



MOST IMPORTANT TERMS AND CONDITIONS (MITC) TERM DEPOSIT ACCOUNT

KYC norms the Bank is required by law to obtain Permanent Account Number (PAN),

“Term Deposits”:

- ❖ Means a deposit received by the Bank for a fixed period withdrawable only after the expiry of the said fixed period and include deposits such as Recurring Deposits/ Short Term Deposits / Fixed Deposits / Money multiplier Deposits etc.

Account opening:

- ❖ Term Deposit accounts can be opened by an individual in his own name or by more than one individual in their own names. A depositor desirous of opening an account with the Bank should complete the relative account opening form/card in all respects with full name(s) and specimen signature(s) at appropriate places. The prospective account holder should normally be required to fill in the account opening form in the presence of a bank's official.
- ❖ The Bank before opening any deposit account will carry out due diligence as required under “Know Your Customer” (KYC) guidelines issued by the RBI and/or such other norms or procedures adopted by the Bank.
- ❖ The due diligence process by the Bank, while opening a deposit account will involve satisfying about the KYC documents i.e., relating to identity of the person, verification of address, satisfying about his occupation and source of income. Bank will also obtain recent photograph of the person/s opening / operating the account as may be necessary.
- ❖ Fresh documents may be required to be updated periodically as part of KYC monitoring & compliance activity. In addition to the due diligence requirements, under

or alternatively declaration in Form No. 60 or 61 as specified under the Income Tax Act/Rules.

Interest:

- ❖ The rates of interest payable on Term Deposits is governed by Corporate Office guidelines issued from time to time. As per RBI directive, Bank shall not pay interest on Term Deposits up to 6 days. The interest on Term Deposits is payable at quarterly intervals. The interest may be paid monthly also, at a discount, if required by the depositor. The rate of interest payable for various period shall be displayed in the notice board of the Branch and at the Bank's website.

Period of Deposits

- ❖ Term deposits can normally be opened for a maximum period of 120 months. Opening of accounts for period exceeding 120 months is permitted only in extraordinary cases viz., In the names of minors where the interest of the minor is involved, in the case of institutions, Government Undertakings, Corporate bodies to meet their special needs like creation of sinking fund, amortization fund etc. and under orders from a competent Court.
- ❖ Recurring deposits, deposits under Money Multiplier scheme and any other type of deposits where the compounding of interest is to be done on quarterly basis, shall be accepted for periods in multiples of three months only, subject to a minimum period of 6 months. That is to say, the above deposits

will be for periods of 6 months, 9 months, 12 months, 15 months, 21 months. This restriction does not apply to short term deposits which is at present accepted for 7 days and above.

Payment on Due Date

- ❖ The depositor shall be required to discharge the term deposit receipt/pass book. If the depositor wants payment in cash, the discharge should be on an appropriate revenue stamp on the reverse of the FD receipt.
- ❖ If the term deposit account is in joint names payable to either or survivor, it can be discharged by either of them. If it is payable jointly, then all the joint depositors should discharge it; and where cash payment is required, a letter should be obtained duly signed by all the depositors authorizing one of them to receive payment.

Foreclosure

- ❖ By opening a term deposit account, the depositor enters into a contract whereby he/she agrees to receive the principal amount, after a certain period as agreed upon at the time of deposit, interest at the contracted rate being receivable periodically or at maturity. Thus, if a depositor requests for premature payment, he is not acting as per the contract. If the payment under a term deposit is made before the completion of the agreed period, the rate of interest payable shall be for the actual period which the deposit had run less penalty applicable if any. The amount of deposit for which penalty would be levied and the penal rate would be decided by the Bank from time to time.
- ❖ If the depositor dies during the currency of the deposit and the deposit is paid to the legal heirs prematurely, no penalty would be imposed and interest shall be allowed at the

rate ruling on the date of opening of the deposit account for the period actually run.

- ❖ In the event of premature payment of a deposit standing in joint names, upon the death of one of the joint depositors, the interest thereon shall be paid at the rate applicable for the period for which the deposit actually remained with the bank i.e. for the period from the date of deposit till the payment thereof to the surviving depositor(s). If, on request from legal heirs/representatives/nominees, the branch agrees to split the amount of term deposit and issues two or more receipts individually in the name of legal heirs / representatives / nominees, it shall not be construed as premature withdrawal of term deposit, provided the period and aggregate amount of the deposit originally contracted do not undergo any change.
- ❖ In respect of foreclosure of Term Deposits standing in the name of a minor represented by a guardian, Bank would ensure that the withdrawal of the amount is to meet the necessities of the minor. An indemnity from the guardian to this effect would be obtained for record purpose.

Renewal of Deposits:

- ❖ Under the existing guidelines in force, the depositors have to give instructions for renewal of their term deposits for a further period within 14 days from the due date to earn interest at the rate prevailing on the date of maturity. The Bank, as a customer friendly measure, has taken a policy decision to offer the facility of automatic renewal of domestic term deposits to customers with effect from 01.11.2005. However Recurring Deposit and Variable Recurring Deposit shall mature for payment upon completion of the term of deposit and shall not be rolled over.

- ❖ The term deposits will be renewed on the due date for a similar period of the deposit.
- ❖ Due date notice would be sent to all individual depositors, 15 days before the due date, to their last known addresses by post or through email or SMS to their Registered Mobile Number.

