



**GRAMIN BANK OF ARYAVART
HEAD OFFICE**

FOR APPROVAL

6th BOARD MEETING TO BE HELD ON 24.12.2013

Agenda No.

Bank's Model Deposit Policy

The Board is advised that 'Banking Scenario' has undergone drastic changes globally since last decade. Implementation of Core Banking System has connected each branch Bank, village, city and countries. Financial Inclusion, 'No Frills Account'/'Small Accounts' and many other changes as per government policies and RBI guidelines are required to be incorporated in the Bank's Model Deposit Policy. We have drafted Bank's Model Deposit Policy which is enclosed as annexure-A to this agenda. Salient features of Bank's Model Deposit Policy are mentioned as under:

S.No.	Particulars of Feature	Para no.
i	Due diligence process while opening of a Deposit A/c., elaborating on prevention of Money Laundering as well as guidelines issued by RBI on KYC norms	3E
ii	Adding & elaborating operational instructions on 'Former or Survivor' and 'Operated Jointly' accounts	3I(b)&(d)
iii	Nomination Facility	3L
iv	Specific Charges for various services	3O
v	"No Frills Accounts"/"Small Accounts"	3P
vi	Interest Payment, mode of calculation of interest	4,5,6
vii	Interest calculation on "Special Deposit Schemes" announced by the Bank from time to time	note
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'Bank's Model Deposit Policy' is being placed before the Board as per Annexure No. page No. for approval and its adoption in the Bank.

**(G.K. Srivastav)
General Manager**

**(J. S. Ravi Kumar)
Chairman**



**GRAMIN BANK OF ARYAVART
HEAD OFFICE
A-2/46, VIJAY KHAND, GOMTI NAGAR, LUCKNOW**

FOR APPROVAL

Annexure No.

MODEL POLICY ON BANK DEPOSITS

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/advice on 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 the terms and conditions governing the conduct of the Account. The document recognizes the rights of depositors and aims at dissemination of information with regards to various aspects of acceptances of deposits from the members of the public, conduct and operations of various 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 of their rights. The ultimate objective is that the customers will get services they are rightfully entitled to receive without demand.

While adopting this policy, the bank reiterates its commitment to individual customers outlined in the Bankers' Fair Practices Code of Indian BCSBI. 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, the deposit products can be categorized broadly into the following types.

Definition of major deposit schemes are as under:

- i. **"Demand Deposit"** means a deposit received by the Bank, which is withdrawable on demand.
- ii. **"Savings Deposit"** 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 specific period.
- iii. **"Current Account"** means a form of Demand Deposit wherefrom withdrawals are allowed any number of times depending upon the balances in the account or up to a particular agreed amount and will also include other deposit accounts which are neither Savings Deposits nor Term Deposits.
- iv. **"Term Deposit"** means a deposit received by the Bank for a fixed period-withdrawable only after the expiry of the fixed period; subject to terms & conditions stipulated by the Bank, from time to time and include deposits such as Recurring/Double Benefit Deposit/Short Deposit/Fixed Deposit/CD Plus, SB Plus etc.

3. ACCOUNT OPENING AND OPERATIONS 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/her and the final decision of the Bank will be conveyed at the earliest to him/her.

- B. The account opening forms and other material would be provided to the prospective depositor by the Bank for a change. 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 clarification sought by the prospective depositor when he approaches for opening a deposit account.
- C. For deposit products like SB A/c and Current Deposit (CD) A/c, the Bank will normally stipulate certain minimum balance to be maintained as part of the terms and conditions governing operations of such accounts which will be displayed on the branch notice board. Failure to maintain minimum balance in the account will attract levy of charges as specified by the Bank from time to time. For SB A/c the Bank may also place restrictions on the number of transactions, cash withdrawals, etc., for a given period. Similarly, the Bank may specify charges for issue of cheque books, additional statements of accounts, duplicate pass book, folio charges, etc. Statement of A/c is sent through e-mails on customer's request. Also, it is made available on internet and ATM. 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 RBI, from time to time)

Current Accounts can be opened by Individuals/Partnership Firms/Private & Public Limited Companies/HUFs/Specified Associates/Societies/Trusts, etc.

Term Deposits

The general information on various Deposits & Interest rates offered by our Bank will be displayed on Bank's website www.aryavart-rrb.com.

