

**Deposit Policy  
(Domestic Branches)  
Version No. 17.0  
2026-27**

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## POLICY GUIDELINES ON DEPOSITS: 2026-27

### 1. KNOW YOUR CUSTOMER (KYC) GUIDELINES

Know Your Customer [KYC] is the platform on which Banking system operates to avoid the pitfalls of operational, legal and reputational risks and consequential losses by scrupulously adhering to the various procedures laid down for opening and conduct of account.

The Bank shall adopt appropriate Know Your Customer Policies, procedures and internal controls reasonably designed to:

- 1.1 Determine and document the true identity and address of the customers who establish relationships, open accounts or conduct significant business transactions and obtain basic background information on customers.
- 1.2 Obtain and document any additional customer information, commensurate with assessment of the money laundering risks posed by customers' expected use of Bank's products and services.
- 1.3 Avoid doing business with any individual or entity whose identity cannot be determined or who refuses to provide information or who have provided information that contains significant inconsistencies which cannot be resolved after due investigation.

The regulatory guidelines require Bank to categorize customers based on risk perception and prepare profiles of customers for the purpose of transaction monitoring. 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 and the final decision will be conveyed at the earliest.

*For detailed guidelines on KYC, refer Policy on "KYC AML CFT" for domestic branches issued by the Bank from time-to-time.*

### 2. DEFINITIONS

- 2.1 '**Individual**' means a natural person.
- 2.2 '**Hindu Undivided Family**' (HUF) means HUF as defined under Income-tax Act, 1961.
- 2.3 '**Savings Deposit**' means a form of interest-bearing demand deposit which is a deposit account whether designated as 'Savings Account', 'Savings Bank Account', 'Savings Deposit Account', 'Basic Savings Bank Deposit Account (BSBDA)' or other account by whatever name called which is subject to the

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restrictions as to the number of withdrawals as also the amounts of withdrawals permitted by a bank during any specified period.

- 2.4 'Current Account' means a form of non-interest bearing demand deposit where from withdrawals are allowed any number of times depending upon the balance in the account or up to a particular agreed amount and shall also be deemed to include other deposit accounts which are neither Savings Deposit nor Term Deposit.
- 2.5 'Term Deposit' means an interest-bearing deposit received by a bank for a fixed period and shall also include deposits such as Recurring / Cumulative / Annuity / Reinvestment deposits and Cash Certificates.
- 2.6 'Daily Product' means the interest applied on the end of day balance.
- 2.7 'Bulk Deposit' means Single Rupee term deposits of ₹3 crore and above.
- 2.8 'Domestic Rupee Deposits' mean rupee deposits maintained in India in the form of current account, savings deposit or term deposit.
- 2.9 'Notice Deposit' means term deposit for specific period but withdrawable on giving at least one complete banking days' notice.
- 2.10 'Demand Deposit' means a deposit received by a bank, which is withdrawable on demand.
- 2.11 'Reinvestment deposits' refers to those deposits where interest (as and when due) is reinvested at the same contracted rate till maturity which is withdrawable with the principal amount on maturity date.
- 2.12 'Family' includes members as mentioned in a bank's Service / Staff Regulations.
- 2.13 'Member of the bank's Staff' means a person employed on a regular basis, whether full-time or part-time, and includes a person recruited on probation or employed on a contract for a specified duration or on deputation and an employee taken over in pursuance of any scheme of amalgamation but does not include a person employed on casual basis.
- 2.14 'Retired Member of the bank's Staff' means an employee retiring whether on superannuation or otherwise as provided in the bank's Service / Staff Regulations.
- 2.15 'NRE Account' means a Non-Resident External deposit account referred to in Foreign Exchange Management (Deposit) Regulations, 2016, as amended from time to time.
- 2.16 'NRO Account' means a Non-Resident Ordinary deposit account referred to in Foreign Exchange Management (Deposit) Regulations, 2016, as amended from time to time.

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2.17 'FCNR(B) Account' means a Foreign Currency Non-Resident (Bank) account referred to in Foreign Exchange Management (Deposit) Regulations, 2016, as amended from time to time.

2.18 'RFC Account' means a Resident Foreign Currency account referred to in Foreign Exchange Management (Foreign currency accounts by a person resident in India) Regulations, 2016, as amended from time to time.

2.19 'Alternative Reference Rate (ARR)' means any widely accepted ARR for the respective currency as prescribed in RBI circular on Roadmap for LIBOR Transition issued vide CO.FMRD.DIRD.S39/14.02.001/2021-22 dated July 08, 2021.

All other expressions, unless defined herein, shall have the same meaning as have been assigned to them under the Banking Regulation Act, 1949 or the Reserve Bank of India Act, 1934 or any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

### 3. TYPES OF DEPOSIT ACCOUNTS

The Deposit Products offered by the Bank are broadly categorized in the following types:

1. Savings Bank Account.
2. Current Account.
3. Term Deposits.

### 4. ACCOUNT OPENING AND OPERATION OF DEPOSIT ACCOUNTS

#### 4.1 Savings Bank Account:

Savings Bank account, as the very name suggests, is intended for savings for the future. There are no restrictions on the number and amount of deposit that can be made on any day. Minimum amount of cash withdrawal at Branch is Rs.50/- and cash deposit is Rs.10/-. Balance in the account earns interest at rates decided by the Bank, from time to time. The facility of withdrawal by cheque is also allowed subject to certain restrictions.

Branches shall not open a Savings Bank 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 and Entities.

Branches shall open a Savings Bank deposit account only in the name of Individuals, Karta of HUF and Organizations/Agencies listed hereunder:

- (1) Primary Co-operative Credit Society which is being financed by the Bank.
- (2) Khadi and Village Industries Boards.

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- (3) Agriculture Produce Market Committees.
  - (4) Societies registered under the Societies Registration Act, 1860 or any other corresponding law in force in a State or a Union Territory except societies registered under the State Co-operative Societies Acts and specific state enactment creating Land Mortgage Banks.
  - (5) Companies licensed by the Central Government under Section 8 of Companies Act, 2013 or Section 25 of Companies Act, 1956 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'.
  - (6) Institutions other than those mentioned in *paragraph 43(8) of "Reserve Bank of India (Commercial Banks - Interest Rate on Deposits) Directions, 2025" dated November 28, 2025* (as mentioned in above *Para 4.1*) ineligible to open Savings Bank accounts and whose entire income is exempt from payment of Income-tax under the Income-Tax Act, 1961.
  - (7) Government departments / bodies / agencies in respect of grants / subsidies released for implementation of various programs / Schemes sponsored by Central Government / State Governments subject to production of an authorization from the respective Central / State Government departments to open savings bank account.
  - (8) Development of Women and Children in Rural Areas (DWCRA).
  - (9) Self-help Groups (SHGs), registered or unregistered, which are engaged in promoting savings habits among their members.
  - (10) Farmers' Clubs - Vikas Volunteer Vahini - VVV.

For the purposes of the above clause, 'Political Party' means an Association or Body of individual citizens of India, which is, or is deemed to be registered with the Election Commission of India as a Political Party under the Election Symbols (Reservation and Allotment) Order, 1968 as in force for the time being.

As required by Law, while opening the account, Bank will satisfy itself about the identity, including verification of address of a person/s seeking to open an account, satisfying about his occupation and source of income, to assist in protecting the prospective customers, members of the public and the Bank against fraud and other misuse of the Banking system duly observing the Know Your Customer [KYC] guidelines of RBI.

Bank will not open savings deposit account in the name of entities belonging to the category of bodies/institutions/ organizations prohibited to open Savings Bank Deposit.

***Savings Bank account cannot be opened in the name of a private entity for implementation of the Government funding schemes.***

- 4.1.1 **Introduction**: Introduction from an existing customer is **not mandatory** for opening accounts, including those of legal entities. After passing of Prevention of Money Laundering Act (PML Act) and introduction of document-based verification of identity/address of the proposed account holders, the accounts opened with proper documents are considered as acting in good faith and without negligence by the banks. An account will be considered fully KYC compliant after obtention of

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KYC documents like recent photographs, proof of identity and proof of address, verification of these documents & updation of the details in the system.

