accounts:

- a. Before opening the account in the name of a Trust, a copy of Trust Deed must be obtained from the Trustee(s) concerned and carefully studied with particular reference to restrictive clauses regarding the amount that can be withdrawn, provisions regarding the opening and operation of an account in the name of Trust, etc., and verified with original.
- b. The account opening form should be signed by all the trustees and the account must be opened in the name of the Trust.
- c. A resolution adopted by the Trustees should be obtained with regard to operation of the Account.
- d. In case of a Public Trust, a copy of certificate issued by Charity Commissioner together with a copy of

- e. Trust Deed has to be obtained.
- f. Trust Deed should be very carefully examined and in case the branch offices have any doubt it is always desirable to refer such cases, before opening the account, to H.O. for examination and approval by Bank's Legal Department/ Legal Advisor.
- g. The account must be opened as "Trustee(s)..... Fund"(or "Trustee(s) to the Estate of " and the Specimen signature must be obtained as for Fund Trustee(s).
- h. Operational instructions and the name(s) of the Trustee(s), should be properly recorded and approved by an authorized officer.
- i. It should always be ensured that all payments in the Trust account are made only in accordance with the provisions of the Trust Deed.
- j. A Trustee cannot delegate his powers.
- k. Trustees have no implied power to borrow unless such powers have been expressly provided in the Trust Deed.
- l. Cheques payable to the Trust should not be collected for credit of private accounts of Trustees.
- m. Bank has no right to set off against the Trust Fund for debts owed by Trustees in their individual capacity.

4.12 Others:

4.12.1 Schools /Colleges:

- a. In the case of Schools / Colleges, the Account Opening Form should be signed by the Correspondent / Principal /Headmaster.
- b. Permission / Registration Certificate of the competent authority for establishment of an educational institution. A certified copy of the rules and regulations of the educational institution must be obtained and retained.
- c. The operation of the account shall be strictly as per instructions of competent authority of the institution /resolution.
- d. In the case of Government aided School, the permission of Board of Secondary Education may be necessary for opening an account with the Bank.
- e. KYC of the authorized signatories must be obtained in all the cases.

4.12.2 Liquidators:

Account in the name of a Liquidator has to be opened only with the prior approval of H.O.

4.12.3 Staff Accounts:

- a. It is desirable to restrict number of Savings Bank or Current Accounts to be maintained by each staff member.
- b. In all the accounts of the staff member it must be prominently marked as "Staff Account".
- c. While issuing fresh cheque books to staff members it must be ensured that all the cheque leaves of the previous cheque books have been used.
- d. If any cheque issued by the staff member on his account is returned unpaid for want of funds the facts must be informed to H.O. Administration / Personnel Section for further action.
- e. A declaration stating that the amounts so deposited belong to him / her from their own resources to be obtained.

4.12.4 Cooperative Societies:

- a. For opening an account in the name of a Cooperative Society the provisions of the bye-laws of the society should be verified and if the bye-laws provide for the same, account may be opened in consistent with the provisions of the bye-laws.
- b. Registration certificate
- c. Board resolution for opening of an account with the bank.
- d. Authorized signatories duly attested by the President of the society.
- e. Passport size photographs of Authorized signatories

4.12.5 AccountstoTransgenderPersons

- a. 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 "Third Gender" and the details shall be accepted in the AOFs/or other applicable forms as such.
- b. The salutation of such person shall be "Mx" All transgender customers shall be treated equally to other male/female customers without any discrimination.

5. Types of deposit accounts:

The deposit products offered by the bank are broadly categorized in the following types:

1. Savings bank account
2. Current account

permitted, not to add to their names the words 'Limited' or the words 'Private Limited'.

- f. Institutions other than those mentioned in Section 27(h) and whose entire income is exempt from payment of Income Tax under the Income Tax Act, 1961.
- g. Government departments/ bodies/ agencies in respect of grants/ subsidies released for implementation for 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.
- h. Development of Women and Children in Rural Areas (DWCRA).
- i. Self-Help Groups (SHGs), registered or unregistered, which are engaged in promoting savings habits among their members.
- j. Farmers Clubs – Vikas Volunteer Vahini - VVV

5.2 Current Account:

Current Accounts are designed to meet the needs of such sections of the public who operate their account regularly and frequently. i.e., Traders, Businessmen, Corporate bodies or the like, who receive money and make payments very often. Current accounts are suitable to such category of customers as there are no restrictions on the number of withdrawal or deposit. Current accounts can be opened by individuals, proprietary concerns, partnership firms, Private & Public Ltd Co., HUFs/Specified associations, Societies, Trusts, Limited Liability Partnerships, Cooperative societies Departments of Authority created by Government (Central or State) etc.

As required by law, while opening the account, the Bank will satisfy itself about the identity, satisfying about his occupation and source of income, including verification of address of the person/s seeking to open an account to assist in protecting the prospective customers, public and the Bank against fraud and other misuse of the Banking system duly observing the KYC guidelines of RBI.

Introduction from an existing customer is not mandatory for opening accounts, including those of legal entities. An account will be considered fully KYC compliant if documents of KYC, i.e., Proof of identity and Proof of address are submitted by the proposed account holder.

5.3 Term Deposits:

A deposit received by the bank for a fixed / specific period which is normally withdrawn only after the expiry of the deposit period is called TERM DEPOSIT [or time deposit].