- E. The due diligence process, while opening a Deposit Account will involve satisfying about the identity of the person, verification of address, satisfying about his/her occupation and source of income and obtaining recent photograph of the person/s opening/operating the account, as a part of the due diligence process. As per the provisions of the Prevention of Money Laundering Act, 2002 and the rules made there under by the Government, as well as guidelines issued by Reserve Bank of India (RBI) on KYC, obtaining identification documents for every customer is mandatory and introduction by a 3rd party is neither required nor a substitute for KYC documentation, except for the relaxation permitted by the RBI in case of persons belonging to low income group in rural, semi-rural and urban areas; subject to certain conditions, such as "NO FRILLS" A/cs under financial inclusion.
- F. In addition to the due diligence requirements under KYC norms, the Bank is required by law to obtain the Permanent Account Number (PAN) or General Index Register (GIR) Number of alternately a declaration in Form No. 60 or 61 as specified under the Income Tax Act/Rules.
- G. 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). SB A/c can also be opened by a minor, jointly with Natural Guardian or with Mother, as the Guardian (status : known as Minor's Account). Minors of the age of 10 years & above will also be allowed to open and operate SB A/c, independently.
- H. Operation in Joint Account - The Joint Account opened by more than one individual can be operated by any single individual or by more than one individual, jointly. The mandate for operating the A/c can be modified with the consent of all A/c Holders. The SB A/c opened by a minor, jointly with natural guardian/guardian can be operated by natural guardian only.
- I. The Joint A/c Holders can give any of the following mandated for the disposal of balances in the above accounts:
 - a) **"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 the survivors on death of anyone of the A/c Holders.
 - b) **"Former or Survivor"** : The instructions "Former or Survivors" convey that the Account will be operated upon by the "Former" "A" alone, so long as he is alive and after his death by the "Survivor" "B". "B" is not to operate the Account during the lifetime of "A". "B" can operate the Account only after the death of "A". If "B" dies first the Account is to be operated upon solely by "A", the legal representative of "B" will have no right to the balance in the Account or to operate

the Account. Only the legal representatives of the last Account Holder after his death are entitled to the balance in the Account.

- c) **"Anyone or Survivor/s"** : If the A/c is held by more than two individuals, say A, B, and C, the final balance along with Interest, if applicable, will be paid to any one if all of them are alive or to the survivor/s on the death of any of the account holders.
- d) **"Operated Jointly"** : Accounts which has operational instructions "operated jointly", the operations and all the instructions in this account shall be accepted under joint signatures of all account holders.

The above mandates will be applicable to or become operational only on or after the date of maturity in case of term deposits. This mandate can be modified only by the consent of all the a/c Holders.

- J. At the request of the depositors, the Bank will register the mandate/power of attorney given by him/her, authorizing another person to operate the Account on his/her behalf.
- K. The Term Deposit A/c holders at the time of placing their deposits can give instructions with regards to closure of the Deposit A/c or renewal of deposit for a further period on the date of maturity. In general, there will be automatic renewal of the deposits for the same period as was for the last deposit.
- L. Nomination facility is available on all deposit accounts opened by the individuals. Nomination is also available to a sole Proprietary Concern Account. Nomination is not permitted in favour of Company, Firm, Trust, HUF, etc. Nomination can be made in favour of one individual only. Nomination so made can be cancelled or changed by the A/c Holder/s at any time. Nomination can be made in favour of a minor also. In case of Joint A/cs, nomination or variation of nomination should be made by all depositors, jointly.
- M. In general Pass book will be provided by the Bank to depositors for SB A/c and statement of a/c to CD a/c holders periodically as per terms and conditions of opening the A/c.
- N. The Deposit A/c may be transferred to any other branch of the Bank at the request of the Account Holders.
- O. Specific charges for issue of cheque books, additional/duplicate statement of account, passbook, copies of paid cheques, folio charges, ATM/Debit Card charges, verification of signatures, return of cheques, change in mandate or style of account, etc. will be recovered from time to time as applicable.
- P. Under financial inclusion, "NO FRILLS" A/cs should be opened either with "NIL" or very low minimum balances. The nature and number of transactions in such accounts may be restricted which will be made known to the customers at the time of opening of accounts in a transparent manner. "NO FRILLS" accounts are governed by RBI rules.
- Q. The term deposit receipt renewed under "Automatic Renewal Scheme" will not be handed over to the customer "unless" he submits the Original (Matured) Term Deposit Receipt to be kept on banks record.