4.1.2 The Bank is required to obtain 2 recent photographs of the person/s opening the account. In case of illiterate persons, 3 photographs have to be obtained.

4.1.3 The Officially Valid Documents are as under:

- 1) Passport.
- 2) Driving License.
- 3) Proof of possession of Aadhaar number\*.
- 4) Voter Identity Card issued by Election Commission of India.
- 5) Job card issued by NREGA duly signed by an officer of the State Government.
- 6) Letter issued by the National Population Register containing details of name and address.

[\*Where the client submits his proof of possession of Aadhaar number as an Officially Valid Document, he may submit it in such form as issued by the Unique Identification Authority of India (UIDAI)].

Only the documents mentioned above would be accepted for opening accounts of individuals. Branches should not accept any other document for this purpose. ***(For detailed guidelines on KYC, refer Policy on “KYC AML CFT” for domestic branches issued by the Bank from time-to-time).***

Customer Due Diligence (CDD) means identifying and verifying the customer and the beneficial owner using reliable and independent sources of identification.

For undertaking Customer Due Diligence (CDD), Bank shall obtain the following from an individual while establishing an account-based relationship or while dealing with the individual who is a beneficial owner, authorized signatory or the power of attorney holder related to any legal entity:

- (A) The Aadhaar number where,
  - (i) he is desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016 (18 of 2016); or
  - (ii) he decides to submit his Aadhaar number voluntarily to a bank; or
- (B) The proof of possession of Aadhaar number where offline verification can be carried out; or
- (C) The proof of possession of Aadhaar number where offline verification cannot be carried out or any OVD or the equivalent e-document thereof containing the details of his identity and address; or
- (D) the KYC Identifier with an explicit consent to download records from CKYCR; and
- (E) The Permanent Account Number or the equivalent e-document thereof or Form No. 60 as defined in Income-tax Rules, 1962; and

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- (F) Such other documents including in respect of the nature of business and financial status of the customer, or the equivalent e-documents thereof as may be required by the bank.

Provided that where the customer has submitted,

- i. Aadhaar number under clause (A) above to a bank, such bank shall carry out authentication of the customer's Aadhaar number using e-KYC authentication facility provided by the Unique Identification Authority of India.

Further, in such a case, if customer wants to provide a current address, different from the address as per the identity information available in the Central Identities Data Repository, he may give a self-declaration to that effect to the Bank.

- ii. Proof of possession of Aadhaar under clause (B) above where offline verification can be carried out, the bank shall carry out offline verification.
- iii. An equivalent e-document of any OVD, the bank shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000) and any rules issues thereunder and take a live photo.
- iv. Any OVD or proof of possession of Aadhaar number under clause (C) above where offline verification cannot be carried out, the bank shall carry out verification through digital KYC.
- v. KYC Identifier under clause (D) above, the Bank shall retrieve the KYC records online from the CKYCR.

Provided that for a period not beyond such date as may be notified by the Government for a class of Regulated entities, instead of carrying out digital KYC, the Regulated entity pertaining to such class may obtain a certified copy of the proof of possession of Aadhaar number or the OVD and a recent photograph where an equivalent e-document is not submitted.

Note:

- **“Obtaining a certified copy”** shall mean comparing the copy of the proof of possession of Aadhaar number where offline verification cannot be carried out or Officially Valid Document so produced by the customer with the original and recording the same on the copy by the authorized officer of the Bank.

***Provided that in case of Non-Resident Indians (NRIs) and Persons of Indian Origin (PIOs), as defined in Foreign Exchange Management (Deposit) Regulations, 2016 {FEMA 5(R)}, alternatively, the original certified copy, certified by any one of the following, may be obtained:***

- ***Authorized officials of overseas branches of Scheduled Commercial Banks registered in India,***
- ***Branches of overseas banks with whom Indian banks have relationships,***
- ***Notary Public abroad,***
- ***Court Magistrate,***

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- *Judge,*
  - *Indian Embassy/Consulate General in the country where the non-resident customer resides.*

- ▶ **“Digital KYC”** means the capturing live photo of the customer and Officially Valid Document or the proof of possession of Aadhaar, where offline verification cannot be carried out, along with the latitude and longitude of the location where such live photo is being taken by an authorized officer of the Bank.
- ▶ **“Equivalent e-document”** means an electronic equivalent of a document, issued by the issuing authority of such document with its valid digital signature including documents issued to the digital locker account of the customer as per rule 9 of the Information Technology (Preservation and Retention of Information by Intermediaries Providing Digital Locker Facilities) Rules, 2016.

4.1.4 In case, Officially Valid Documents (OVDs) furnished by the customer does not contain updated address, the following documents or the equivalent e-documents thereof shall be deemed to be the OVDs for the limited purpose of proof of address:

- i) Utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
- ii) Property or Municipal tax receipt;
- iii) Pension or family pension payment orders (PPOs) issued to retired employees by Government Department or Public Sector Undertakings, if they contain the address;
- iv) Letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and license agreements with such employers allotting official accommodation.

(The Customer shall submit updated Officially Valid Document with current address within a period of three months of submitting the above document).

***Where the OVD presented by a foreign national does not contain the details of address, in such case the documents issued by the Government departments of foreign jurisdictions and letter issued by the Foreign Embassy or Mission in India shall be accepted as proof of address.***

***Explanation: For the purpose of this clause, a document shall be deemed to be an OVD even if there is a change in the name subsequent to its issuance provided it is supported by a marriage certificate issued by the State Government or Gazette notification, indicating such a change of name.***

***(For detailed guidelines on KYC, refer Policy on “KYC AML CFT” for domestic branches issued by the Bank from time-to-time).***

4.1.5 ***The account holder is required to maintain minimum average balance in the account, as specified by the Bank from time to time. Bank has discretion to levy charges for non-compliance of the same. However, adequate notice will be given duly informing the change/s.***

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4.1.6 ***The interest on Savings Deposit including NRE/ NRO deposit is calculated on daily product as under:***

- a) ***A uniform interest rate shall be set on balance up to ₹1 lakh, irrespective of the amount in the account within this limit.***
- b) ***Differential rates of interest may be provided for any end-of-day savings bank account balance exceeding ₹1 lakh.***

4.1.7 ***The Interest on saving deposit including NRE/ NRO Deposit will be credited to the Customers' accounts on quarterly intervals in every financial year on 27th of June, 27th of September, 27th of December and 27th of March or shorter intervals.***

4.1.8 ***Interest on savings accounts shall be credited on a regular basis including those frozen by the enforcement authorities, shall be credited on regular basis, irrespective of the operational status of the account.***

4.1.9 ***Service charges will be collected if the number of withdrawals (excluding Alternate Channel debits) exceeds 50 for every half year period.***

4.1.10 ***For existing accounts, issue of cheque book is subject to satisfactory operation in the account. Issue of multiple cheque books is at the discretion of the Branch Manager.***

4.1.11 ***Cheques, Dividend Warrants drawn in the name of account holder/s only will be collected through the account.***

4.1.12 ***An instrument having date as per Saka Samvat calendar is a valid instrument. A Date Conversion inquiry facility is provided in CBS. Bank shall ascertain the Gregorian calendar date corresponding to the National Saka calendar in order to avoid payment of stale cheques.***

4.1.13 ***Pass book is provided to customer and updated periodically.***

4.1.14 ***Bank shall not mark any type of lien, direct or indirect, against NRE saving deposits.***

## **4.2 Canara Basic Savings Bank Deposit Accounts:**

***The Basic Savings Bank Deposit (BSBD) Account is designed as a savings account to provide affordable banking facilities to the public at large. Bank shall offer a BSBD account which shall be considered a normal banking service available to all.***

***The following basic minimum facilities in the Canara Basic Saving Bank Deposit Account (BSBDA), are to be offered free of charge, without any requirement of minimum balance to be maintained in such an account:***

- (1) Deposit of cash.***
- (2) Receipt of money through any electronic channel or deposit / collection of cheques.***
- (3) No limit on number and value of deposits that can be made in a month.***
- (4) ATM Card or ATM-cum-Debit Card. Further, no charges shall be levied towards annual fee, either at the time of issuance or renewal.***

