

THE SOUTH KANARA GOVERNMENT OFFICERS

CO OPERATIVE BANK LTD.

.DONGERKERY ROAD, MANGALORE 575 003

DEPOSIT POLICY

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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. The Reserve Bank of India is empowered to issue directives / advices on interest rates on deposits and other aspects regarding conduct of deposit accounts from time to time. With liberalization in the financial system and deregulation of interest rates, banks are now free to formulate deposit products within the broad guidelines issued by RBI.

This policy document on deposits outlines the guiding principles in respect of formulation of various deposit products offered by the Bank and terms and conditions governing the conduct of the account. The document recognises 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. It is expected that this document will impart greater transparency in dealing with the individual customers and create awareness among customers of their rights. The ultimate objective is that the customer will get services they are rightfully entitled to receive without demand.

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. The deposit products can be categorised broadly into the following types. Definition of major deposits schemes are as under: -

i) "Demand deposits" means a deposit received by the Bank which is withdrawable 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 withdrawable only after the expiry of the fixed period and include deposits such as Recurring Deposits/Pigmy deposits/ Fixed Deposits /Monthly Income Certificate /Quarterly Income Certificate, etc.

iv) "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.

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 and or such other norms or procedures adopted by the Bank. If the decision to open an account of a prospective depositor requires clearance at a higher level, reasons for any delay in opening of the account will be informed to 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 by the Bank. The same will contain details of information to be furnished and

documents to be produced for verification and or for record, it is expected of the Bank official opening the account, to explain the procedural formalities and provide necessary clarifications sought by the prospective depositor when he approaches for opening a deposit account.

C) For deposit products like Savings Bank Account and Current Deposit Account, the Bank will normally stipulate certain minimum balances to be maintained as part of terms and conditions governing operation of such accounts. Failure to maintain minimum balance in the account will attract levy of charges as specified by the Bank from time to time. For Saving Bank Account the Bank may also place restrictions on number of transactions, cash withdrawals, etc., for given period. Similarly, the Bank may specify charges for issue of cheques books, additional statement of accounts, duplicate pass book, folio charges, etc. All such details, regarding terms and conditions for operation of the accounts and schedule of charges for various services provided will be communicated to the prospective depositor while opening the account.

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

E) PROHIBITION AGAINST OPEINING OF SAVINGS BANK ACCOUNTS IN THE NAME OF CERTAIN BODIES/ORGANISATIONS

(i) No primary (urban) co-operative bank shall open a savings deposit account in the name of Government departments/bodies depending upon budgetary allocations for performance of their functions/ Municipal Corporations or Municipal Committees/ Panchayat Samitis/ State Housing Boards/Water and Sewerage/ Drainage Boards/State Text Book Publishing Corporations/ Societies/Metropolitan Development Authority/State/ District Level Housing Co-operative Societies, etc. or any political party or any trading/business or professional concern, whether such concern is a proprietary or a partnership firm or a company or an association.

(ii) The above prohibition at (i) will not apply in the case of the following organizations/agencies:

(a) Small Farmers' Development Agency (SFDA)

- (b) Marginal Farmers' and Agricultural Labourers' Agencies (MFAL)
- (c) Drought Prone Areas Programme (DPAP)
- (d) District Development Authority (DDA)
- (e) District Rural Development Agency/Society (DRDA/DRDS)
- (f) Integrated Tribal Development Agency (ITDA)
- (g) Agriculture Produce Market Committees.
- (h) Khadi and Village Industries Boards.
- (i) Fish Farmers Development Agencies (FFDAs)
- (j) Societies registered under the Societies Registration Act, 1860, or any other corresponding law in force in a State or a Union Territory.
- (k) Companies governed by the Companies Act, 1956 which have been licensed by the Central Government under Section 25 of the said Act, or under the corresponding provision in the Indian Companies Act, 1913 and permitted, not to add to their names the word, 'Limited' or the words 'Private Limited';
- (l) Institutions other than those mentioned in Clause (i) above and whose entire income is exempt from payment of income-tax under the Income-tax Act, 1961;
- (m) "Zilla Parishads/Gram Panchayats only in respect of Jawahar Rojgar Yojana funds".
- (n) HUF, provided that HUF is not engaged in trading or business activities and if the account is specified in the name of the Karta

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

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

H) The due diligence process, while opening a deposit account will involve satisfying about the identity of the person, verification of address, satisfying about his occupation and source of income. Obtaining recent photograph of the prospective depositor /person/s opening / operating the account is part of due diligence process. Since introduction is not necessary for opening of accounts under PML Act and Rules or

Reserve Bank's extant KYC instructions, banks should not insist on introduction for opening bank accounts of customers.