4. INTEREST PAYMENT:

- i. Interest shall be paid on Savings A/c at the rate specified by RBI directives from time to time - at half yearly intervals, on daily products.
- ii. In terms of RBI 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 the Indian Banks' Association.
- iii. 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 regards to the deposit schemes and other related services shall be communicated upfront and shall be prominently displayed.
- iv. The Bank has statutory obligations to deduct income 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 less than mentioned on Term Deposit. 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.

5. INTEREST PAYMENTS - MODE OF CALCULATION

A. SAVINGS BANK ACCOUNTS:

Interest shall be paid on SB Account at the rate as specified by RBI directives from time to time. Interest will be calculated on daily product basis from 01.04.2010 and will be credited in the SB A/c. Interest will be credited if it is Minimum Re. 1/-.

B. TERM DEPOSIT ACCOUNTS:

Interest on Term Deposits shall be as applicable on the date of issue/renewal of the Term Deposit Receipts. Interest would be calculated at Quarterly or larger intervals (**and not monthly**). In the case of Monthly Income Certificate (MIC) Scheme, the Interest is paid monthly at discounted value of the interest for one month. Interest on overdue term deposits will be payable at the savings deposit rate.

6. MODE OF CALCULATION OF INTEREST ON SHORT DEPOSITS AND FIXED DEPOSITS:

- i. SHORT DEPOSITS (Repayable within six months) : Interest would be paid for the actual numbers of days on the basis of 365 days in a year.
- ii. FIXED DEPOSITS (Repayable six months and above) : Interest would be paid for the actual numbers of days on the basis of 365 days in a year.

NOTE : In respect of any "Special Deposit Scheme" announced by the Bank, it will have different interest calculation method as per the scheme offer.

7. ACCOUNTS OF MINORS:

- a) A Savings Bank account of a minor may be opened to be operated upon by the natural guardian of the minor or by the guardian appointed by the Court.
- b) A Savings Bank Account may also be opened in :
 - (i) the single name of a minor aged 10 years or more years or more to be operated upon by the minor.
 - (ii) the joint names of two minors who have completed the age of 10 years, to be operated upon by them jointly.
 - (iii) the joint names of two or more minors to be operated upon by a person who is the natural guardian of both or all the minors.

When a minor attains majority, the guardian ceases to be guardian and the Account ceases to be that of a minor. The payment from the account will be made to the erstwhile minor, provided the branch is satisfied about this identity.

When a minor whose account is operated by the guardian on his behalf attains majority, a Balance Confirmation Letter, duly signed by the erstwhile minor with his signature duly verified by the guardian shall be obtained. Having done this, it is not necessary to close the existing account and to open a new account, but the note made in the system (Master Data) and the account opening form/card to indicate that it is a minor's account, will be cancelled and a new account opening form will be obtained. Thereafter, the accounts will be operated upon only by the erstwhile minor who had attained majority.

8. ACCOUNT IF ILLITERATE/BLIND PERSON:

The Bank may at its discretion open deposit A/cs other than CD A/cs of illiterate persons. The A/c of such a 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 SB A/cs. At the time of withdrawal, repayment of deposit amount and/or interest, the A/c holder should affix his/her thumb impression or mark in the presence of the authorized officer of the branch 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 A/c Holder. The Bank official shall explain the terms and conditions governing the A/c to the illiterate/blind person.

9. ADDITION OR DELETION OF THE NAME/S IN AN ACCOUNT:

In Joint A/c, the Bank may at the request of the Joint A/c holders allow addition or deletion of name/s of Joint A/c Holders if the circumstances so warrant. In case of individual A/c, Bank may allow an individual depositor to add the name of another as a Joint A/c Holder.

10. 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 A/c Holder.

11. SECRECY OF CUSTOMER'S ACCOUNTS:

The Bank shall not disclose details/particulars of the customer's A/c to a third person or party without the express or implied consent from 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.