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- (5) Cheque book with minimum 25 cheque leaves per year.**
- (6) Internet and mobile banking facility.**
- (7) Passbook or monthly statement of account in lieu of passbook, either in print or by email, as per request of the account holder. Further, issuance of a continuation passbook, on exhaustion of the pages in the previous passbook, shall not attract any charge.**
- (8) Minimum of four free withdrawals, including transfers and ATM transactions (done either at the bank's own ATM or another bank's ATM), in a month. Digital payment transactions excluding ATM transactions, i.e., Point of Sale transfers, NEFT, RTGS, UPI, IMPS, etc., shall not be counted as withdrawals for this purpose. The charges on digital payment transactions shall be in accordance with guidelines issued by Department of Payment and Settlement Systems, Reserve Bank / National Payments Corporation of India / Government of India, as applicable.**

**The facilities of ATM / ATM-cum-Debit card or internet / mobile banking or cheque book shall be offered to a customer provided he / she requests for the same, whether at the time of opening the account or subsequently. Bank/Branches shall not insist that a customer necessarily avails these facilities while opening and/ or operating the BSBD account.**

**In the case of existing BSBD accounts, Bank/Branches shall extend the newly introduced free facilities at clause (5) to (7) of paragraph 4.2 above upon receipt of a request from the customer. Bank/Branches shall facilitate existing BSBD account holders to submit such requests through physical as well as digital channels.**

**Bank may provide additional facilities beyond the above minimum in a BSBD account, with or without charges, in a non-discretionary and non-discriminatory manner with transparent disclosure to the customer. However, while doing so, Bank shall not require the customer to maintain a minimum balance in the BSBD account. The availment of such additional facilities shall be at the option of the customer.**

**Opening and operation of BSBD accounts shall be subject to the instructions on Know Your Customer / Anti Money Laundering issued by the Reserve Bank vide 'Reserve Bank of India (Commercial Banks - Know Your Customer) Directions, 2025', as amended from time to time. Further, BSBD accounts opened by or operated on behalf of minors shall be subjected to the guidelines applicable for Minors.**

**Bank/Branches, while opening a BSBD account, shall not impose any requirement of an initial minimum deposit**

**A customer may convert his / her existing savings bank account to a BSBD account. The Bank/Branches shall convert the existing savings bank account to BSBD account within seven days of receipt of request in writing from the customer for such conversion. Such an option shall also be provided to customers through digital channels.**

**The holder of a BSBD account shall not be eligible to open another BSBD account in the same Bank or any other Bank. Accordingly, before opening a new BSBD**

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*account or converting an existing savings bank account to a BSBD account, the Bank shall obtain a declaration from the customer that he / she does not have a BSBD account in any Bank.*

*Bank/Branches shall publicise the availability of BSBD account and its features to customers. Bank/Branches shall also convey the differences between BSBD account and various savings bank account variants offered by it when a customer approaches it to open a deposit account.*

#### **4.3 Accounts under Relaxed KYC Guidelines (Small Accounts)- “Canara Small Savings Bank Deposit” account.**

Although flexibility in the requirements of documents of identity and proof of address has been provided in the KYC guidelines, it has been observed that a large number of persons, especially, those belonging to low-income group both in urban and rural areas are not able to produce such documents to satisfy the Bank about their identity and address. This would lead to their inability to access the banking services and result in their financial exclusion. In such cases, if a person who wants to open an account and is not able to produce documents as mentioned in **Para 4.1.3**, Bank shall open an account with Relaxed KYC guidelines.

The accounts with “Relaxed KYC guidelines” can be opened under “Canara Small Savings Bank Deposit Account”. The features of the above account and restrictions stipulated by RBI/Govt. of India are as under:

- Accounts where aggregate of all credits in a financial year does not exceed Rs.1.00 lakh;
- The aggregate of all withdrawals and transfers in a month does not exceed Rs.10,000/- and
- Where the balance at any point of time does not exceed Rs.50,000/-.

The above limit on balance shall not be considered while making deposits through Government grants, welfare benefits and payment against procurements.

Any violation of the stipulations mentioned above will result in restraining the operations in the account after giving due notice to the account holder.

Canara Small Savings Bank Deposit account can be opened on production of a self-attested photograph and affixation of signature or thumb impression as the case may be, on the form for opening the account, provided that the bank official while opening the account certifies under his/her signature that the person opening the account has affixed his/her signature or thumb impression as the case may be, in his/her presence.

A Canara Small Savings Bank Deposit Account shall remain operational initially for a period of twelve months and thereafter for a further period of twelve months if the holder of such an account provides evidence before the Bank of having applied for any of the officially valid documents within twelve months of the opening of the said account. The entire relaxation provisions are to be reviewed in respect of the said account after twenty-four months.

Holders of Canara Small Savings Bank Deposit Account will not be eligible for opening any other savings bank deposit account in the Bank. If a customer has any other existing savings bank deposit account in the Bank, he/she will be required to close such existing accounts within 30 days from the date of opening of “Canara Small Savings Bank Deposit Account”.

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Once the account holder keeps a balance of more than Rs. 50,000/- in the account opened under the scheme and in any other deposits accounts put together, or if the total credit in one year in all the deposit accounts including the account opened under the scheme exceeds Rs.1 lakh or if the total withdrawal and transfers in a month exceeds Rs. 10,000/-, the account holder should necessarily undergo full KYC procedure. In case, the account holder fails to undergo full KYC procedure, further transactions in his/her Canara Small Savings Bank Deposit Account shall not be permitted.

In respect of “Small Accounts”, the prescribed limits/conditions should not be breached and compliance therewith should be strictly monitored.

A Canara Small Savings Bank Deposit Account shall be monitored and when there is suspicion of money laundering or financing of terrorism or other high-risk scenarios, the identity of customer shall be established through the production of officially valid documents.

Foreign remittances shall not be allowed to be credited into a Canara Small Savings Bank Deposit Account unless the identity of the customer is fully established through the production of officially valid documents.

#### **4.4 Documents required by a foreign student to open a Bank account:**

- (1) Proof of Identity: Passport, Valid Visa with photograph.
- (2) Proof of Admission: A letter from the University or College.
- (3) Address Proof: A letter from the College or Hostel, certificate from the Embassy of the country of origin or any appropriate Legal Authority certified local address in India/rent agreement/certification of registration issued by Foreigner Registration Regional Office (FRRO).

Branches may open NRO Account on the basis of the passport (with appropriate visa & immigration endorsement) which contains proof of identity and address in the home country along with a photograph and a letter offering admission from the educational institution in India.

- Provided that a declaration about the local address shall be obtained within a period of 30 days of opening the account and the said local address is verified.
- Provided further that pending the verification of address, the account shall be operated with a condition of allowing foreign remittances not exceeding USD 1000 or equivalent into the account and a cap of rupees fifty thousand on aggregate in the same, during the 30-days period.

The account shall be treated as normal NRO account and shall be operated in terms of RBI's instructions on Non-Resident Ordinary Rupee (NRO) Account, and the provision of FEMA 1999.

Students with Pakistani nationality will need prior approval of RBI for opening the account.

RBI has clarified that in terms of Section 2(V) of FEMA 1999 definition of a person resident in India does not include a person who has come to stay in India for any purpose which would indicate his stay for a definite period. Accordingly, a foreign student coming to India would be considered as “Non-resident” and a resident account cannot be opened for him.

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## 5. CURRENT ACCOUNT:

Current Accounts are designed to meet the needs of such sections of the public who operate their account regularly and frequently. i.e., Traders, Businessmen, Corporate bodies or the like, who receive money and make payments very often. Current accounts are suitable to such category of customers as there are no restrictions on the number of withdrawal or deposit. Current accounts can be opened by individuals, proprietary concerns, partnership firms, Private & Public Ltd Co., HUFs/Specified associations, Societies, Trusts, Limited Liability Partnerships, Departments of Authority created by Government (Central or State), etc.

As required by law, while opening the account, the Bank will satisfy itself about the identity, satisfying about his occupation and source of income, including verification of address of the person/s seeking to open an account to assist in protecting the prospective customers, public and the Bank against fraud and other misuse of the Banking system duly observing the KYC guidelines of RBI.