3. Term Deposits

5.1 Saving Bank account:

Savings Bank account, as the very name suggests, is intended for savings for the future. There are no restrictions on the number and amount of deposits that can be made on any day. Minimum amount of withdrawal/deposit is Rs.10/-. Balance in the account earns interest at rates decided by the Bank, from time to time. The facility of withdrawal by cheque is also allowed subject to certain restrictions.

5.1.1 Prohibition against opening of Savings Bank accounts in the name of certain Bodies /Organizations:

- a. 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 organizations / agencies listed in Schedule – 1.

* For the purpose 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 (Reservations and Allotment) order, 1968 as in force for the time being.

- b. Any trading business or professional concern (e.g. firms of Chartered Accountants, Lawyers, etc.) whether such concern is a proprietary or a partnership firm or a company or an association

5.1.2 The above prohibition will not apply in the case of the following organizations /agencies:

- a. Primary Agricultural Credit Society which is being financed by the bank.
- b. Khadi and Village Industries Boards.
- c. Agriculture Produce Market Committees.
- d. Societies registered under the societies Registration Act, 1860 or any other corresponding law in force in a state or a Union Territory.
- e. 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'.

- f. Institutions other than those mentioned in Section 27(h) and whose entire income is exempt from payment of Income Tax under the Income Tax Act, 1961.
- g. Government departments/ bodies/ agencies in respect of grants/ subsidies released for implementation for 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.
- h. Development of Women and Children in Rural Areas (DWCRA).
- i. Self-Help Groups (SHGs), registered or unregistered, which are engaged in promoting savings habits among their members.
- j. Farmers Clubs – Vikas Volunteer Vahini - VVV

5.2 Current Account:

Current Accounts are designed to meet the needs of such sections of the public who operate their account regularly and frequently. i.e., Traders, Businessmen, Corporate bodies or the like, who receive money and make payments very often. Current accounts are suitable to such category of customers as there are no restrictions on the number of withdrawal or deposit. Current accounts can be opened by individuals, proprietary concerns, partnership firms, Private & Public Ltd Co., HUFs/Specified associations, Societies, Trusts, Limited Liability Partnerships, Cooperative societies Departments of Authority created by Government (Central or State) etc.

As required by law, while opening the account, the Bank will satisfy itself about the identity, satisfying about this occupation and source of income, including verification of address of the person/s seeking to open an account to assist in protecting the prospective customers, public and the Bank against fraud and other misuse of the Banking system duly observing the KYC guidelines of RBI.

Introduction from an existing customer is not mandatory for opening accounts, including those of legal entities. An account will be considered fully KYC compliant if documents of KYC, i.e., Proof of identity and Proof of address are submitted by the proposed account holder.

5.3 Term Deposits:

A deposit received by the bank for a fixed / specific period which is normally withdrawn only after the expiry of the deposit period is called TERM DEPOSIT [or time deposit].

5.3.1 Types of Term Deposit:

- a. Fixed Deposit (F.D.) (for periods varying from 7 days to 10years).
- b. Reinvestment Deposit / Cumulative Time Deposit.
- c. Recurring Deposit.
- d. Special Deposits (as per Deposit schemes announced by the Bank like Marriage Deposit, Education Deposit, etc. as combination of the above three basic term deposit schemes).

5.3.2 Period of Deposits:

- a. As per RBI directive the minimum period and maximum period of accepting Term Deposits have to be fixed by the Bank from time to time.
- b. Now the minimum period of term deposit is 7 days and the maximum period 120months.

5.3.4 Eligibility:

All persons who are eligible to open a Current or Savings Bank Account with the Bank are eligible to invest in Term Deposits, subject to the same conditions.

5.3.5 Investment by Cheque:

- a. Investment in Term Deposit can also be made by the depositor through a cheque with some other bank.
- b. In all such cases the Term Deposit Receipts must be issued only after the proceeds of the cheque deposited by the investor have been realised. The Term Deposit will be made effective from the date of deposit of the Cheque.
- c. If the cheque lodged by the depositor is an outstation cheque the commission and postal charges for collection of such cheque have to be collected / or reduced from the gross amount and deposit account should be credited with net amount.
- d. A customer of the bank may also invest in Term Deposit through an authorization cum request letter to the Manager to debit his Current or Savings Bank Account with the proposed amount and to invest the same in Term Deposit. In his letter he must give clear instructions regarding the name(s) of the person(s) favoring whom the Term Deposit Receipt will have to be issued, type of account like E or S / A or S / F or S / Jointly, periodicity and mode of payment of interest on Term Deposit and period of investment.
- e. In the above case the signature of the investor on the request letter must be compared with his Specimen Signature available with the bank and the passing officer must record in the request letter as "Signature Verified" and affix his initials.

- f. For such investment through an authorisation cum request letter, the Bank Staff will have to prepare necessary Account Opening Form as per the instructions in the request letter of the investor. However the signature of the investor will have to be obtained on the Account Opening Form at a later date with nominee details, when the investor comes to the Bank.

5.3.6 Maturity Notice:

- a. The Bank will have to send an intimation regarding the Due Date / Maturity date to all the Term Deposit investors based on maturity Register / Due Date Register at least 15 days prior to the actual due date.
- b. In case the depositor has given specific instruction to the Bank not to send such intimation, the Bank should not send maturity intimation to such investors.