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

J) Deposit accounts can be opened by an individual in his own name (status : known as account in single name) or by more than one individual in their own names (status : known as Joint Account) . Savings Bank Account can also be opened by a minor jointly with natural guardian or with mother as the guardian (Status : known as Minor's Account). Minors above the age of 10 will also be allowed to open and operate saving bank account independently.

K) **Operation of Joint Account** - The Joint Account opened by more than one individual can be operated by single individual or by more than one individual jointly. The mandate for operating the account can be modified with the consent of all account holders.

L) The joint account holders can give any of the following mandates for the disposal of balance in the above accounts viz. Either or Survivor, Former/Latter or Survivor and Anyone or Survivor/s.

The above mandates will be applicable to or become operational only on or after the date of maturity of term deposits. If the joint depositors prefer to allow premature withdrawals of fixed / term deposits also in accordance with the mandate of 'Either or Survivor' or 'Former or Survivor', as the case may be, it would be open for them to do so, provided they have given a specific joint mandate for the said purpose. This mandate can be modified by the consent of all the account holders.

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

N) The term deposit account holders at the time of placing their deposits can give instructions with regard to closure of deposit account or renewal of deposit for further period on the date of maturity. In absence of such mandate, the Bank will seek instructions from the depositor/s as to the disposal of the deposit by sending intimation before 15 days of the maturity date of term deposit.

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

Bank recommends that all depositors avail nomination facility. The nominee, in the event of death of the depositor/s, would receive the balance outstanding in the account as a trustee of legal heirs. The depositor will be informed of the advantages of the nomination facility while opening a deposit account.

P) 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 these account holders.

Q) The deposit accounts may be transferred to any other branch of the Bank at the request of the depositor.

4. Interest Payments

i) Deposit interest rates, including savings bank deposits are decided by the Bank within the general guidelines issued by the Reserve Bank of India from time to time.

ii) In terms of Reserve Bank of India directives, interest shall be calculated at quarterly intervals on term deposits and paid at the rate decided by the Bank depending upon the period of deposits. In case of monthly deposit scheme, the interest shall be calculated

for the quarter and paid monthly at discounted value. The interest on term deposits is calculated by the Bank in accordance with the formulae and conventions advised by Indian Banks' Association. Accordingly, on deposits repayable in less than three months or where the terminal quarter is incomplete, interest should be paid proportionately for the actual number of days reckoning the year at 365 days. However, interest on balances in savings bank accounts should be calculated on a daily product basis and such interest should be paid at **quarterly or longer rests**.

iii) The Bank may, at its discretion allow additional interest at a rate not exceeding one per cent per annum over and above the rate of interest in respect of a savings or a term deposit account opened in the name of

- a) a member or retired member of the bank's staff, either singly or jointly with any other member or members of his/her family; or
- b) the spouse of a deceased member or a deceased retired member of the bank's staff; and
- c) an association or a fund, members of which are the members of the bank's staff.

iv) The Bank may, at its discretion, offer higher rate of interest not exceeding **half a per cent per annum** on the term deposits of any size, to senior citizens.

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

vi) The Bank has statutory obligation to deduct tax at source if the total interest paid / payable on all term deposits held by a person exceeds the amount specified under the Income Tax Act. The Bank will issue a tax deduction certificate (TDS Certificate) for the amount of tax deducted. The depositor, if entitled to exemption from TDS can submit declaration in the prescribed format at the beginning of every financial year.

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 10 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 Accounts of illiterate person. The account of such person may be opened provided he/she calls on the Bank personally along with a witness who is known to both the depositor and the Bank. 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 / 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, its 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

The Bank shall not disclose details / particulars of the customer's account to a third person or party without the expressed or implied consent from the customer. However,

there are some exceptions, viz. disclosure of information under compulsion of law, where there is a duty to public to disclose and where interest of the Bank requires disclosure.

