

## **MOST IMPORTANT TERMS AND CONDITIONS (MITC) TERM DEPOSIT ACCOUNT**

### **"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.

### **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 KYC norms the 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.
- ❖ In case of any change in tenure of deposit, scheme of deposit, change in the names of depositors, change in nomination, depositor needs to submit fresh term deposit form signed by all the depositor/s.
- ❖ In case of interest pay out desired at monthly/quarterly intervals, name/s of depositor/s appearing in Fixed Deposit Account must be there in corresponding Savings/Current Account to which interest will be getting credited.

### **Interest:**

- ❖ The rates of interest payable on Term Deposits is governed by Head 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.
- ❖ In case of interest at monthly/quarterly rest option, the same will be paid either to the credit of the Savings/Current Account if the same is with our Bank or to the credit of the Savings/Current Account subject to submission of ECS mandate.
- ❖ In case depositor avails credit facilities/term loan against security of deposit, then monthly/quarterly interest will be credit to the related OD/CCHYP/Mortg-OD/ any term loan.

### **Period of Deposits**

- ❖ Term deposits can normally be opened for a maximum period of 120 months. 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 Deposit:**

- ❖ Under the existing guidelines in force, the depositors have to give instructions for renewal of their term deposits for a further period within 7/14 days or the tenure as decided by bank from time to time 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 01.04.2014. However Recurring Deposit and Tax Savings Deposit shall mature for payment upon completion of the term of deposit and shall not be rolled over. Under the facility of automatic renewal of domestic term deposits, the receipt will renew automatically for 30 cycles of tenure of deposits. After completion of 30 cycles of renewal, the auto renewal process will stop and customer has to visit branch alongwith auto renewed receipt for further renewal.
- ❖ The term deposits will be renewed on the due date for a similar period of the deposit at the rate of interest applicable on date of renewal.
- ❖ Since Bank has introduced auto-renewal facility, Maturity intimation/notice would not be sent separately to all individual depositors, however, SMS alert about due date/renewal of deposit would be sent to registered mobile number or email address.

#### **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 0.25% over card rate subject to submission of proof of age. No additional interest will be effected with back dated effect, in cases where depositor is attaining age of senior citizen during the running tenure of deposit. Customer may avail the same during next cycle of renewal of next cycle of deposit by visiting branch and informing Bank about attaining age of senior citizen. At present bank is not having facility of converting normal deposit to senior citizen deposit automatically.

#### **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:

"In the event of death of any of us, Bank shall be at liberty to make payment of the deposit before maturity to the survivor/s without concurrence of the legal heirs of the deceased."

#### **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 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.
- ❖ 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 cumulative deposit 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

#### **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 of more than one depositor, the cancellation or variation of a nomination shall not be valid unless it is made by all the depositors 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.