5.3.7 Repayment of Term Deposit:

- a. Repayment of a Term Deposit on or after the due date can be made by cash if the maturity value along with interest is below Rs. 20,000/- and if it exceeds Rs 20,000/- payment should be credited to party's account with the Bank or through NEFT / RTGS etc., as per the specific instructions of the depositor.
- b. In all such cases the Term Deposit Receipt will have to be duly discharged by the depositors on the reverse of the Term Deposit Receipt at the space provided for the same. However if the repayment is to be made by cash, discharge should be obtained from the depositor on revenue stamp of requisite value.
- c. If the proceeds are to be paid by a DD / PO or to be credited to party's account, mere discharge is sufficient, i.e., without revenue stamp.
- d. In the case of a Term Deposit issued in favour of two or more persons, with E or S or A or S clause, no payment can be made before maturity to one of the parties, and the discharge of all parties on the reverse of the Term Deposit Receipt must be insisted. Since the Bank can pay cash only to one person, all the other joint depositors should give a letter to the Bank authorizing one among the joint depositors to receive the payment of the proceeds of the Term Deposit.

5.3.8 Renewal of Term Deposits:

- a. Term Deposits can be renewed from the date of maturity even after the date of its maturity by providing interest rate ruling on the date of maturity, without giving effect to subsequent revisions in the interest rate (whether upward or down ward).
- b. In the case of overdue deposits where the overdue period does not exceed 14 days (both days inclusive i.e., date of maturity and date of renewal) the

rate of interest payable on the deposit amount so renewed shall be the appropriate rate of interest for the period of renewal as prevailing on the date of maturity (on the lines of RBI directive).

- c. In the case of overdue deposits, where the overdue period exceeds 14 days, the rate of interest payable on the deposit amount so renewed shall be the appropriate rate of interest for the period of renewal as prevailing at the time of renewal.
- d. Additional amount should not be accepted along with the overdue deposit, if the renewal is to be made after the date of maturity.
- e. Interest for the overdue period can be allowed if the deposit or part thereof is renewed from the date of maturity and not from the date of presentation.
- f. A portion of overdue deposit, if so required by the depositor, can be renewed for a further period from the date of maturity. Interest in such case can be allowed only on the renewed portion of the deposit.
- g. The minimum period of renewal for overdue deposit is overdue period PLUS minimum days fixed by the Bank for accepting the deposit from the date of renewal [at present 7 days].
- h. In case of deposit standing in the individual name, if deceased, if such deposit is not withdrawn on maturity, interest for the overdue period can be paid from date of maturity till date of payment (subject to settlement of claim) to legal heirs / representatives at the rate ruling on the date of maturity.

5.3.9 Issue of Duplicate Receipt:

In case of loss of Term Deposit Receipt the Bank may issue Duplicate Deposit Receipt provided,

- a. The depositor / all the depositors in the case of joint deposit shall make a written intimation to the Bank about the loss of Term Deposit Receipt and request to issue a Duplicate Deposit Receipt, and
- b. Furnishing of an Indemnity Bond by all the depositors.
- c. Before entertaining such request the Bank has to ensure that the party has not availed depositor loan against such deposit receipt reportedly lost.

5.4 Fixed Deposit:

A deposit invested for a fixed time / specific period, repayable on maturity / due date with agreed rate of interest, payable as simple interest, either monthly or quarterly is known as Fixed Deposit.

The prospective depositor must make an application in the prescribed application form of the Bank, providing all relevant information, the specimen signatures, remittance voucher and KYC document if not an existing customer.

5.4.1 Issue of Deposit Receipts:

- a. Separate pre-printed receipt for FD should be used.
- b. On getting the 'Remittance Voucher' duly stamped "Cash Received" and signed by the Cashier, and after verifying the system as to the funding of the account, the Deposit Receipt shall be prepared, with particulars such as Name[s] of the Depositor[s], Date of deposit, Period of deposit, amount involved (in words and figures), Rate of Interest, Due Date, Specific instructions of the deposit or like "E or S", "A or S", "For S" etc.
- c. It must be ensured that all the Deposit Receipts bear the branch name.
- d. Two authorized officers will have to sign the Receipts duly affixing their rubber stamps provided by the bank containing their code numbers.
- e. The Deposit Receipt is to be issued to the Deposit or against this acknowledgement in the Term Deposit Receipts Issue register.
- f. The printed serial number of the Deposit Receipt Number must be noted in the Account Opening Form and also in the Remittance Voucher.

5.4.2 Due Date& Nomination:

- a. Due date provided by the system must be checked before the receipt is prepared and delivered to the party.
- b. **Nomination:** Nomination facility as in the case of FDs is available in favour of individuals only.

5.4.3 Payment of periodical interest:

- a. Instructions regarding periodicity of payment of interest i.e., monthly / quarterly / half yearly / yearly must be noted in the system as well as in 'Standing Instruction Sheet' along with the reference account ID.
- b. Entries in the Standing Instruction sheet must be authenticated by an Officer.

5.4.4 Interest Payment:

- a. Interest at agreed simple rate of interest will have to be paid monthly / quarterly / half yearly / yearly as specified by the Depositor.
- b. Interest on monthly basis will have to be paid on discounted on quarterly basis so that such monthly interest paid on a FD [duly discounting the interest at contracted rate] for a continuous period of three months shall not be more than the interest calculated for the same FD on a quarterly basis.

5.4.5 Renewal of Fixed Deposits:

5.4.5.1 On the Due date:

- a. The deposit receipt must be surrendered by the depositor duly discharged with a request on the same receipt to renew for further period.
- b. If the party desires to renew only the principal amount, then credit the interest to his Current or Savings Bank Account or pay in cash as desired by

the depositor if the same not exceeds Rs 20,000/-.