Introduction from an existing customer is **not mandatory** for opening accounts, including those of legal entities. An account will be considered fully KYC compliant after obtention of KYC documents like recent photographs, proof of identity and proof of address, verification of these documents & updation of the details in the system.

Only the Officially Valid Documents would be accepted for opening accounts of individuals/entities. Branches should not accept any other document for this purpose. *(For detailed guidelines on KYC, refer Policy on “KYC AML CFT” for domestic branches issued by the Bank from time-to-time).*

- 5.1 The Bank is required to obtain 2 photographs of all the person/s who are opening and operating the account.
- 5.2 The Bank is required to obtain Permanent Account Number [PAN] or alternatively obtain declaration in Form No. 60 as per the Income Tax Act from the person/s opening the account [i.e., including partners or registered/unregistered partnership as also registered/corporate bodies/companies, etc.]. The PAN shall be verified from the verification facility of the issuing authority.
- 5.3 The Bank will provide to the prospective customer's details of the documents required for identification of the person/s opening the account. Minimum Balance as stipulated from time to time is required to be maintained by the customers.
- 5.4 No interest is paid on credit balance kept in Current Account. ***Provided that balances lying in current account standing in the name of a deceased individual depositor or sole proprietorship concern shall attract interest from the date of death of the depositor till the date of repayment to the claimant(s) at the rate of interest applicable to savings deposit as on the date of payment.***
- 5.5 Service charges are levied for:
  - Ledger folio used.
  - Cheque books issued.
  - Non-maintenance of minimum balance.
  - Return of cheques, ECS, etc.
  - Other facilities as per extant guidelines.

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- 5.6 Current Accounts for Executors, Administrators, Trustees, liquidators, etc., can also be opened.
- 5.7 Statement of account is provided to the account holder monthly or at periodic intervals, as per the choice of the account holder.
- 5.8 **Branch official must strictly adhere to the detailed SOP issued from time to time for carrying out Contact Point Verification.**
- 5.9 **Maintenance of Cash Credit Accounts, Current Accounts and Overdraft Accounts by Banks**
- 5.9.1 **Bank may maintain current account or OD account without any restriction in case of customers where the aggregate exposure of the banking system to the customer is less than ₹10 crore.**

**Explanation (1): ‘Banking System’ for the purpose of this Chapter shall include Commercial Banks (including Small Finance Banks, Local Area Banks, and Regional Rural Banks, but excluding Payments Banks), Urban Co-operative Banks and Rural Co-operative Banks (State Co-operative Banks and Central Co-operative Banks).**

**Explanation (2): ‘Exposure’ for the purpose of this Chapter means the sum of all sanctioned fund-based credit facilities and non-fund-based facilities availed by the borrower from the banking system.**

- 5.9.2 **In case of customers to whom the exposure of the banking system is ₹10 crore or more:**
- (A) **A bank may maintain current accounts or OD accounts as per the needs of the customer provided that the bank has either:**
- a) **A minimum 10 per cent share in banking system’s aggregate exposure to the borrower; or**
- b) **A minimum 10 per cent share in banking system’s aggregate fund-based exposure to the borrower.**

**Provided that, in case no bank within the banking system meets the above criteria, or only one bank meets the above criteria, two banks from the banking system having the largest exposures to the borrower may maintain current accounts or OD accounts.**

**Provided further that, in case where only one bank within the banking system has any exposure to the borrower, one more bank of the customer’s choice within the banking system may maintain current accounts, subject to furnishing of a no-objection certificate (NOC) from the bank that has the exposure to the borrower.**

**Provided further that, in case where no Scheduled Commercial Bank (SCB) meets the above criteria, but the borrower nevertheless desires to have a**

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*current account with an SCB, such borrowers may maintain current accounts with any one SCB of their choice, subject to furnishing of NOCs from all lending banks within the banking system.*

- (B)** *A bank, not meeting the eligibility criteria at paragraph (A) above, may maintain only collection accounts.*

*Explanation: 'Collection Account' for the purpose of this Chapter means a current account or OD account used primarily for receipts of cash inflows of the account holder. Restricted payments / cash outflows from such account shall be subject to the conditions outlined in paragraph 5.9.3 of these Directions.*

**Collection Accounts:**

- 5.9.3** *Funds credited into a collection account shall be remitted within two working days of receipt of such funds to a CC account, current account, or OD account maintained with any bank in the banking system and designated by the borrower for this purpose (hereinafter referred to as 'designated account' in this Chapter). Any disbursement of overdraft limit from an OD account, which is in the nature of a collection account, shall be through the designated account only.*

*Provided that statutory due such as taxes, and dues, if any, to the bank maintaining the collection account may be debited before remitting the funds.*

**Exemptions**

- 5.9.4** *The restrictions placed in terms of paragraph 5.9.2 (A) of these Directions shall not be applicable to the accounts mentioned below:*

- (A)** *Accounts opened as per the provisions of Foreign Exchange Management Act, 1999 (FEMA) and notifications issued thereunder, including accounts mandated for ensuring compliance under the FEMA framework.*
- (B)** *Specific accounts or transactions which are stipulated under a statute or a specific instruction of a financial sector regulator, or the Central Government or a State Government.*

*Explanation: 'Financial sector regulator' for the purpose of this Chapter refers to the Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI), the Insurance Regulatory and Development Authority of India (IRDAI) and the Pension Fund Regulatory and Development Authority (PFRDA).*

- (C)** *Accounts of entities regulated by a financial sector regulator, used for the purpose of carrying out their regulated activities.*

*Provided that banks operating the above-mentioned exempted accounts shall ensure that transactions in such accounts are used only for the permitted /*

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*specified purposes. Surplus funds, if any, in such accounts shall be remitted to the designated account.*

**5.9.5** *Banks, in certain cases, offer products or services that inherently require routing transactions through a current account maintained with themselves. In such cases, banks which are otherwise not eligible to maintain accounts in terms of paragraph 5.9.2 (A) of these Directions may also maintain current accounts, subject to the conditions specified below:*

- (A)** *Such accounts shall only be opened in accordance with a Board-approved policy for the product / service, which shall detail and justify, inter alia, the necessity of operating these accounts.*
- (B)** *Transactions in such accounts shall be limited for the specified purpose(s). Cash transactions, debits at the discretion of customers, and issuance of instruments like electronic cards and cheque books shall not be permitted in such accounts. Surplus funds, if any, in such accounts shall be remitted to the designated account.*
- (C)** *Banks shall implement adequate safeguards to ensure that such accounts are not used as substitutes for current accounts, or employed to circumvent restrictions placed on current accounts, or misused for activities such as fund diversion or fraud.*

#### **Compliance Monitoring**

**5.9.6** *For the purpose of ensuring ongoing compliance with this Chapter, all banks shall monitor accounts maintained with them on a regular basis, and in any case at least once every half-year.*

**5.9.7** *In case it is observed that a bank is no longer eligible to maintain a current account or OD account opened in terms of:*

- (A)** *paragraph 5.9.1 due to increase in exposure of banking system to the borrower up to or beyond the specified threshold of ₹10 crore; or*
- (B)** *paragraph 5.9.2 (A), due to changes in the bank's share in banking system's aggregate exposure or in aggregate fund-based exposure to the borrower; or due to non-availability of NOC from banks that have exposure to the borrower;*

*then the bank shall notify the customer(s) concerned promptly, and in any case within one month from the date of observing such ineligibility, that the account must either be converted to a collection account or closed. The conversion or closure process, as the case may be, shall be completed within three months of observing such ineligibility.*

**5.9.8** *Accounts opened in terms of these Directions shall be appropriately flagged in the bank's core banking solution (CBS) to ensure clear identification and to facilitate effective monitoring. Banks maintaining multiple accounts for a*

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*borrower shall ensure that such accounts and transactions and cashflows therein are monitored at the borrower level as also at the account level.*

**Other Provisions**

**5.9.9** *A bank shall ensure that an account holder utilise their account solely for transactions related to their authorised business or activities. These accounts shall not, under any circumstances, be used as pass-through channels for facilitating third-party transactions.*