10. PREMATURE WITHDRAWAL OF TERM DEPOSIT

Bank shall have the freedom to offer term deposits without premature withdrawal option. However, all term deposits accepted from individuals (held singly or jointly) and Hindu Undivided Families for amount of Rupees fifteen lakh and below shall have premature-withdrawal-facility. The Bank on request from the depositor, at its discretion may allow withdrawal of term deposit before completion of the period of the deposit agreed upon at the time of placing the deposit. On premature withdrawal of term deposit, interest shall be paid at the rate applicable to the amount and period for which the deposit remained with the Bank and not at the contracted rate. No interest shall be paid, if the deposit is withdrawn prematurely within Thirty days from the date of deposit. No penalty for premature withdrawal of the term deposit shall be levied if the period and aggregate amount of the deposit do not undergo any change. Rate of interest payable is rate prevailing at the time of making of such deposit for the period deposit remained in the Bank. In case of term deposits with “Either or Survivor” or “Former or Survivor” mandate, the Bank may allow premature withdrawal of the deposit by the surviving joint depositor on the death of the other, only if, there is a joint mandate from the joint depositors to this effect. The joint deposit holders may be permitted to give the mandate either at the time of placing fixed deposit or anytime subsequently during the term /tenure of the deposit. If such a mandate is obtained, banks can allow premature withdrawal of term /fixed deposits by the surviving depositor without seeking the concurrence of the legal heirs of the deceased joint deposit holder. Such premature withdrawal would not attract any penal charge.

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, the bank will permit the renewal at the applicable rate on the date of renewal, provided the deposit is renewed for a period longer than the

balance period of the original deposit. While prematurely closing a deposit for the purpose of renewal, interest on the deposit for the period it has remained with the bank will be paid at the rate applicable to the period for which the deposit remained with the bank rate prevailing at the time of making deposit and not at the contracted rate.

12. RENEWAL OF OVERDUE TERM DEPOSITS

i) When a term deposit is renewed on maturity, on renewed deposit interest rate for the period specified by the depositor as applicable on the date of maturity would be applied. If request for renewal is received after the date of maturity, such overdue deposits will be renewed with effect from the date of maturity at interest rate applicable as on the due date, provided such request is received within 30 days from the date of maturity. In respect of overdue deposits renewed after 30 days from the date of maturity, interest for the overdue period will be paid for term of deposit remained with Bank after maturity at rate of interest prevailing on the date of maturity. If overdue period is more than one year Savings Bank Account interest prevailing on the date of maturity will be given for entire overdue period from the date of maturity..

In case of Recurring Deposits if installments are paid not within the month interest will be paid accordingly.

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

A. Action To be Taken By Bank on Death of an A/C holder

An announcement of death in newspaper, production of a death certificate ora report from a reliable source etc., will be sufficient notice to the Bank aboutthe death of the

Account Holder. As soon as the Branch becomes aware of the death of the A/C Holder, it will record the fact in the relevant account in the system and stop operation in the A/C.

B. Intimation to the Nominee, if any:

If the deceased A/C holder had appointed a nominee, a letter will be issued to the nominee informing him/her about the death of the account holder.

C. Further operation in the Account:

Further operation in the different types of account will be allowed as follows:-

a) **Individual A/cs:** No further cheques should be paid even though they be dated prior to the date of death of the A/C holder.

b) **Joint A/cs :** If the balance is payable to the survivor(s), cheques signed by the survivor(s) may be paid to the debit of the a/c, but it is preferable that survivor(s) is/are advised to close the a/c and transfer the balance to a new a/c in his/her/their name(s). Fresh Account Opening Form duly filled in and signed by the survivor(s) should be obtained. If the balance is not payable to the survivor(s), the a/c should be stopped.

c) **Proprietary A/Cs:** No further cheques should be paid even though they be dated prior to the date of death of the A/C holder.

d) **Partnership A/Cs:** The death of a partner has, ordinarily, the legal effect of dissolving the firm. The surviving partner(s) can, however, operate the A/C for the purpose of winding up; and any cheques drawn by the surviving partner(s) can be paid. Cheques drawn by the deceased partner and presented after his death, should not be paid. The branches should request the surviving partner(s) to close the a/c by drawing a cheque signed by all of them and open a new a/c through which all further transactions may be passed.

e) **Joint Hindu Family Firm A/c:-**In case of death of the Karta, the operation in A/c should be stopped.

