

Deposits Policy

1. Preamble

One of the important functions of the Bank is to accept deposits from the public for the purpose of lending. In fact, depositors are the major stakeholders of the Banking System. The depositors and their interests form the key area of the regulatory framework for banking in India and this has been enshrined in the Banking Regulation Act, 1949. 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 outlines the guiding principles in respect of formulation of various deposit products offered by the Bank and terms and conditions governing the conduct of the account. It further recognizes the rights of depositors and aims at dissemination of information with regard to various aspects of acceptance of deposits from the members of the public, conduct and operations of various deposits accounts, payment of interest on various deposit accounts, closure of deposit accounts, method of disposal of deposits of deceased depositors, etc., for the benefit of customers. This document aims in imparting greater transparency in dealing with the individual customers and create awareness among customers of their rights with an ultimate objective to ensure that the customer will get services they are rightfully entitled to receive without demand.

While adopting this policy, Bank reiterates its commitments to individual customers outlined in the code of Banks Commitment to Customers. This document is a broad framework under which the rights of common depositors are recognized. Detailed operational instructions on various deposit schemes and related services will be issued from time to time

2. Types of Deposit Accounts

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

- i) "Demand deposits" means a deposit received by the Bank which is withdraw able on demand;
- ii) "Savings deposits" means a form of demand deposit which is subject to restrictions as to the number of withdrawals as also the amounts of withdrawals permitted by the Bank during any specified period;
- iii) "Term deposit" means a deposit received by the Bank for a fixed period withdraw able only after the expiry of the fixed period and includes deposits such as Recurring / Short Term Deposits / Fixed Deposits /Monthly Income Deposit /Quarterly Income Deposit etc. (Term deposited accepted for a tenor less than 12 months will be treated as Short Term Deposit)
- iv) "Notice Deposit" means term deposit for specific period but withdraw able on giving at least one complete banking day's notice;
- v) "Current Account" means a form of demand deposit wherefrom withdrawals are allowed any number of times depending upon the balance in the account or up to a particular agreed amount and will also include other deposit accounts which are neither Savings Deposit nor Term Deposit;
- vi) "No frill deposit" is a form of saving account aimed to extend banking services to unprivileged section of the society. This saving account will carry certain benefits like no requirement of minimum balance, relaxed KYC norms etc.
- vii) "Ordinary Non-Resident (NRO) Deposit"- NRIs can open Non-Resident Ordinary (NRO) deposit accounts for collecting their funds from local bonafide transactions. NRO accounts

being Rupee accounts, the exchange rate risk on such deposits is borne by the depositors themselves. When a resident becomes a NRI, his existing Rupee accounts are designated as NRO. Such accounts also serve the requirements of foreign nationals resident in India. NRO accounts can be maintained as current, saving, recurring or term deposits. While the principal of NRO deposits is non-repatriable, current income and interest earning up to US \$ 1 million per calendar year is repatriable out of the NRO balances / sale proceeds of assets held in India. Interest income from NRO accounts is not exempt from income tax, as is the case with domestic deposits.

viii) "Non-Resident (External) (NRE) Deposit" - The Non-Resident (External) Rupee Account NR(E)RA scheme, also known as the NRE scheme, was introduced in 1970. Any NRI can open an NRE account with funds remitted to India through a bank abroad. This is a repatriable account and transfer from another NRE account or FCNR(B) account is also permitted. A NRE rupee account may be opened as current, savings or term deposit. Local payments can be freely made from NRE accounts. Since this account is maintained in Rupees, the depositor is exposed to exchange risk. NRIs / PIOs have the option to credit the current income to their Non-Resident (External) Rupee accounts, provided the authorized dealer is satisfied that the credit represents current income of the non-resident account holders and income-tax thereon has been deducted / provided for.

3. Account Opening and Operation of Deposit Accounts

A) The Bank, before opening any deposit account, will carry out due diligence as required under "Know Your Customer" (KYC) guidelines issued by RBI Anti-Money laundering rules and regulations and or such other norms or procedures as adopted by it. If the decision to open an account of a prospective depositor requires clearance at a higher level, reasons for any delay in opening of the account will be informed to him and the final decision of the Bank will be conveyed at the earliest to him.