12. PREMATURE WITHDRAWAL /CLOSURE OF TERM DEPOSIT:

The Bank, on request from the depositor, may allow withdrawal of a term deposit before completion of the period agreed upon at the time of making the deposit. While prematurely closing a deposit, interest on the deposit for the period that it has remained with the Bank will be paid at the rate applicable to the period for which the deposit remained with the Bank or contracted rate of interest whichever is lower.

In addition, the Bank can levy penalty, as applicable from time to time. Further, the Bank may disallow premature withdrawal of large deposits held by entities other than individuals and HUFs. For payment before maturity, all the joint account holders have to discharge the Term Deposit Receipts.

13. PREMATURE RENEWAL OF TERM DEPOSIT:

In case the depositor desires to renew the deposit by seeking premature closure of an existing Term Deposits A/c, 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 broken period will be paid at the rate applicable to the period for which the deposit remained with the Bank or contracted rate of interest whichever is lower and not the contracted rate.

14. RENEWAL OF OVERDUE TERM DEPOSITS:

When a Term Deposit is renewed on maturity, interest rate as applicable on the date of maturity would be applied on the renewed deposit for the period specified by the depositor.

15. AUTOMATIC RENEWAL OF TERM DEPOSITS ON DUE DATE:

Unless there are specific instructions to the contrary, term deposits will be renewed for the same tenure as was for the matured Term Deposit and rate of interest would be as prevailing on due date. The TDR renewed under ARS would be given to the customer upon submission of e-mail advice/original TDR duly discharged.

16. ADVANCES AGAINST DEPOSITS:

The Bank may consider a request from the depositor/s for loan/overdraft facility against Term Deposit/s 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 from Guardian stating that loan is for the benefit of the minor, is to be furnished by the depositor-applicant.

17. SETTLEMENT OF DUES IN DECEASED DEPOSIT ACCOUNT:

- i. If the Depositor has registered nomination with the Bank; - the balance outstanding in the A/c of the deceased depositor will be transferred to the A/c of / paid to the nominee when valid claim on prescribed format is received and the Bank is satisfied about the identity of the nominee.
- ii. The above procedure will be followed even in respect of a joint A/c where nomination is registered with the Bank.
- iii. In Joint Deposit A/cs under operational instructions "operated jointly" where no nomination is made when one of the Joint A/c 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 A/c holders had given mandate for disposal of the balance in the A/c in the forms such as "either or survivors", etc., the payment will be made as per the mandate to avoid delays on production of legal documents 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 A/c of deceased person against joint application and indemnity by all legal heirs or the person mandated by all legal heirs to receive the payment on their behalf without insisting on legal documents upto the limit approved by the Bank's Board. This is to facilitate that the common depositors are not put to hardship on account of delays in completing legal formalities.

18. INTEREST PAYABLE ON TERM DEPOSIT IN DECEASED ACCOUNT

- i. In the event of death of the depositor before the date of maturity of the deposit and amount of the deposit is claimed after 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 prevailing 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 prevailing on the date of maturity, from the date of maturity till the date of payment.

19. 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.

20. STOP PAYMENT FACILITY

The Bank will accept Stop Payment instructions from the depositors in respect of Cheques issued/reported lost and not paid till receipt of stop payment instructions. Charges, as specified, will be recovered.

21. DORMANT/INOPERATIVE ACCOUNTS:

Savings Bank A/cs as well as Current A/cs would be treated as dormant/inoperative accounts if there are no transactions in the account for a period over two years. For classifying an account as inoperative, 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, three 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 and
- c. Activation of such account will not be charged.

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

22. REDRESSAL OF COMPLAINTS AND GRIEVANCES:

Depositor having any complaints/grievances with regard to services rendered by the Bank have a right to approach authority(ies) designated by the Bank for handling customer's complaints/grievances. The Bank has in place customer's grievance redressal policy to assist the Depositors. Accordingly, Depositor not satisfied with the service of the Bank may approach Nodal Officer for redressal of their complaints. Details of Nodal Officers are displayed at every Branch/Regional Office of The Bank and are also available on Bank's website: aryavart-rrb.com. The Branch officials shall provide all required information regarding procedure for lodging the complaints. In case the Depositor does not get response from the Bank with 30 days from the date of complaints or he/she is not satisfied with the response received from the Bank, he/she has the right to approach Banking Ombudsman appointed by RBI.

(R. B. Singh)
CHIEF MANAGER

(G. K. Srivastav)
GENERAL MANAGER