f) **Trust A/cs.:-**The Trustees have to act jointly unless there is an express provision to the contrary in the Trust Deed. In case of death of any trustee, the operation on the a/c should be stopped unless the, relative Trust Deed confers express powers on the surviving trustee to act. In the absence of any specific provision in the Trust Deed, it is not safe for the Bank to assume that the surviving trustees possess full powers to deal

with the A/C. Branches should, therefore, not allow the surviving trustee to operate on the a/c or withdraw the balance. In case of death of sole trustee, operation on the A/C should be immediately stopped.

g) **Limited Company's A/Cs** : Where notice of death is received in respect of a person who is authorized to operate an A/C of a Limited Co., outstanding cheques drawn by such person of the Company can still be paid. The Board resolution submitted by the Company regarding the operation of its A/C should be examined by the branch to see whether any amendment or new resolution is necessary.

h) **Association, Society, club A/c.** : The instructions given in respect of Limited Company's A/Cs shall also apply to A/Cs of Association, Society, Club, etc.

i) **Accounts operated by a holder of Power of Attorney or Letter of Mandate:**

Upon the death of the principal, the authority of Attorney or Mandate holder stands cancelled. The operation on the a/c should be immediately stopped and no cheques signed by Attorney/Mandate holder should be paid after receipt of notice of death of the Principal.

15. Settlement of Claims in Various types of Deposit Accounts

1. With Nomination

Sl.No	Nature of Account	Single Depositor	Joint A/C (operated jointly)	Joint A/c (Either or Survivor)	Joint A/c (Former/Latter or Survivor)	Joint A/c (Anyone or Survivors)
A	Savings/ Current A/c	Nominee	1. On death of one depositor – Legal heirs of deceased + Survivors 2. On death of all depositors- Nominee	1. On death of one depositor – Survivors 2. On death of all depositors- Nominee	1. On death of one depositor – Survivors 2. On death of all depositors - Nominee	1. On death of one depositor – Survivors 2. On death of all depositors- Nominee
B	Term Deposit	-Do-(On maturity of deposit)	-Do-(On maturity of deposit)	-Do-(On maturity of deposit)	-Do-(On maturity of deposit)	-Do-(On maturity of deposit)
C	Premature Withdrawal of FD	-Do-(as per terms of contract)	-Do-(as per terms of contract)	-Do-(as per terms of contract)	-Do-(as per terms of contract)	-Do-(as per terms of contract)

2. Without Nomination

Sl.No	Nature of Account	Single Depositor	Joint A/C (operated jointly)	Joint A/c (Either or Survivor)	Joint A/c (Former/Latter or Survivor)	Joint A/c (Anyone or Survivors)
A	Savings/ Current A/c	Legal Heirs or person mandated by them	1. On death of one depositor – Legal Heirs of deceased + Survivors 2. On death of all depositors- Legal Heirs of all the depositors	1. Survivors 2. On death of both the depositors - Legal Heirs of all the depositors	1. Survivors 2. On death of both the depositors- Legal Heirs of all the depositors	1. On death of one or more depositor/s – Legal Heirs of deceased + Survivors 2. On death of both the depositors- Legal Heirs of all the depositors
B	Term Deposit	-Do-(On maturity of deposit)	-Do-(On maturity of deposit)	-Do-(On maturity of deposit)	-Do-(On maturity of deposit)	-Do-(On maturity of deposit)
C	Premature Withdrwal of FD	-Do-(as per terns of contract)	-Do-(as per terns of contract)	-Do-(as per terns of contract)	-Do-(as per terns of contract)	-Do-(as per terns of contract)

16. INTEREST PAYABLE ON TERM DEPOSIT IN DECEASED ACCOUNT

i) In the event of death of the depositor 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 interest at savings deposit rate obtaining on the date of maturity, for the period for which the deposit remained with the Bank beyond the date of maturity.

ii) In the case of death of the depositor after the date of maturity of the deposit, the bank shall pay interest at savings deposit rate obtaining on the date of maturity from the date of maturity till the date of payment.

17. 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.

18. 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.

19. Dormant Accounts

Accounts which are not operated for a considerable period of time 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 balance along with applicable interest standing in the credit of inoperative accounts should be transferred to Deposit Education and Awareness Fund maintained with Reserve Bank of India, Mumbai after 10 years from the date an account became inoperative. The depositor can request the Bank to activate the account for operating it.

20. Safe Deposit Lockers

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

21. 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.