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

C) Regulatory guidelines require banks to categorize customers based on risk perception and prepare profiles of customers for the purpose of transaction monitoring. Inability or unwillingness of a prospective customer to provide necessary information/details could result in not opening an account.

D) Inability of an existing customer to furnish details required by the Bank to fulfill statutory obligations could also result in closure of the account after due notice(s) is provided to the customer.

E) For Deposit products like Savings Bank Account and Current Deposit Account, 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 from time to time. For Saving Bank Account, Bank may also place restrictions on number of transactions, cash withdrawals, etc., for given period. Similarly, Bank may specify charges for issue of cheque books, additional statement of accounts, duplicate passbook, folio charges, etc. All such details, regarding terms and conditions for operation of the account and schedule of charges for various services provided will be communicated to the prospective depositor while opening the account.

F) Savings Bank Accounts can be opened for eligible person/persons and certain organizations / agencies (as advised by Reserve Bank of India from time to time)

G) Current Accounts can be opened by individuals / partnership firms / Private and Public Limited Companies / HUFs / Specified Associates / Societies / Trusts. Departments of Authority created by Government (Central or State) Limited Liability Partnership, etc.

H) Term Deposits Accounts can be opened by individuals / partnership firms / Private and Public Limited Companies / HUFs/ Specified Associates / Societies / Trusts, Departments of Authority created by Government (Central or State), Limited Liability Partnership, etc.

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

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

K) Deposit accounts can be opened by an individual in his own name (status: known as account in single name) or by more than one individual in their own names (status: known as Joint Account). Savings Bank Account can also be opened by a minor jointly with natural guardian or with mother as the guardian (Status: known as Minor's Account). Minors above the age of 12 will also be allowed to open and operate saving bank account independently. However, no overdrafts and cheque book will be granted to such minors.

SB account can also be opened by a minor represented by guardian or jointly with a major, where minor is represented by natural guardian. Minors above the age of 12 will also be allowed to open and operate SB account subject to restrictions on transactions and no cheque books will be provided to such accounts.

L) Operation of Joint Account – The Joint Account opened by more than one individual can be operated by single individual or by more than one individual jointly. The mandate for operating the account can be modified with the consent of all account holders. The Savings Bank Account opened by minor jointly with natural guardian / guardian can be operated by *such natural* guardian only.

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

- i) Either or Survivor: If the account is held by two individuals say, A & B, the final balance along with interest, if applicable, will be paid to survivor on death of anyone of the account holders.
- ii) Anyone or Survivor/s : If the account is held by more than two individuals say, A, B and C, the final balance along with interest, if applicable, will be paid to the survivor on death of any two account holders.

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

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

O) The term deposit account holders at the time of placing their deposits can give instructions with regard to closure of deposit account or renewal of deposit for further period on the date of maturity. Depositor can either opt for auto renewal OR give maturity instruction to be credited to his CA/SB account maintained at any branch of RBL.

If customer does not opt for any of the above, maturity proceeds will be sent to him by courier/post through issuance of a Pay Order after 10 days from the maturity date.

P) Nomination facility is available on all deposit account opened by the individuals. Nomination is also available to an account opened by a sole proprietary opened by the individuals. Nomination is also available to a sole proprietary concern account. Nomination can be made in favour of one individual only. Nomination so made can be cancelled or changed by the account holder/s any time. While making nomination, cancellation or change thereof, it is required to be witnessed by a third party. Nomination can be modified by the consent of account holder/s. Nomination can be made in favour of a minor also.

Q) 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.

S) A statement of account will be provided by the Bank to Savings Bank as well as Current Deposit Account Holders periodically as per terms and conditions of opening of the account. Alternatively, the Bank may issue a Pass Book to Savings Bank account holders.

T) The deposit accounts may be transferred to any other branch of the Bank at the request of the depositor. Bank would honor such requests within 7 days of receipt of the said request.