- c. For the principal amount prepare credit voucher and follow the procedure as in the case of opening a new FD account.

5.4.5.2 After the due date [overdue deposits]:

- a. In case of overdue deposits where the overdue period, the rate of interest payable on the deposit amount so renewed shall be the appropriate rate of interest for the period of renewal as prevailing on the date of maturity (on the lines of RBI directive).
- b. Other procedure will be as detailed under paragraphs relating to Renewal of Term Deposits.

5.4.5.3 Foreclosure:

- a. In case an FD is foreclosed before the minimum qualifying period, then no interest is to be paid.
- b. First calculate the actual number of days or period for which the FD was with the Bank.
- c. Then find out the rate of interest applicable for that period as on the date of investment of amount in FD.
- d. Deduct 0.50% (or the current foreclosure charges) from that rate for calculation of interest and calculate interest on the FD for the period for which it has remained with the Bank. [inform the rule position to the customer as the calculation is taken care by CBS].
- e. In case the FD submitted for foreclosure is under monthly interest payment schedule and if the total amount of monthly interest so far paid on the said FD exceeds the eligible interest at the time of foreclosure, then such excess amount paid will have to be recovered out of principal amount of FD and only the Balance will have to be paid to depositor.
- f. Vouchers for interest payment and for repayment of FD will have to be prepared as explained in earlier paragraphs.
- g. The interest calculated by the system in some cases must be randomly verified.

5.4.5.4 Premature extension of Fixed Deposits:

- a. At times the depositor may wish to keep the deposit with the bank for longer period than the original period of deposit or when there is upward revision of interest rates within a short period of their deposit with Bank, the depositor may like to avail this benefit and would therefore like to renew the deposit before its maturity.
- b. In such cases a renewal of deposit before its maturity shall not be regarded as premature withdrawal, provided the same deposit is held with the Bank

after the date of renewal for a period longer than the remaining period of the original contract period.

- c. In such renewals, penalty of 0.50% interest rate should not be applied.
- d. Fixing of Interest Rates in such cases:

i)	From the date of deposit till date of extension (renewal) before maturity	At the rate prevailing on the date of deposit for the period actually held by the bank i.e., from date of deposit till the date of extension (renewal)
ii)	From the date of extension till the new maturity date	At the rate prevailing on the date of renewal for the period of extension i.e. from the date of renewal till new maturity date

EX: A depositor who had deposited an amount in FD on 1.7.2019 for a period of 24 months with interest at 7.50% p.a. wants to extend / renew the FD for a period of 24 months with effect from 1.11.2019 [presume that in the mean time the bank had revised the rate for 2years as 8.25%p.a. with effect from 1.11.2019].

The rate of interest in this case for the period from 1.7.2019 to 31.10.2019, i.e., for 4 months for which the deposit was with the Bank i.e., till date of extension or renewal before due date will be 6.50% p.a. In other words the applicable rate for the completed period is to be extended, without charging any penalty. It is presumed in the above example that on 1.7.2019 (the date of original investment of the amount in FD) the interest rates on FD were as under.

Sl.No.	Period of investment	Rate p.a.
I	91 days to 180 days	6.50%
li	181 days to Less than 1 year	6.75%
lii	1 year and above but less than 2 years	7.00%
lv	2 years and above	7.50%

The interest rate for the subsequent period i.e., with effect from 1.11.2019 for 24 months is 8.25% p.a. i.e., as per the revised interest rates.

Only when such premature Extension is beneficial to the customer the bank may

extend such facility. In case such premature Extension will result in interest loss to the depositor the factual position should be clearly explained to the depositor.

5.4.5.4.1 Procedure:

Whenever such PREMATURE EXTENSION is entertained by the Bank, the following mentioned procedure is to be followed.

- a. Get the Deposit receipt duly discharged by all the Depositors [if it is in the name of more than one person].
- b. Get a letter signed by all the depositors requesting the bank to extend the period of deposit from this date [the date of submission of the request letter and the FDR] for a further period in order to get benefit of upward revision / enhanced interest rate.
- c. While passing the above entries the interest for the period from the date of original investment till the preceding date of passing entries [i.e. the date of Premature Extension) at the applicable rate as explained in previous paragraphs should be paid / credited to party's account.
- d. A new FD Receipt must be issued to be effective from that date for the renewed period.
- e. Cancel the old FDR in the FD Ledger by recording as " Premature Extension with effect from".
- f. In the Due Date / Maturity Register score off the old FDR as premature Extension.

5.4.6 Penal Interest for Fore closure:

- a. Whenever a Fixed Deposit with the Bank is proposed for cancellation / withdrawal by the depositor at any point of time before the due date, the Penal interest at applicable rate will have to be applied.
- b. Only in cases where the deposit is renewed before original due date the Penal provision will not be applied as there is no withdrawal of the amount by the depositor.

5.4.7 Loans against FD:

1. Loans may be sanctioned against the security of the Fixed Deposit of the Bank.
 - a. **Margin:** The Margin will be fixed by the bank from time to time or as per the directives of the RBI. Presently, the margin is 20% for individual customers and 10% for staff.
 - b. **Interest on Loan:** The rate of interest on such loans will be as fixed by the Bank from time to time or as per the Directives of RBI. Presently, the Rate is 0.75% ,over and above the rate offered on the deposit. In case of staff, the rate is 0.50% over and above the rate offered on the deposit.

However ALCO has power to fix margin on case to case basis.