*Provided that entities expressly licensed or authorised by a financial sector regulator to facilitate third-party transactions may continue to do so. However, such activities shall strictly be limited to the specific transactions they are authorised to do and shall not extend beyond that scope. Any account that has been permitted to carry out such third-party transactions shall be appropriately flagged in the bank's CBS to ensure clear identification and to facilitate effective monitoring.*

**5.9.10** *A bank shall ensure that an accountholder, who is not licensed or authorised by the Reserve Bank to accept deposits or to provide payment services, do not engage in such activities through accounts maintained with them.*

**5.9.11** *Robust monitoring systems shall be implemented to detect the above prohibited usage, including mechanisms to flag accounts exhibiting unusually high transaction volumes, frequent pass-through activities, or inconsistencies between the accountholder's stated line of business and transactions carried out through the account.*

**5.9.12** *Term loans sanctioned by the bank shall preferably be remitted directly to the intended beneficiary's account(s) or for the specified end-use, where such beneficiary is identifiable, rather than routing the funds through the borrower's account.*

**6 TERM DEPOSIT ACCOUNT:**

Term deposits are deposits received by the Bank for a fixed period, withdrawable after the expiry of the fixed period and include deposits such as Recurring/Fixed/Kamadhenu/Nitya Nidhi Deposit (a special scheme), etc. Bank has tailored various term deposit schemes to suit the needs and expectation of the investing people from all walks of life. Term deposits can be opened by individuals, partnership firms, Private/Public Ltd Companies, HUFs, Institutions, Societies, Trusts, Limited Liability Partnership, Departments of Authority created by Government (Central or State), etc.

*The interest rates on Term Deposits shall vary only on account of one or more of the following reasons:*

- a) Tenor of Deposits: Bank shall have the freedom to determine the maturity / tenor of the deposit subject to the condition that minimum tenor of the deposit offered shall be seven days.*

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**b) Size of Deposits: Differential interest rate shall be offered only on bulk deposits.**

**Provided that differential interest shall not be applicable on deposit schemes framed on the basis of the Bank Term Deposit Scheme, 2006.**

**Provided also that differential interest shall not be applicable on deposits received under the Capital Gains Accounts Scheme, 1988 by a bank.**

**c) Non-availability of premature withdrawal option: Bank shall have the freedom to offer term deposits without premature withdrawal option.**

**Provided that all term deposits accepted by a bank from individuals (held singly or jointly) for amount of ₹1 crore and below shall have premature withdrawal facility.**

The Minimum period for placing deposit under Fixed deposits (FD) Scheme is 7 days (for deposits of Rs.5 lakh and above) otherwise the minimum period is 15 days. The minimum period under reinvestment scheme- Kamadhenu Deposit (KD) is 5 months and 6 months under Recurring deposit (RD). The maximum period for deposits under Fixed deposits (FD), Kamadhenu Deposit (KD) and Recurring deposit (RD) is 10 years. However, deposits in the name of Minors and deposits under court orders are accepted for more than 10 years' period. Rate of interest as applicable to the deposits for 10 years' slab prevailing at the time of opening the term deposit shall be applicable to the deposits opened for more than 10 years' period under exceptional cases such as deposits accepted under court orders.

NND (Nitya Nidhi Deposit) scheme is intended to mop up the small savings and is specially designed for daily savers of small means and based on daily door collection by Agents appointed by the Bank. The accounts under the NND scheme shall be opened with tenor of 63 months only. Minimum amount of daily contribution to NND Scheme is Rs.50 (Rupees Fifty Only). Daily collection per day per account shall not exceed Rs.1000/- (Maximum Rs. 30,000/- in a month). No interest and commission shall be paid beyond this limit. The detailed interest rates (Including interest rates applicable on premature withdrawal) for deposits under NND Scheme are announced from time to time by the Bank. A penalty of 0.05% on the Interest payable for premature closure of the NND deposit will be collected on premature closure of NND Deposit when closed within 12 months. ***W.e.f. 25.03.2025, Interest on existing overdue Nitya Nidhi Deposits shall be paid at "Interest as applicable to savings account or the contracted rate of interest on the matured NND, whichever is lower". Such overdue interest shall be paid from the date of accounts becoming overdue. System functionality is already enabled.***

As required by law, while opening of the term deposit account, the Bank will satisfy itself about the identity, satisfying about his occupation and source of income, including verification of address of the person/s seeking to open an account to assist in protecting the prospective customers, public and the Bank itself against fraud and other misuse of the Banking system duly observing the KYC guidelines of RBI.

Introduction from an existing customer is **not mandatory** for opening accounts, including those of legal entities. An account will be considered fully KYC compliant after obtention of KYC documents like recent photographs, proof of identity and proof of address, verification of these documents & updation of the details in the system.

Full KYC exercise involves obtention of KYC documents like recent photographs, proof

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of identity and proof of address, verification of these documents, and safe keeping of the photographs/documents.

Only the 'Officially Valid Documents' would be accepted for opening accounts of individuals/entities. Branches should not accept any other document for this purpose. ***(For detailed guidelines on KYC, refer Policy on "KYC AML CFT" for domestic branches issued by the Bank from time-to-time).***

- 6.1 The Branch is required to obtain 2 photographs of all the person/s who are opening and operating the account. Photograph will not be insisted from depositors already having their SB/ Current Account with photographs.
- 6.2 The Branch is required to obtain Permanent Account Number [PAN] or alternatively obtain declaration in Form No.60 as per the Income Tax Act from the person/s opening the account. The PAN shall be verified from the verification facility of the issuing authority. The Bank will provide to the prospective customers details of the documents required for identification and Address Proof of the person/s opening the account. Persons & entities already having operative accounts such as Savings Bank, Current account, etc., need not provide the above documents for opening of the Term Deposit accounts.
- 6.3 The rate of interest for Term Deposits is decided by the Asset Liability Committee of the Bank, who has been delegated with such powers by the Board of the Bank. This interest rate is uniformly applied to all customers without any negotiation or discrimination. An additional interest of 1.28% above the prevailing rates paid by the Bank for Army/Navy/Air force Insurance Groups has been withdrawn vide RBI Circular dated 06.08.2015.
- 6.4 Premature withdrawals are allowed.
- (a) The components of penalty shall be clearly brought to the notice of the depositors at the time of acceptance of deposits. If not, no penalty shall be levied.***
- (b) A penalty of 1.00% shall be levied for premature closure/part withdrawal/premature extension (penalty is waived if premature extension period is more than the original period as mentioned in paragraph below) of Domestic/NRO term deposits of less than Rs.3 Crore that are accepted /renewed on or after 07.06.2024. ***Such prematurely closed/part withdrawn/prematurely extended deposits will earn interest at the rate as applicable for the amount slab of less than Rs.3 Crore, as ruling on the date of deposit and as applicable for the period run OR the rate at which the deposit has been accepted, whichever is lower along with applicable penalty.*** However, waiver of penalty for premature closure/part withdrawal of term deposits may be permitted on case-to-case basis by the ED-CAC on the recommendation of the Circle Head.
- (c) Penalty is waived for premature extension of Domestic / NRO term deposits of less than Rs.3 Crore during the tenure, where extension is for a period longer than the period originally agreed to.
- (d) A penalty of 1.00% is waived in case of premature closure/part withdrawal/premature extension of Domestic/NRO CALLABLE term deposit of Rs. 3 Crore & above that are accepted/renewed on or after 07.06.2024. Such prematurely closed/part withdrawn/prematurely extended deposits will earn interest at the

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rate as applicable for the amount slab of Rs.3 Crore & above as ruling on the date of deposit and as applicable for the period run OR the rate at which the deposit has been accepted, whichever is lower. A penalty of 1.00% is applicable on Term Deposits under Capital Gains Account Scheme-1988, which are prematurely converted/withdrawn/closed, irrespective of the size of the deposit amount.

- (e) Further, no interest will be payable on Domestic/NRO term deposits prematurely closed/prematurely extended before completion of 7<sup>th</sup> day. (Including for Sweep in- Sweep out deposits).
- (f) Bank shall have the freedom to offer term deposits without premature withdrawal option. Provided that all term deposits accepted by a bank from individuals (held singly or jointly) for amount of ₹1 crore and below shall have premature withdrawal facility.
- (g) In case of splitting of the amount of term deposit at the request from the claimant(s) of deceased depositors or joint account holders, 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.***
- (h) Canara Tax Saver: In case of deceased depositor, pre-mature closure can be permitted by Circle Head.