4. Interest Payments

- i) Interest shall be paid on saving account at the rate specified by Reserve Bank of India directive from time to time. However, term deposit interest rates are decided by the Bank within the general guidelines issued by the Reserve Bank of India from time to time. Further, interest shall be calculated on daily product basis but shall be credited only when interest payable is Re. 1/- and above on half yearly basis.
- ii) In terms of Reserve Bank of India directives, interest shall be calculated at quarterly intervals on term deposits and paid at the rate decided by the Bank depending upon the period of deposits. In case of monthly deposit scheme, the interest shall be calculated for the quarter and paid monthly at discounted value. The interest on term deposits is calculated by the Bank in accordance with the formulae and conventions advised by Indian Banks' Association. Interest on NRE Deposits shall be paid as per directives issued by RBI from time to time.
- iii) Bank would compound interest on Reinvestment Fixed Deposits that would have a minimum tenor of one year/12 months.
- iv) The rate of interest on deposits will be prominently displayed in the branch premises and also on Banks website www.ratnakarbank.co.in. Changes, if any, with regard to the deposit schemes and other related services shall also be communicated upfront and shall be prominently displayed.
- v) Bank has statutory obligation to deduct tax at source if the total interest paid / payable on all term deposits held by a person exceeds the amount specified under the Income Tax Act. Bank will issue a tax deduction certificate (TDS Certificate) for the amount of tax deducted. The

depositor, if entitled to exemption from TDS can submit declaration in the prescribed format at the beginning of every financial year.

- vi) Payment of interest on Term Deposit maturing on Sunday/Holiday/Non- Business Working Day – In respect of a Term Deposit maturing for payment on a Sunday or a Holiday or a Non-Business Working Day (or Saturday in case of NRE Deposits) Interest shall be paid at the originally contracted rate on the deposit amount for the Sunday/Holiday/Non-Business Working Day (and also Saturday in case of NRE Deposits), intervening between the date of the expiry of the specified term of the Deposit and the Date of Payment of the proceeds of the Deposit on the succeeding working day.
- vii) Discretion to pay additional interest rate.

The Bank may, at its discretion, allow additional interest at a rate not exceeding one percent per annum over and above the rate of interest applicable to Deposits held in Domestic/Ordinary/Non-Resident (NRO) accounts and deposits held in Non-Resident (External) Accounts subject to following conditions:

In respect of a savings or a term deposit account opened in the name of:

- 1) 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
- 2) the spouse of a deceased member or a deceased retired member of the bank's staff; and
- 3) an Association or a fund, members of which are members of the bank's staff;

The Bank will obtain a declaration from the depositor concerned, that the monies deposited or which may, from time to time, be deposited into such account belong to the depositor as stated in clauses i) to iii) above.

For the purpose of above

- i) a 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.
- ii) In the case of persons taken on deputation for a fixed duration, or on a contract of a fixed duration, the benefit will cease to accrue on the expiry of the term of deputation or contract, as the case may be.
- iii) a 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, but does not include an employee retired compulsorily or in consequence of disciplinary action.
- iv) "Family" means and includes the spouse of the member / retired member of the bank's staff and the children, parents, brothers and sisters of the member/retired member, but does not include legally separated spouse.
- v) Payment of additional interest will be subject to the conditions namely the additional interest is payable only so long as the person continues to be eligible for the same and in case of his ceasing to be eligible, till the maturity of a term deposit account;
- vi) In case of Domestic Deposits, the Bank may give their staff, who are senior citizens, the benefit of higher interest rates as admissible to senior citizens (60 years of age or above) over and above the additional interest of not exceeding one percent payable to them by virtue of their

being retired members of the bank's staff. Such extra interest shall be equal to extra rate payable to senior citizens in general category but shall not exceed 0.50 % in any case.

Bank may also allow extra rate of interest on the term deposits of the senior citizens (of the age of 60 or above) quantum of which will be decided from time to time. Currently this extra rate of interest is 50 basis points.

5 Minors' Accounts

- i) The minor can open Savings Bank Account and the same can be operated by the natural guardian or by minor himself / herself, if he/she is above the age of 12 years. The account can also be opened jointly.
- ii) On attaining majority, the erstwhile minor should confirm the balance in his/her account and if the account is operated by the natural guardian / guardian, fresh specimen signature of erstwhile minor duly verified by the natural guardian would be obtained and kept on record for all operational purposes.

6. Account of Illiterate / BLIND PERSON

The Bank may at its discretion open deposit accounts other than Current Account of an illiterate person. The account of such person may be opened provided he/she calls on the Bank personally along with a witness who is known to both the depositor and the Bank. Normally, no cheque book facility is provided for such Savings Bank Account. At the time of withdrawal/ repayment of deposit amount and/or interest, the account holder should affix his / her thumb impression or mark in the presence of the authorized officer who should verify the identity of the person. The Bank will explain the need for proper care and safe keeping of the passbook etc. given to the account holder. The Bank official shall explain the terms and conditions governing the account to the illiterate person / blind person.