2. Interest on loans will be charged at quarterly rests. While paying the monthly / quarterly interest on FD, in CBS interest on FD is credited to their account regularly. At the time of closure only, interest on DL is recovered.
3. The lien on the Fixed Deposit towards the loan should be marked authorized.
4. On maturity, the loan with interest should be recovered from the proceeds of the fixed deposit [to verify whether the CBS adjusts the amount automatically]

5.4.8 Foreclosure of FD under loan cover:

In case the depositor wants to foreclose FD against which he / she had availed a loan:

- a. If the loan account is still alive on the date of foreclosure of the said FD, the FD is to be closed duly applying the foreclosure norms along with penal interest after adjusting the entire dues under the loan account, i.e., the principal and interest up-to-date.
- b. Finally, pay the balance amount of the proceeds of the FD to the depositor.

5.4.9 Tax Deduction at Source(TDS):

Tax is to be deducted at source on the interest paid or accrued on a term deposit if it exceeds Rs.40,000/- in a Financial year in a bank or as may be revised by the Government of India from time to time for depositor other than DCCBs, who are our voting members and as such entitled to non-deduction of tax at source. This is statutory deduction which is to be deducted and remitted to the Government before 7th of succeeding month through challan ITNS 281.

This statutory deduction has to be explained to the depositor at the time of making deposit and if customer computes his taxable income and seeks exemption from deduction of tax at source by the bank, the customer has to submit a declaration in duplicate, in form 15 H (for those aged 60 years and above) or 15 G (for those below 60 years of age) as per the existing rules these forms have to be uploaded / submitted to the Income Tax department at periodical intervals / on due dates prescribed by the Income Tax Department.

At the time of opening of the term deposit account and also at the beginning of the each financial year, such declaration has to be taken from the customer and the status in the system has to be changed appropriately for deduction of tax at source or otherwise. For the Term Deposit accounts, for which the customers have furnished the 15 H / 15 G form, which will exempt such accounts from deduction of Tax at Source, the Branch Managers and Managers are advised to cause immediate modification (as soon as 15H / 15 G form is received) in the accounts concerned immediately from TDS Yes to TDS No.

This modification has to be done before applying interest provision for the half-year and year ending, otherwise the tax is deducted by the system **"as per default setting"**.

If it is noticed that the tax is deducted for any account (for which the customer has furnished 15G / 15H form), such deduction should be reversed immediately and also **TDS Yes to TDS No** to be modified suitably.

5.4.10Exemption to TDS provisions:

The following depositors are exempted from the scope of TDS provisions and hence, no income tax should be deducted from the interest being paid / credited to them:

- a. The Government ,or
- b. The Reserve Bank of India, or
- c. A Corporation established by or under a Central Act which is, under any law for the time being in force, exempt from income tax on its income ,or
- d. A Mutual Fund specified under Clause (23 D) of Section 10 of Income Tax Act,1961
- e. Banking Companies including Cooperative Banks and Land Mortgage Banks
- f. Any Central or State Financial Corporation
- g. Life Insurance Corporation of India
- h. Unit Trust of India
- i. Any Company or Co-operative Society carrying on the business of insurance
- j. Persons or Organizations notified by the Central Government in the Official Gazette for this purpose.

5.5Reinvestment Deposit - _____Deposit Scheme:

There is a significant difference between Fixed Deposit (FD) and Reinvestment Deposit though both are classified as Term Deposits.

Under FD, the periodical interest is calculated and paid on simple interest Terms, whereas under Reinvestment Deposit the interest is not paid separately but added to the Principal amount at Quarterly rests and thus give the benefit of interest being compounded. In effect, the interest is being automatically added to the principal amount on Quarterly rests and thus interest earns interest. The Reinvestment Deposit Scheme is named '_____Deposit Scheme' [GLD].

5.5.1 Procedure for Deposit:

- a. A minimum amount that is acceptable as GLD is Rs.1000/- in multiples of hundreds.
- b. The prescribed Account Opening Form has to be filled up by giving all the

required information /particulars.

- c. Recent Passport size photograph/s of each depositor has to be enclosed with the Account opening Form. [If the deposit is made in the names of more than one person, individual passport size photograph of all the depositors are to be attached to the Account Opening Form]. In case of existing account holders, no need to obtain fresh photographs.
- d. Specimen Signature should be duly affixed at appropriate place.

5.5.2 Types of Accounts:

- a. In the name of a single person
- b. In the names of more than one person as "Joint Account" or "Either or Survivor". (E or S)" Account or "Anyone or Survivor (A or S)"Account or "former or survivor".
- c. Minor represented by Guardian.
- d. In the name of any Company, Institution, Society, Trust, Club, Association etc., having contractual capacity.

5.5.3 Period of Deposit:

- a. Normally the minimum period of deposit in GLD will be 6 months and there after in multiples of quarters, the maximum periods not to exceed 120 months or 10 years.
- b. If there are specific directions from Courts for deposit for periods beyond 120 months, such deposits will have to be necessarily accepted for the period specified in the Court's Order.

5.5.4 Payment of deposit:

- a. Though the interest rate applicable for the period of deposit is mentioned / recorded on the GLD Receipt, the interest earned on the deposit will not be paid separately. The interest accrued on the deposit (principal amount of Deposit) will be automatically added to the Deposited amount and only the "Maturity Value" will be paid to the Depositor.
- b. This MATURITY VALUE i.e., the amount to be paid to the depositor on the Due Date will be recorded in the Term Deposit Receipt i.e., GLD itself at the time of issuing the receipt.
- c. Interest will cease on the date of maturity.

