



## Recurring Deposit Rules

### 1. Object

The object of the Scheme is to enable the depositor to make a financial provision for his future needs, by paying in deposits in installments for an agreed period. It will be known as Recurring Deposit account. At the end of the period, the customer will get lump sum representing the installment amounts paid together with interest thereon (pre determined maturity amount).

### 2. Who Can Open

Recurring Deposit Accounts may be opened for persons, after they are properly introduced to the bank.

The accounts may be opened by (a) a person in his/her own name or (b) two or more persons, in their joint names, who will be the beneficiaries either jointly or anyone or more among them or the survivors or survivor of them or (c) Clubs, Societies, Associations, Educational Institutions, Trusts, Firms, Partnerships etc., after observing the usual procedure that is followed for the opening of Current Account for such clients like obtaining of Partnership Letter in the case of Partnership Firms, taking a certified true copy of resolutions, bye-laws etc., of the clubs. At the time of opening joint accounts, instructions will be sought from depositors regarding the continuity or otherwise of the account on the demise of one or more of the joint account holders and also the person, to whom the payment should be made after maturity.

### 3. Monthly Installments

Recurring Deposit accounts may be opened with a minimum monthly installment of Rs.5 or, in multiples thereof. The monthly installments may be made on or before the last working day of the month. The number of monthly installments may be between 6 months and 120 months.

### 4. Mode of Remittance of Installments

The remittance made across the counter for credit of a Recurring Deposit account should be accompanied by the prescribed pay-in-slip supplied by the bank. Remittances may also be made by Cheque, NEFT/RTGS transfer etc., if the depositor or his representative could not make the remittances across the counter. The names of depositors and the distinctive numbers of the accounts to which the installments relate, should be mentioned in the pay-in-slips or in the covering letters to the remittances, by way of cheque, NEFT/RTGS. If any installment is remitted by cheque on an outstation bank, the cheque amount should include the charges for collection, except when the cheque is drawn on our branch.

The depositor may remit the installments in advance for any number of months, but the bank will appropriate the installments only in the order in which they are due. For installments paid in advance (with a minimum of 3 months), a rebate will be allowed at 2 paise per 5 rupees per month. The amount of rebate will be paid in cash.

### 5. Standing Instructions

Standing Instructions from the depositor for transfer of monthly installments from his savings bank account or current account may be accepted, and such transfers may be effected free of charge. If, however, there is no sufficient balance in such account to effect the transfer, the standing instructions will be treated as no longer valid and the installments due will be deemed to have fallen in arrears.

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## **6. Defaulted Installments**

If the monthly installments are not paid on or before the last working day of the calendar month, the installments should be deemed to have fallen in arrears. Penal interest will be charged at Rs.1.70 for every Rs.100 per month. Penal interest for defaulted installments may be set off against payment of equal number of advance installments.

If frequent defaults are observed in the monthly deposit agreed upon, and six installments consecutively fall in arrears, the bank may treat the account as discontinued and the amount for which, the depositor is eligible, will be paid to him, along with interest applicable as per rule No.10.

## **7. Transfer of Account**

At the request of the account holder, Recurring Deposit account may be transferred from one branch to another, free of charge. The account holder will hand over the passbook (vide paragraph 8) with his letter of request for transfer and he may take back the passbook from the branch, to which the account has been transferred, on receipt of the advice of transfer from the latter branch.

## **8. Passbook**

A passbook would be supplied by the bank, free of charge, when a Recurring Deposit account is opened, but entries therein should be made only by the branch and duly authenticated by the officer-in-charge. The passbook should be presented to the bank, whenever the deposits are made and at the time of closure or foreclosure. The entries should be examined by the depositor, and the attention of the Branch Manager should be drawn then and there, for any error/omission and/or discrepancy.

## **9. Duplicate Passbook**

If a passbook is lost or misplaced a duplicate passbook may be issued on payment of prescribed service charges. For issue of a duplicate passbook with only the opening balance entry, a sum of ₹100 should be collected and for recording additional entries for every 40 transactions ₹100/- should be collected. This would be done after receiving a written requisition from the depositor along with an undertaking that the original passbook, if traced at a late date would be returned to the branch for cancellation.

## **10. Foreclosure**

The bank may, at its discretion, consider payment of the deposit before the due date. In such cases, the bank will pay interest at a rate with penalty applicable to the period for which the deposit has run. The rate of penalty will be the rate prevailing on the date on which the deposit was opened.

## **11. Power to Close**

The bank reserves the right to terminate the account, and repay the balance at credit, with appropriate interest in terms of rule No.10, after giving one month's notice.

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## **12. Repayment and Maturity**

Notwithstanding such advance remittances vide rule No.4, and subject to rules Nos.10 & 11, the Recurring Deposit account will mature and become due one month after the last installment is remitted or on the expiry of the agreed period, whichever is later.

## **13. Loans**

The bank may grant loans on the security of the deposit held in the Recurring Deposit accounts up to a maximum of 90% of the balance at credit. Interest charged on the loan will be as prescribed by Reserve Bank of India, the present rate being 2% higher than the rate allowed on the deposits as applicable on maturity as originally agreed to.

The minimum amount of loan, which may be granted against a Recurring Deposit account, shall not be less than Rs.100 and at least 6 monthly installments should have been paid

In the event of pre closure of Recurring Deposit account rate of interest on the relative loan account if any, will be at 2% over the rate of interest actually allowed on the pre closed deposit, subject however to the condition that if no interest is payable on deposits then the rate of interest for loan will be at normal rates.

## **14. Nomination**

The facility of nomination is available for Recurring Deposit Accounts.

## **15. Payment of Deposits**

Payment of deposit amount including interest if exceeds Rs.20000/- or the aggregate of deposits held by a customer in his sole name or jointly with others on the date of payment of any one deposit exceeds Rs.20000, shall be made by way of Account Payee crossed cheque/draft or by way of credit to SB/CA of the depositor(s) or by way of RTGS/NEFT.

## **16. Power to Amend Rules**

The bank reserves the right to alter the rules from time to time, as circumstances demand.

## **17. TDS on interest**

Interest on RD attracts TDS as in the case of Fixed Deposits & Reinvestment Plan Deposits.

**The bank reserves the right to alter any of the rules at any time without notice**