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

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

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 should be strictly with the consent of the accountholder.

9. Secrecy of customer's accounts

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

10. Premature withdrawal of term deposit

The Bank on request from the depositor shall allow withdrawal of term deposit before completion of the period of the deposit agreed upon at the time of placing the deposits. However, the bank, at its discretion, may disallow premature withdrawal of large deposits held by entities other than individuals and Hindu Undivided Families. Bank would, however, notify such depositors of its policy of disallowing premature withdrawal in advance, i.e., at the time of accepting such deposits. Bank shall declare their penal interest rates policy for premature withdrawal of term deposit. Bank shall make depositors aware of the applicable rate along with the deposit rate. **Annexure 1** may be referred to know the existing rate of penal interest applicable on premature withdrawal of term deposits.

11. Premature renewal of term deposit

In case the depositor desires to renew the deposit by seeking premature closure of an existing term deposit account, Bank will permit the renewal at the applicable rate on the date of renewal, provided the deposit is renewed for a period longer than the balance period of the original deposit. While prematurely closing a deposit for the purpose of renewal, interest on the deposit for the period it has remained with the bank will be paid at the rate applicable on the date of deposit to the period for which the deposit remained with the bank and not at the contracted rate. However, in no such case, the interest payable on intervening period shall exceed the original contract rate.

No penal interest shall be applied in such cases.

12. Renewal of overdue term deposits

Term deposits contracted before 18-10-2010.

When a term deposit is renewed on maturity, on renewed deposit interest rate for the period specified by the depositor as applicable on the date of maturity would be applied. If request for renewal is received within 30 days 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 for a tenure to be decided by the deposit holder. However, this should not be less than 45 days from the date of maturity/renewal as per rules. (Refer to Annexure 2)

Term deposits contracted on or after 18-10-2010.

At the time of acceptance of a term deposit, Bank would request the depositor to either opt for auto renewal OR give instruction to credit maturity proceeds to his CA/SB account maintained at any branch of the Bank.

If customer does not opt for any of the above, maturity proceeds will be sent to him by courier/post through issuance of a Pay Order after 10 days from the maturity date.

13. Advances against deposits

The Bank may consider request of the depositor/s for loan / overdraft facility against term deposits duly discharged by the depositor/s on execution of necessary security documents. The Bank may also consider loan against deposit standing in the name of minor, however, a suitable declaration stating that loan is for the benefit of the minor, is to be furnished by the depositor - applicant.

14. Settlement of dues in deceased deposit account

- i) If the depositor has registered nomination with the Bank; – the balance outstanding in the account of the deceased depositor will be transferred to the account of / paid to the nominee after the Bank satisfies about the identity of the nominee, etc.
- ii) The above procedure will be followed even in respect of a joint account where nomination is registered with the Bank.
- iii) In a joint deposit account, when one of the joint account holders dies, the Bank is required to make payment jointly to the legal heirs of the deceased person and the surviving depositor(s). However, if the joint account holders had given mandate for disposal of the balance in the account in the forms such as “either or survivor, former / latter or survivor, anyone of survivors or survivor; etc., the payment will be made as per the mandate to avoid delays in production of legal papers by the heirs of the deceased.
- iv) In the absence of nomination and when there are no disputes among the claimants, the Bank will pay the amount outstanding in the account of deceased person against joint application and indemnity by all legal heirs or the person mandated by the legal heirs to receive the payment on their behalf without insisting on legal documents up to the limit approved by the Board. This will ensure that the common depositors are not put to hardship on account of delays in completing legal formalities

15. Interest payable on term deposit in deceased account

- i) In the event of death of the depositor before the date of maturity of deposit and amount of the deposit is claimed after the date of maturity, the Bank shall pay interest at the contracted rate till the date of maturity. From the date of maturity to the date of payment, the Bank shall pay simple interest at the applicable rate obtaining on the date of maturity, for the period for which the deposit remained with the Bank beyond the date of maturity; as per the Bank’s policy in this regard.
- ii) However, in the case of death of the depositor after the date of maturity of the deposit, the bank shall pay interest at savings deposit rate from the date of maturity from to the date of payment.
- iii) In respect of Balances lying in Current a/c standing in the name of Deceased Individual / Sole Proprietorship Concern, interest shall be paid from the date of death of the depositor till the date of repayment to the claimant at the rate of interest applicable to Savings Deposits as on the date of payment.
- iv) In case of NRE deposit when the claimants are residents, the deposit on maturity shall be treated as domestic Rupee deposit and interest shall be paid for the subsequent period at a rate applicable to the domestic deposit of a similar maturity

16. 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.