5.5.5 GLD is Not Transferable or Negotiable:

- a. GLD receipts are not Transferable or Negotiable.
- b. New Names can be added or existing name[s] can be deleted in the GLD account already deposited with the bank provided such written request is signed by all the original depositors. However, there should be no change in amount originally invested and the period of deposit.

- c. Nominations may also be changed during the currency of the deposit.

5.5.6 Loan:

- a. Loans against the security of GLD may be sanctioned.
- b. A margin of 20% is to be maintained i.e., loan is sanctioned up to 80% of the Deposit as per Board's decision. In case of staff, loan is sanctioned up to 90% of the deposit by keeping a margin of 10%.
- c. Since there is no periodical payment of interest on such deposits the accrued interest on the particular GLD up to the date of sanctioning of loan can also be reckoned for arriving the margin.

5.5.7 Interest on Loan:

Interest will be charged @ 0.75% over and above the rate allowed on deposit, on the Loans on quarterly basis. In case of staff accounts, the interest rate will be charged @0.50% over and above the rate allowed on deposit. ALCO is competent to change / modify the rate of interest in case of high value deposits.

5.6. Recurring Deposits:

Recurring Deposit (RD) is a facility for depositors to save monthly in small quantum by paying a fixed sum of money every month for a pre-determined period.

RD Accounts may be opened by:

- a. A person in his own name.
- b. By two or more persons in their joint names with operative clause as "E or S" / "A or S" / "F or S" /Jointly.
- c. On behalf of a minor by a guardian.
- d. Minor aged 10 years and above either singly or jointly with a major person or through guardian only.
- e. In the names of clubs, associations, educational institutions and such other bodies, provided they are registered and the Bank is satisfied that the account is opened for genuine saving purpose.
- f. A depositor may have more than one RD Account in his name or in the joint names with another.

5.6.1 Other points:

- a. Period of deposits should be in multiples of 12 months like 12, 24, 36 etc., up to a maximum period of 120months.
- b. However, the period of deposit and monthly installments must be fixed at the time of opening the account itself. Neither the period nor the monthly installment shall be varied or altered subsequently.
- c. Minimum monthly installment is Rs.50/- and in multiples of Rs.10/-thereafter.
- d. Customer must use only the Bank's Account Opening for opening RDAccounts.
- e. Date of Maturity or Due Date will be in the month next after the stipulated last

installment becoming payable; e.g. if a RD Account is opened on 05th April 2007 for a period of 12 months then the last installment will be due on 05th March 2008 and Due Date or Maturity Date of the RD will be 05th April 2008.

5.6.2 Remittance of Monthly Installments:

- a. The installment for any calendar month must be remitted on or before the last working day of that month.
- b. Installments can be remitted by cash or cheque or transfer from Current Account or Savings Bank Account or out of interest on customer's FD with the same Branch. (This will be on the basis of standing instructions).
- c. Installments can also be remitted through another branch of the Bank or through NEFT from any other bank.

5.6.3 Penalty for Delayed Remittance:

- a. In case the monthly installment of the RD Account is not paid during a month and is remitted only during the subsequent month or after further delay penal charges at Rs. 1.50 per Rs. 100/- per month be charged in respect of deposits for 5 years and less and Rs. 2.00 per Rs. 100/- per month for deposits over 5 years, on cumulative basis.
- b. If the monthly installments are in arrears for more than three months Bank may issue a notice to the customer to remit the defaulted installments and make the account up to date. The Bank may also indicate in the same notice that if the account is not regularised within 15 days from the date of receipt of notice, the account may be closed by the Bank.
- c. The amount collected as Penal Charges must be credited to Miscellaneous income sub-head of P&L A/c.
- d. If an equal number of advance installments as the number of defaulted installments are paid by a customer, penalty on the defaulted installments need not be levied.

5.6.4 Foreclosure of RD Account:

If the RD Account is closed before the Due date / Maturity date (i.e., without remitting all the monthly installments), then interest at 0.50% (or as per extant guidelines on penal charges) less than the rate applicable for the Term Deposit for the period the deposit has run shall be calculated. This will be on the monthly products at the applicable rate.

5.6.5 Discontinued Accounts:

- a. In case the Account Holder remits only few installments (i.e., he does not remit all the agreed number of installments), but the account has completed the full contracted period, such account must be treated as "discontinued account".

- b. Discontinued account is repayable on the Maturity Date.
- c. Discontinued account will qualify for eligible interest only up to the Maturity Date and in case the Account Holder does not draw this amount on the Due date it will **not qualify** for interest for the period remaining undrawn after the Due Date.

5.6.7 Loans against RD:

Loan against RD may be sanctioned against the outstanding balance as on the date of sanction, on the following terms and conditions.

i)	Margin	20% or as fixed by the bank (However to qualify for raising loan against RD the Account Holder should have remitted at least six installments 10% or as fixed by the bank in case of staff.
ii)	Rate of interest to be charged for the loan	0.75% above the rate applicable to that RD 0.50% above the rate applicable on the RD for staff. [as per Board's decision]
iii)	In the event of foreclosure of R.D account when the loan against such R.D. is alive	I] Interest @ 0.50% or foreclosure charges above the rate of interest allowed on that particular RD Account which is pledged, will be charged on the loan amount. Ii] In the case of foreclosure, first the entire amount due under the Loan Account should be collected and then only the balance amount is to be paid to the AccountHolder.
iv)	Documents Required	i) Loan request letter ii) Lodgement letter for lodging the RD with the Pass Book duly discharged over the revenue stamp of appropriate value at the space provided in the last page of the R.D. PassBook. iii) Demand promissory note for loan amount

5.6.8 Nomination:

Nomination can be accepted in favour of individual only. Nomination can be made at any point of time during the currency of the RD Account, i.e., while it is live and running.