**6.5 Non-Callable Deposit:** A term deposit without premature withdrawal option.

**6.5.1 Non-Callable deposit closure can be permitted under following exceptional circumstances:**

- a) Death of Depositor.
- b) In case of bankruptcy of depositor/s, insolvency etc.
- c) In case of winding up of business/closure of departments/institutions etc.
- d) In case of Government/Regulatory order/court order.
- e) In the event of Banker's right to set-off (i.e., legal right of the bank to set off or adjust the debit amount against the credit amount in the balance of the same borrower).
- f) Deposit made erroneously (subject to examination of staff lapses).

**6.5.2 Rate of interest to be paid on Non-Callable deposits that are closed under exceptional circumstances (above cases) is as under:**

If Non-Callable term deposit is closed based on above circumstances, ROI at 1.00% below the rate as applicable for Callable deposits, for the relevant amount slab as ruling on the date of deposit and as applicable for the period run OR 1.00% below the rate at which the deposit has been accepted, whichever is lower, shall be applicable. However, no interest will be payable on term deposits prematurely closed/prematurely extended before completion of 7<sup>th</sup> day. (No penalty in case of death of depositor and deposits made erroneously subject to examination of staff lapses).

Delegated authority to permit the payment of interest for the Non-callable deposits shall be with **Vertical Head, Resources Vertical, Strategy, Resources & Govt. Services Wing**, for the above cases based on the recommendations of Circle Head.

The Guidelines on Non-Callable deposit are as under:

NON-CALLABLE DEPOSITS	
Minimum Period	46 Days
Maximum Period	10 Years
Eligibility	All types of Customers (Domestic/NRO/NRE)
Minimum Amount	Above Rs.1.00 Crore
Maximum Amount	No limit
Premature Closure	Not Permitted
Part-Withdrawal	Not Permitted
Sweep In/Sweep Out	No
Auto Renewal	Auto renewal facility is not available for Non-Callable deposits. However, in case of existing lien against Non-callable deposits, the deposit gets force renewed to corresponding Callable deposit product for the same term with ROI prevailing on the date of renewal.

Non-Callable deposit, Part withdrawal/Premature withdrawal not permitted; should be mentioned on the deposit application.

- 6.6** Generally, loans/overdrafts against deposits are allowed. Such loans are sanctioned by charging interest at rates announced from time to time by the Bank. 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 submitted by the guardian.
- 6.7** Deposits shall be automatically renewed by the Bank on due dates for similar periods as per the mandate of the depositor in the original application except in case of encumbered deposits, CGA deposits, Canara Tax Saver deposits, Non-Callable deposits, discontinued products and in case of deposits where alternate instructions are available. The rate of interest prevailing on the date of maturity shall be the rate applicable for the renewed deposit. All other terms and conditions stated in the application will remain valid. The Bank intimates the depositor in advance regarding the date of maturity of the term deposit.
- 6.8** 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. Interest on Fixed Deposit is payable either monthly at discounted value or quarterly or half yearly or yearly or on maturity. The interest on Term deposits is calculated by the Bank in accordance with the formulae and conventions advised by Indian Banks' Association. The interest rates for term deposits are decided by the Asset Liability Committee of the Bank (ALCO) and shall be as applicable on the date of issue/renewal of the Term Deposit.
- 6.9** **Premature extension/renewal of term deposit:** In case the depositor desires to renew the deposit by seeking premature closure of an existing term deposit, the Bank will permit the renewal at the applicable rate on the date of renewal, provided the deposit has run for a minimum period of 7 days (for deposits of Rs.5 lakh and above) and the deposit is renewed for a period longer than the balance period of the original deposit. While prematurely closing a deposit for the purpose

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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 the deposit has remained with the Bank, subject to penalty (if any) and not at the contracted rate.

**6.10** Renewal of overdue Term Deposit: When a domestic/ Ordinary Non-Resident (NRO) term deposit is renewed on maturity, the interest rate ruling on the date of maturity for the period specified by the depositor would be extended. Facility of Automatic renewal of domestic/NRO term deposits is available for depositors who exercise their option for auto renewal except CGA deposits, Canara Tax Saver deposits and Non-Callable deposits.

**6.11** If a Domestic Term deposit matures and proceeds are unpaid, the amount left unclaimed with the Bank shall attract rate of interest as applicable to saving account or the contracted rate of interest on the matured TD, whichever is lower.

**6.12** a) Opening of term deposits (Domestic/NRO/NRE) with Value date may be permitted on case-to-case basis by the **Head of Resources Vertical, Strategy, Resources & Govt. Services Wing**, based on the recommendations of the Circle Head.

*b) Opening of Foreign Currency term deposits (such as FCNR (B)/RFC) with Value date may be permitted on case-to-case basis by the **Head of Resources Vertical, Strategy, Resources & Govt. Services Wing**, based on the recommendations of the Circle Head.*

**6.13** *In cases where a term deposit account(s) of a depositor is frozen by the Bank/Branches on the order of law enforcement authorities, the Bank/Branches shall obtain a request letter from the depositor on maturity for renewal of the term deposit. The depositor shall be given an option to choose the term for renewal of the deposit. In case the depositor does not exercise the option of choosing the term for renewal, Bank/Branches shall renew the deposit for a term equal to the original term.*

**6.14** Deposits maturing on Holiday/non-business working day:

- ◆ If a term deposit is maturing for payment on a Holiday/non-business working day, interest shall be paid at the originally contracted rate on the original principal deposit amount for the Holiday/non-business working day, intervening between the date of the maturity of the specified term of the deposit and the date of payment of the proceeds of the deposit on the succeeding working day.
- ◆ In case of reinvestment of Term deposits and recurring deposits, interest shall be paid at the originally contracted rate for the intervening Holiday/non-business working day on the maturity value.

**6.15** **BULK DEPOSITS:**

As per RBI Master Direction on Interest Rates on Deposits, "Bulk Deposit" is defined as "Single Rupee term deposit of ₹ 3 Crore and above" w.e.f. 07.06.2024.

The rate of interest for Bulk Deposits is decided by the Asset Liability Committee of the Bank, who has been delegated with such powers by the Board of the Bank.

If branches are desirous of quoting additional rate with or without validity period for Bulk deposits, a sub-committee of ALCO (ALCO Sub-committee) approved by the

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Board of directors shall be vested with delegated powers to quote additional interest of maximum 50 bps over and above the card rate. The rate so published shall be uniform to all the deposits with the same amount and tenor. The proposals falling under the powers of ALCO Subcommittee shall be taken up with the Committee by **Treasury Wing** based on market conditions and ongoing rates.

**The ALCO Subcommittee shall consist of the following:**

1. **Executive Director Overseeing Treasury Wing**
2. **CGM/GM, Treasury Wing**
3. CGM/GM, Group Chief Finance Officer, Financial Management Wing.
4. CGM/GM. Chief Risk Officer, Risk Management Wing.
5. **CGM/GM, Strategy, Resources & Government Services Wing.**

The additional interest over card rates shall be approved by minimum of three committee members out of which approval of **Executive Director Overseeing Treasury Wing** is mandatory.

Monthly consolidated note on all the proposals permitted by ALCO sub-committee shall be placed before the ALCO by **Integrated Treasury Vertical, Treasury Wing** for information.

SOP for Bulk Deposits is enclosed in **Annexure-A**. Any change in SOP shall be permitted by S & P Committee.

Presently, there is no penalty for premature closure/part withdrawal/premature extension of Domestic/NRO term deposit of Rs.3 Crore & above.

The upper limit for a branch, to accept single term deposit at Card rate, has been enhanced to less than Rs.10 Crore with effect from 26.03.2020. However, if branches are desirous of quoting deposits with validity period / additional rate for Bulk Deposit of Rs.3 Crore and above then permission has to be obtained from **Integrated Treasury Vertical, Treasury Wing** through their respective Circle Office.