17. Stop Payment Facility

The Bank will accept stop payment instruction from the depositors in respect of cheques issued by them. Charges, as specified, will be recovered.

18. Dormant Accounts

Saving/Current accounts which are not operated for a period of two years will be transferred to a separate dormant / inoperative account status in the interest of the depositor as well as the Bank. The depositor will be informed of charges, if any, which the Bank will levy on dormant / inoperative accounts. The depositor can request the Bank to activate the account for operating it and there will not be any charge for activation of dormant/inoperative account.

Further for the purpose of classifying an account as inoperative, both the types of transactions i.e. credit as well as debit transactions induced at the instance of customers as well as third party will be considered. Interest on fixed deposits is credited to SB/CA account as per the mandate of the customer and hence will be treated as customer induced transaction. As such the account will be treated as operative as long as the interest on FDR is credited to the account.

19. Redressal of complaints and grievances

Depositors having any complaint / grievance with regard to services rendered by the Bank has a right to approach authority(ies) designated by the Bank for handling customer complaint / grievances. The details of the internal set up for redressal of complaints / grievances will be displayed in the branch premises. The branch officials shall provide all required information regarding procedure for lodging the complaint. In case the depositor does not get response from the Bank within 30 days from date of complaint or he is not satisfied with the response received from the Bank, he has a right to approach Banking Ombudsman appointed by the Reserve Bank of India.

Annexure -1 Penal interest rate applicable on pre-mature withdrawal of term deposits.

Particulars	Fixed Deposit Amount Up to Rs 1 crore	Fixed Deposit Amount above Rs 1 crore
1) If Fixed deposit is closed within 13 days of making it.	No interest is payable. Applicability of penal rate does not arise.	
2) If Fixed deposit is closed after 13 days of making it but before its due date	1% shall be applied as penal rate to the interest rate that was prevailing on the date the deposit was placed and for the period for which the deposit was kept with the Bank.	1% shall be applied as penal rate to the rate that was prevailing on the date the deposit was placed and for the period for which the deposit was kept with the Bank. Right of waiver of penal interest rests with Head Treasury/ CGM/ Head Consumer Banking

Note :

- Prevailing interest rate means interest rate applicable to a particular bucket in general and not the negotiated rate. Negotiated rate is not the card rate.
- **In case of premature closure of bulk deposits negotiated above card rates, 'prevailing interest rate' as generated by the system should be ignored. In such cases, prevailing interest rate should be applied after referring to the circulars and amount thereof needs to be calculated manually.**

Annexure 2 – Rate of interest payable of overdue term deposits (originally contracted before 18-10-2010)

- 1) As per RBI circular dated 22/08/2008 on the interest payable on overdue deposit. Ratnakar Bank will pay overdue interest equal to savings account interest only from 22.08.2008 onwards. Savings account interest payable will be the interest rate applicable at that point in time.
- 2) If an overdue term deposit is withdrawn immediately at any time after maturity, without renewing it for a minimum period of 45 days, saving bank rate (applicable for that period) will be paid from the date of maturity to date of withdrawing the said deposit.
- 3) If an overdue deposit is requested for renewal within 30 days from the date of maturity, the same shall be renewed from the date of maturity. Interest as applicable on the date of maturity shall be applied to the renewed term. The minimum renewal period should be 45 days from the date of maturity.
- 4) If an overdue deposit is requested for renewal after 30 days from the date of maturity, the same shall be renewed from the date of renewal request. Interest as applicable on date of renewal shall be applied to the renewed term. The minimum renewal period should be 45 days from the date of renewal. For the period Maturity date to Renewal date, interest should be paid at saving Bank rate (applicable for that period)
- 5) If the amount of TD is renewed partly, interest payable as per (2) and (3) above shall apply only on the renewed amount.

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