5.6.9 TDS:

Until the May of 2015, banks did not deduct tax on recurring deposit interest rate. However, from the 1st of June, 2015, TDS or Tax Deduction at Source is made applicable on the interest accrued on a Recurring Deposit account also.

6. Interest Payment and Mode of Calculation:

- a. Interest shall be paid on Savings Account at the rate specified by Bank from time to time which will be calculated on daily product basis and will be credited half-yearly in the months of September and March or at the time of closing of account.
- b. The rate of Interest on Deposits will be prominently displayed in the branch premises/ on Bank's Website from time to time. Changes in rates, if any, with regard to the deposit schemes and other related services shall also be communicated upfront and shall be prominently displayed from time to time.
- c. The Rate of Interest on Term Deposits is decided by Asset Liability Management Committee (ALCO). Bank doesn't discriminate in the matter of interest paid on retail deposits, between one deposit and another, accepted on the same date and for the same maturity whether such deposits are accepted at the same office or at different offices of the bank.

d. Deposits maturing on a Sunday/holiday/non-business working day attract:

- i. If a term deposit is maturing for payment on a Sunday/ holiday/ non-business working day, Bank shall pay interest at the originally contracted rate on the original principal deposit amount for the Sunday/ holiday/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.
- ii. In case of reinvestment deposits and recurring deposits, Bank shall pay interest for the intervening non-business working day on the maturity value.
- e. The Bank has statutory obligations to deduct tax at source if the total interest paid/payable on all Term Deposits held by a person during a financial year exceeds the amount specified under the Income Tax Act. The customer may give instructions to deduct TDS payable on the deposit, from operative account linked to the Term Deposit account; otherwise the amount of tax would be deducted from interest payable on term deposits and the maturity proceeds of the deposits will be lower than that mentioned on Term Deposit receipt. The Bank will issue a Tax Deduction Certificate (TDS) for the amount of tax deducted. The depositor, if entitled for exemption from TDS can submit declaration in the prescribed format i.e. Form 15G/15H at the beginning of every financial year. DEPOSITORS must furnish their PAN Number along with 15G

/15H. Failure to furnish PAN will result in deduction of TDS at the prevailing rate advised by Income Tax department.

Note: Interest paid on Term Deposits (Fixed as well as recurring) will attract TDS provisions. TDS will be deducted on the interest earned on the total amount of deposits held by a customer in the Bank as a whole, and not on individual deposits held by him branch-wise including Recurring Deposits(as per amendments in Finance Act2015).

6.1 Savings Bank Accounts:

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

- a. A uniform interest rate shall be set on balance up to Rupees one lakh, irrespective of the amount in the account within this limit.
- b. Differential rates of interest may be provided for any end-of-day savings bank balance exceeding Rupees one lakh.

Interest paid on SB Deposits shall be at the rate/rates as decided by ALCO from time to time. The same shall be calculated on daily product basis and will be credited in the SB Account on half yearly basis or at the time of closing of the SB Account. Interest will be credited if it is MinimumRs.1/-Invariably, interest shall be credited on regular basis in SB accounts irrespective of the operational status of the account.

6.2 Current Accounts:

No interest shall be paid on deposits held in current accounts, provided that balances lying in current account standing in the name of a deceased individual depositor or sole proprietorship concern shall attract interest from the date of death of the depositor till the date of repayment to the claimant/s at the rate of interest applicable to savings deposit as on the date of payment.

6.3Term Deposit Accounts:

Interest on Term Deposits shall be as applicable on the date of issue/renewal of the Term Deposit Receipt. Interest would be calculated on daily or Quarterly or larger intervals (and not monthly). In the case of deposits with monthly interests, the Interest is paid monthly at discounted value of the interest for one month.

6.3.1 Interest on overdue deposits:

If a term deposit 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 term deposit, whichever is lower.

6.4Mode of Calculation of Interest on Short Deposits and Fixed Deposits:

Short Deposit: Interest would be paid for the actual number of days on the basis of 365 days in a year.

Fixed Deposits: Interest would be paid for the actual number of days/months on

the basis of 365 days in a year.

7. Addition or Deletion of the Name/s in an Account

In Joint Account, the Bank may at the request of all the Joint Account holders allow addition or deletion of name/s of Joint Account holders if the circumstances so warrant. In case of individual Account, Bank may allow an individual depositor to add the name of another individual as a Joint Account Holder. However, in no case, the amount or duration of the original deposits shall undergo a change in any manner in case of term deposit.

8. Customer Information:

The customer information collected from the customers shall not be used for cross selling of services or products by the Bank, their subsidiaries and affiliates. If the Bank proposes to use such information, it would be strictly with the consent of the Account Holder.

9. Secrecy of customer's accounts:

The Bank shall not disclose details/particulars of the customer's Account to a third person or party without the expressed or implied consent of the customer. However, there are some exceptions, viz. disclosure of information as required by any law or by an order of the Court, Regulatory Authority or Govt. Agency and where interest of the Bank requires disclosure or larger public interest warrants such disclosure of information.