For Single Bulk Domestic term deposit of Rs.10 Crore and above, only Designated branches shall take up with **Bulk Deposit Desk, Domestic Front Office, Treasury Wing**, Mumbai, HO through Resources Section of respective Circle office for obtaining permission to accept the deposit. **Head of Resources Vertical, Strategy, Resources & Government Services Wing** is permitted to designate any branch (other than Designated branches) to open Single Bulk Term Deposit of “Rs.10 Crore and above” in exceptional circumstances based on business needs and on the recommendation of the Circle Head.

In case of all Bulk Deposits of Rs.3 Crore & above, a confirmatory letter in the form of a “Thanks giving” letter will be sent by the Bank to the beneficiary by Registered Post/Reputed Courier as well as e-mail and SMS wherever email ID and mobile number are available, giving necessary details.

KYC guidelines shall be complied with scrupulously while accepting bulk term deposits. Proper application, documents and resolution of the Board/Governing Body (wherever applicable), etc. have to be obtained and verified for its genuineness.

In respect of bulk term deposits, opening of term deposit account and printing of Deposit Receipt shall be done on the same day of accepting/ clearance of the proceeds.

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A Power of Attorney holder from the branch accepting the bulk term deposit/upcountry branch/Circle (where the depositor is located) shall pay a personal visit to the office of the beneficiary after opening the bulk term deposit. This visit may coincide with the handing over of the Deposit Receipt against due acknowledgement from the depositor/ depositor's authorized representative.

The visit of the Bank Official and handing over of the deposit receipt shall be properly recorded. Such record shall be kept in a separate file which may be verified and commented upon by the Overseeing Executive during the interface with the branch/branch visit. The branch-in-charge shall be responsible for getting the same verified by the Overseeing Executive. Compliance of this aspect shall be ensured by the Inspecting Officers during the regular inspection of the branch.

In case of loan/overdraft facility of Rs.3 Crore and above against the term deposit, necessary due diligence shall be ensured by the branches. For loan/overdraft facility of less than Rs.10 Crore sanctioned against a term deposit, offsite monitoring should be done at the Operations Section, Circle Office and for loan/overdraft facility of Rs.10 Crore & above offsite monitoring should be done at OTM Cell, Transaction Monitoring Vertical, Operations Wing, Head Office.

Branches should not credit the proceeds of loan to third party accounts in case of loans/advances granted on term deposits. The loan proceeds should be credited to the account of the depositor/s only.

Before disbursing the loan proceeds against term deposits, independent confirmation regarding request for loans to be obtained from the depositor, in addition to loan application. The extant guidelines on delegation of powers shall be strictly adhered to while sanctioning any Loans/Overdrafts against term deposits.

Reports to be generated from CBS on a day-to-day basis for large value transactions of Rs.3 Crore & above in respect of Term Deposits and Loans/Overdrafts granted against Term Deposits and Operations Section of the respective Circle Office should monitor these transactions every day.

Staff are advised to ensure strict compliance of all the cited guidelines and staff accountability shall be fixed for any lapse on part of the staff in following the laid down guidelines either in processing a proposal or sanction/disbursement, or monitoring. Operations Section of the respective Circle Office should monitor the same. The statutory/ concurrent auditors may also be assigned in their TOR (Terms of Reference) to monitor this aspect more closely.

Review of all Bulk Deposit Transactions of Rs.3 Crore & above should be done by the respective Resources Section of Circle Office regularly. Review of loans against Bulk Term Deposits should be done by the respective Credit Review Section of Circle Office regularly.

A Callable deposit (premature withdrawal permissible) can be closed before maturity at any point of time without penalty and the rate of interest will be payable at the rate prevailing on the date of opening, for the period that the deposit has run.

#### **6.16 Tax on Interest on Bank Deposits:**

The Bank has statutory obligation to deduct tax at source if the total interest paid/payable in a financial year on all term deposits (including RD) held by a person exceeds the amount specified under the Income Tax Act. In case where PAN is not submitted by the customer, TDS will be deducted at prescribed rate or 20% whichever

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is higher. The Bank will issue a tax deduction certificate (TDS Certificate) for the amount of tax deducted wherever PAN was provided by the customer(s). The depositor, if entitled for exemption from TDS, can submit declaration in the prescribed format (Form 15G/H or exemption certificate u/s 197 of Income Tax Act, 1961) at the beginning of every financial year or at the time of opening of fresh deposit by new customer. TDS on interest of deposit shall be deducted if applicable, at the time of compounding of accrued interest on quarterly basis (anniversary quarter) and on accrual basis as on 31st March.

As per Section 139AA of the Income Tax Act 1961, every person eligible to obtain an Aadhaar and has PAN, must link their Aadhaar with their PAN by 30.06.2023. If a person failed to link Aadhaar with PAN on or before 30.06.2023, the PAN shall become inoperative from 01.07.2023 & continue till the PAN becomes operative.

Accordingly,

- a) where tax is deductible under Chapter XVJJ-B in case of such person, such tax shall be deducted at higher rate, in accordance with the provisions of section 206AA;
- b) where tax is collectible at source under Chapter XVJJ-BB in case of such person, such tax shall be collected at higher rate, in accordance with the provisions of section 206CC.

**6.17 Floating Rate Domestic Term Deposits:**

*Floating rate domestic term deposits shall be linked to a directly observable and transparent market determined external benchmark.*

**6.18 Payment of Interest on domestic Term Deposit (Including Tax Saver Deposit) of a deceased depositor:**

*The rate of interest on matured deposits standing in the name of a deceased individual depositor or two or more joint depositors, where one of the depositors has died, shall be as below:*

- 6.18.1 In respect of the deposit of the deceased closed before maturity and repaid to the legal heirs/ representatives of the deceased depositor, interest is payable at the rate applicable for the period for which the deposit actually remained with the bank without penal cut.
- 6.18.2 In the event of the death of the depositor before the date of the maturity of the deposit and the 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 till the date of payment, the bank shall pay simple interest at the applicable Savings bank rate prevailing on the date of maturity, for the period for which the deposit remained with the bank beyond the date of maturity.
- 6.18.3 In the case of death of the depositor after the date of maturity the bank shall pay interest at Savings Bank rate prevailing on the date of maturity, from the date of maturity till the date of payment.

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## **6.19 Payment of interest on Death Claim settlement in respect of auto renewed deposits:**

6.19.1 Payment of interest in the event of the death of the depositor before the date of maturity of the original deposit and the deposit is auto renewed on the date of maturity and the amount of deposit is claimed before or after the subsequent maturity date:

- The bank shall pay interest at contracted rate till the date of maturity of the original deposit and thereafter Savings Bank deposit rate operative on the date of maturity of the original deposit from the date of maturity of the original deposit till the date of payment.

6.19.2 Payment of interest in the event of the death of the depositor after the date of maturity of the original deposit and the deposit is auto renewed on the date of maturity and the amount of deposit is claimed during the pendency of the auto renewed deposit (i.e., premature closure of the auto-renewed deposit):

- From the date of auto renewal of the deposit till the date of payment, interest rate applicable for the period run prevailing on the date of auto renewal of the deposit without penal cut.

The above is applicable for the first renewal cycle of auto renewal.

6.19.3 Payment of interest in the event of the death of the depositor after the date of maturity of the original deposit and the deposit is auto renewed on the date of maturity of the original deposit and the amount of deposit is claimed after the maturity date of the auto renewed deposit:

(i) If the death of the depositor occurs after the date of maturity of the original deposit, but before the maturity of auto renewed deposit (i.e., first auto renewal) and the amount of deposit is claimed after the maturity of the auto renewed deposit:

- At the contracted rate till the date of maturity of auto-renewed deposit (i.e., first auto renewal).
- At Savings Bank deposit rate operative on the date of maturity of auto-renewed deposit from the date of maturity of the auto-renewed deposit till the date of payment.

(ii) If the auto renewal happens for more than once and the death of the depositor occurs during one of these auto renewal cycles, contracted rate shall be payable till the maturity date of the renewal cycle in which the death has occurred. Savings Bank rate shall be payable thereafter till the date of payment.