Accounts of Senior citizen:

- ❖ Bank would take all efforts to make it easy and convenient for the Senior Citizen customers and would provide for payment of additional interest, presently 0.50% over card rate for amount less than ₹10 crores.
- ❖ Senior citizens are eligible for additional rate of 0.50% p.a. for an aggregate amount upto ₹10 crore.
- ❖ However no single deposit to be opened in a day for more than ₹2 crore within overall limit of ₹10 crore tagged to a Single CIF.
- ❖ The above ceiling is applicable to all types of term deposits standing in the name of Senior Citizen as the principal account holder at one or more branches put together.
- ❖ The additional rate would be offered on deposits of 7 days to 10 years in respect of Short Term Deposits, Fixed Deposits, Tax Saver Schemes and Money Multiplier Deposits & for the period 6 months to 120 months in respect of Recurring Deposits (in multiples of 3 months). For deposit of ₹10 crores and above, the card rate alone will apply without the benefit of additional interest rate. The additional interest offered to senior citizen is not applicable to any type of non - resident deposits.

Death of the Depositor

- ❖ In case of death of a depositor, the survivors/legal heirs/nominees may continue the account till maturity. They may also

require foreclosure of the deposit and request payment immediately.

- ❖ In case of Term Deposit accounts opened in the style of 'Either or Survivor' or 'Anyone or Survivor(s)', no request from the survivors for loan/foreclosure or change of names by way of addition/deletion/substitution shall be entertained, in the event of the death of one of the joint account holders, during the currency of the deposit without the consent of all the legal heirs of the deceased depositor, unless the contract of deposit contains such an option. With a view to remove such inconvenience on the part of the surviving depositors, the following enabling clause is included in the account opening form:

"I am/We are willing to opt the facility of allowing closure/premature termination of the deposit by the Survivor(s), without the concurrence of the legal heirs of the deceased Joint Deposit Holder(s), in the event of death of any of the Depositor(s)"

Issue of Duplicate Deposit Receipt

- ❖ Duplicate term deposit receipt would not be issued as a matter of routine and Depositors should make a diligent search to find it out. The depositor shall advise the Bank in writing about the loss of the deposit receipt and make a request for issue of a duplicate thereof. In case of joint deposit accounts (E or S/A or S/other joint), the letter should be signed by all the joint depositors. An agreement of indemnity (to be stamped as an indemnity) to be submitted duly signed by all the depositor(s)

Deduction of Income Tax at source from interest paid on deposits

- ❖ As per sec.194A of the Income Tax Act, Income tax shall be deducted at source by banks in respect of interest paid by them on time deposits where the aggregate of interest exceeds the stipulated amount during the

financial year. Time Deposits have been defined to mean deposits including Recurring Deposits, Variable RD, STD, FD, Facility Deposit, Capital Gain Scheme, Tax Saver scheme and Money Multiplier Deposits repayable on the expiry of a fixed period. Income tax would be deducted as and when interest is paid/credited and the same will be remitted to Income tax authorities within the time limit specified, If the customer holds more than one deposit (including Short Term Deposits renewed at periodical intervals) in the Bank (including the deposits at different branches), the aggregate amount of interest paid/credited on all the deposits would be taken into account. In case of joint accounts, the provisions of Sec.194A will be applicable to the first named person. Tax would not be deducted in cases where the depositor (individuals) files with the Bank a declaration in duplicate in Form No.15-G/15-H (For Senior citizens). This Form is to be filed by the depositor every year. Tax at a lower rate would be deducted, provided the depositor obtains a certificate under Sec.197(i) of the Income Tax Act to the effect that the deduction may be made at a lower rate as per Form No.15AA. Income Tax would not be deducted at source in case of interest paid on NRE Term Deposits

- ❖ In the case of assesses other than a Company the tax shall be deducted at the rate of 10% provided PAN number is available. In case PAN number is not available, tax shall be deducted at 20%. In the case of Companies, tax would be deducted at the rate of 20%.
- ❖ In case of Fixed Deposits, where tax is to be deducted at source, tax shall be deducted at the time of credit of monthly/quarterly interest into the depositor's account. In case of MMD account, Tax shall be deducted at source on accrual of interest at the end of the accounting year or at the time of the credit of

the account of the payee or at the time of payment, whichever is earlier.

- ❖ Under Sec.203, Tax deduction Certificate shall be issued by the Branch.

Transfer of Accounts:

- ❖ Transfer of account to another branch of our bank shall be done within 3 (three) working days without insisting on fresh proof of address and on the basis of a self declaration regarding current address. Upon receipt of request, the account would be transferred to the transferee branch and documentary proof of the address need to be produced within a period of six months.
- ❖ In case of joint accounts the transfer request shall be signed by all the depositors.

Nomination facility:

- ❖ Nomination facility is available to the account holder. Nomination can be made at the time of opening of account or subsequently. It can also be cancelled / varied. At the time of opening of the account, the account holder has to specifically instruct the bank to that effect if nomination is not required. Similarly request should be made in case the name of the nominee is to be made available in the Deposit receipt..
- ❖ Nomination shall be in favour of an individual only. Nomination can be made only in respect of deposit account held by individual (s) / sole proprietary concern. If the proprietary concern undergoes a change in constitution, the nomination made shall stand cancelled.
- ❖ Individuals can avail nomination facility. Appropriate forms for filing nomination (DA-1), cancellation (DA-2) and variation (DA-3) are provided on request.
- ❖ In case of a deposit held to the credit or more than one depositor, the cancellation or variation of a nomination shall not be valid unless it is made by all the deposits surviving

at the time of cancellation or variation of nomination.

Right to alter rules

- ❖ The bank reserves the right to alter or add to these rules at any time without giving separate notice to each account holder. An announcement of the change of the rules put up on the notice board of the bank will be considered as sufficient notice.
- ❖ A person having opened a term deposit account shall be deemed to have read, understood and agreed to be bound by the rules as now subsisting or as at any time altered or added to.

NOTE: The above are only highlights of some of the Most Important Terms and Conditions (MITCs) applicable.