10. Insurance Cover for Deposits:

All Bank Deposits are covered under the Insurance Scheme offered by the Deposit Insurance and Credit Guarantee Corporation of India (DICGC), subject to certain limits and conditions. The details of Insurance cover in force will be made available to the depositor on bank's website.

11. Stop Payment Facility:

The Bank will accept Stop Payment instructions from the depositors, Court or from the Government authorities in respect of Cheques issued/reported lost and not paid till receipt of stop payment instructions.

12. Dormant/Inoperative Accounts:

Savings Bank Accounts as well as Current Accounts would be treated as inoperative/Dormant if there are no transactions in the account for a period of two years. For classifying an account as inoperative/dormant, both the types of transactions, i.e., debit as well as credit transactions induced at the instance of customers as well as third parties would be considered.

An annual review shall be made for accounts in which there are no operations (i.e. no credit or no debit other than crediting of periodic interest or debiting of service

charges) for more than one year and efforts would be made to trace out the customers/legal heirs. Record of follow up with the customers/legal heirs would be maintained. The depositors will be informed through SMS on their registered mobile number with the Bank, 3 months before the account is classified as Dormant/inoperative and the consequences thereof and:

- a. In the joint Account only the First holder will be notified through SMS on his/her registered mobile number with the Bank, before the account is classified as dormant;
- b. the procedure to be followed for activating the account will be intimated;
- c. activation of such accounts will not be charged.

*The deposit or can request the Bank to activate the account for operating it.

13. Redressal of Complaints and Grievances:

Depositors having any complaints/grievances with regard to services rendered by the Bank have a right to approach the authority(ies) designated by the Bank for handling customers' complaints/grievances. The Bank has in place Customers 'Grievance Redressed Policy' to assist depositors. Accordingly, depositors not satisfied with the services of the Bank may approach nodal officer for Redressal of their complaints. Details of nodal officers are displayed at every branch of the bank and are also available on bank's website. The branch officials shall provide all required information regarding procedure for lodging the complaint. In case the deposit or does not get response from the Bank within 30 days from the date of complaint or he/she is not satisfied with the response received from the Bank, he/she has the right to approach Banking Ombudsman appointed by the Reserve Bank of India.

14. Additional Rate of Interest:

The Bank shall, on taking approvals from respective authorities, may allow additional interest of one percent per annum, over and above the rate of interest on savings or term deposits of bank staff and Managing Director drawing regular salary from the Bank subject to following conditions:

- a. 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.
- b. In case of employees taken over pursuant to the scheme of amalgamation, the additional interest does not exceed the rate, which could have been allowed if such employees were originally employed by the bank.
- c. 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.

- d. 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.
- e. Bank employee's federations, in which bank employees are not direct members, shall not be eligible for additional interest.
- f. 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:
 - i. Member or a retired member of the bank staff, either singly or jointly with any member or members of his/her family: or
 - ii. The spouse of a deceased member or a deceased retired member of the bank; and
 - iii. An association or a fund, members of which are members of the bank.

The eligibility of additional Rate of Interest on and above card rates for the Rupee Term Deposits is as below –

1% additional Rate of Interest :

Staff/Ex-Staff Member (including Chairman, Managing Director & CEO, Executive Director or such other Executive appointed for a fixed tenure and the bank's exclusive associations), wherein the First account holder is Staff/Ex-Staff and the employee id is entered in the CIF linked to Term Deposit account.

0.50% additional Rate of Interest:

Depositor (First Account holder only), whose age is 60 Years & above at the time of placing the deposit with Bank subject to the prevailing terms and conditions at the time of placing the deposit.

1.50% additional Rate of Interest:

Staff/Ex-Staff member (First Account holder only), whose age is 60 years & above, for their deposits subject to the prevailing terms and conditions at the time of placing the deposit.

The eligibility of additional Rate of Interest on and above card rates for the Saving Bank Deposits is as below –

1% additional Rate of Interest:

Staff/Ex-Staff Member, wherein the First account holder is Staff/Ex-Staff and the employee id is entered in the customer id linked to saving bank account.

15. Prohibitions and Exemptions:

- 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. Remuneration paid to business facilitators or business correspondents.
 - iii. Incentives granted to staff members as approved by the Reserve Bank of India from time to time.
- b. Offer prize/ lottery/ free trips (in India/ or abroad), etc., or any other initiative having element of chance for mobilizing deposits.
 - c. Resort to unethical practices of rising 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 mobilization.
 - 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 receipt's favoring 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. 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 organizations / agencies listed in Schedule – 1.
- * For the purpose 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

(Reservations and Allotment) order, 1968 as in force for the time being.

- i. Any trading business or professional concern (e.g. firms of Chartered Accountants, Lawyers ,etc.)whether such concernisa proprietary or a partnership firm or a company or an association
- j. Create any fund to be utilized for charitable purposes in consultation with the depositors.

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

16.Modifications and Operational guidelines:

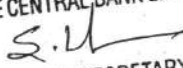
Taking into consideration the competitive environment and RBI guidelines etc., the Chief Executive officer can do suitable relaxations to the above policy from time to time and place before Board of Management for ratification. Policy will be reviewed Annually.

Hence draft policy is prepared and placed before Person-in-Charge committee for approval.


Chief Executive Officer(FAC)

M.C.R.No.44/dated11.12.2023

Approved

For THE PRAKASAM DISTRICT
Co-OPERATIVE CENTRAL BANK LTD.,

BOARD SECRETARY