## **6.20 Term Deposits of Senior Citizens:**

Additional interest of 0.50% is available to Senior Citizen deposits only in case of Retail Term Deposit (RTD- Less than Rs. 3.00 Crore) with tenor of 180 days and above under Domestic term deposits except CGA deposits, NRO/NRE term deposits. Senior Citizen Deposit can be opened by individuals who have completed the age of 60 years and above, individually or jointly with other senior citizen or with other individuals below the age of 60 years subject to the condition that the Senior Citizen is No. 1 Depositor. The Bank will satisfy about the age through verification of applicable documents and a copy of the same will be obtained along with the application. As per RBI direction, the system will automatically enable preferential

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ROI (i.e. 0.5 % over and above existing deposit rate) to all existing Domestic Term Deposits and RD deposits with effect from the date of customer becoming Senior Citizen.

***Additional interest is not offered on the term deposit standing in the name of an HUF or the Karta of the HUF, even if the Karta is a resident Indian Senior Citizen.***

For Ex-Employee Senior Citizens (60 years and above) additional 1.50% over and above the rate offered for General public is to be extended for all deposit periods (except for term deposits under NRO, and Capital Gains Deposit scheme), irrespective of the size of the deposit. However, under Canara Tax Saver Scheme, the additional interest rate offered to Ex-employee Senior Citizens over and above the rate offered for General Public is 1% only.

#### **6.21 NRE TERM DEPOSITS:**

***Interest rates on NRE / NRO term deposits shall vary only on account of one or more of the following reasons:***

- a) Tenor of deposits: Bank shall have the freedom to determine the maturity / tenor of the deposit subject to the condition that minimum tenor of NRE term deposits shall be one year and that of NRO term deposits shall be seven days.***
- b) Size of deposits: Differential interest rate shall be offered only on bulk deposits.***
- c) Non-availability of premature withdrawal option: Bank shall have the freedom to offer NRE / NRO term deposits without premature withdrawal option.***

***Provided that all NRE / NRO term deposits accepted from individuals (held singly or jointly) for amount of ₹1 crore and below shall have premature withdrawal facility.***

***Interest rates on NRE / NRO deposits shall not be higher than those offered by the bank on comparable domestic rupee term deposits.***

Minimum period of NRE deposit is one year and maximum period is 10 years. There is no stipulation on minimum/maximum deposit amount. The period of NRE term deposits can be extended during the tenure of the deposit for a period longer than the original period (i.e., original period of the deposit). The period of the extended deposit shall be minimum of one year and a maximum of 10 years effective from the date of extension. The depositor should continue to be non-resident at the time of extension of deposit.

Guidelines related to premature closure and renewal of NRE deposit will also be applicable in case of extension of deposit.

**Account conversion due to change in residential status from Resident to Non-resident or vice versa:**

#### **Non-Resident (External) Rupee Account [NRE Account]**

NRE accounts should be designated as resident accounts or the funds held in these accounts may be transferred to the RFC accounts, at the option of the account holder, immediately upon the return of the account holder to India for taking up employment or on change in the residential status.

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### **Non-Resident Ordinary Rupee Account [NRO Account]**

NRO accounts shall be designated as resident accounts on the return of the account holder to India for any purpose indicating his intention to stay in India for an uncertain period.

Likewise, when a resident Indian becomes a person resident outside India, his existing resident account including term deposits shall be designated as NRO account.

Preferential rate, if any, extended to Employees/Ex-employees/Ex-employees Senior Citizen, Senior Citizens and Super senior citizens shall be withdrawn from the date of change of residential status from resident Indian to NRI. Branches to collect the existing TD receipt and issue fresh receipt with revised ROI.

#### **6.21.1 Renewal of overdue NRE Term Deposit:**

- a. The overdue NRE term deposit will be paid interest at prevailing NRE Savings Bank Rate for the overdue period. Renewal of overdue term deposit from the date of maturity is prohibited. If such deposit is continued (entire amount or in part), the same will be treated as a fresh term deposit from the date of presentation, at the rate prevailing on the date of presentation for the period of fresh term deposit.
- b. The entire amount of overdue deposit or a portion can be placed as fresh NRE Term Deposit from the date of presentation. The interest payable for fresh deposit is the rate prevailing as on the day of the fresh deposit, provided the period of the fresh deposit is not less than 1 year from the date of making such fresh deposit.
- c. NRE term Deposit shall be automatically renewed only once by the Bank on due date for an identical period at the applicable rate of interest ruling on the date of maturity based on the mandate of the depositor in the original application form, unless instruction to the contrary is received from the depositor by the Bank. The renewal will be in accordance with the provisions of the relevant RBI scheme in force at the time of renewal. The depositor should continue to be non-resident at the time of renewal deposit.

#### **6.21.2 Premature withdrawal of NRE term deposits:**

- 1) A penalty of 1.00% shall be levied for premature closure/premature extension (penalty is waived if premature extension period is more than the original period as mentioned in paragraph below) of NRE term deposit of less than Rs.3 Crore that are accepted /renewed on or after 12.03.2019.
- 2) A penalty of 1.00% is waived in case of premature extension of NRE CALLABLE term deposit of less than Rs. 3 Crore during the tenure, where extension is for a period longer than the period originally agreed to. Further, no interest will be payable on NRE term deposits prematurely closed/prematurely extended before completion of 1 year.
- 3) ***The components of penalty shall be clearly brought to the notice of the depositors at the time of acceptance of the deposits.***

The penalty of 1.00% is waived in case of premature closure/premature extension of NRE CALLABLE term deposit of Rs. 3 Crore & above that are accepted/renewed on or after 12.03.2019. Such prematurely closed/ prematurely extended deposits will earn interest at the rate as applicable for the amount slab of Rs.3 Crore & above as ruling

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on the date of deposit and as applicable for the period run OR the rate at which the deposit has been accepted, whichever is lower.

- a. However, no penalty will be charged for premature closure/extension of NRO term deposits that are placed in NRE term deposits.
- b. NRO deposits can be placed in NRE deposits subject to:
  - Such transfer is within the overall limit of USD 1.00 million or its equivalent in other currencies during a financial year, and
  - Customer submitting Form 15CA and 15CB.
- c. Where NRE deposit is to be closed before maturity before completion of one year from the effective date of deposit, no interest shall be payable on such premature closure.
- d. In the case of premature withdrawal of NRE term deposit, for conversion into Resident Foreign Currency [RFC] account, the Bank may not levy any penalty for premature withdrawal. If such a deposit has not run for a minimum period of 1 year, the Bank may, at its discretion, pay interest at a rate not exceeding the rate payable on NRE Savings Bank Deposit, provided request for such a conversion is made by NRE account holder, immediately on return to India.
- e. Where the NRE deposit is closed before maturity on or after completion of one year from the effective date of deposit, the interest payable on such premature closure shall be as per the prevailing Bank guidelines.
- f. Conversion of NRE deposit into Foreign Currency Non-Resident [B] deposit and vice-versa before maturity will be subject to the provision relating to premature withdrawal.

#### 6.21.3 Payment of Interest on the NRE Term Deposit of a deceased depositor:

In the case of NRE deposit where the claimant/s are residents, the deposit on maturity will be treated as domestic deposit and interest will be paid for the subsequent period at a rate applicable to the domestic deposit of a similar maturity.

### 6.22 DEPOSITS HELD IN FCNR [BANKS] ACCOUNTS:

#### 6.22.1 Important features of the Scheme:

- a) Non-resident Indians (NRIs) and Persons of Indian Origin (PIOs) are permitted to open and maintain FCNR (B) accounts.
- b) The scheme covers deposits in US Dollar (USD), Great Britain Pound (GBP), Euro(EUR), Canadian Dollars(CAD) and Australian Dollars(AUD) from non-resident individuals of Indian nationality or origin [NRIs].
- c) Repatriation of funds in foreign currencies is permitted.
- d) The deposits are accepted only in form of FDR or KDR under the Scheme for the following maturity periods:

DETAILS	MINIMUM PERIOD	MAXIMUM PERIOD
FCNR (B) KDR	ONE YEAR	FIVE YEARS
FCNR (B) FDR	ONE YEAR	FIVE YEARS

No Recurring Deposits shall be accepted under FCNR (B) Scheme.

- e) Transfer of funds from the existing NRE accounts to FCNR (B) accounts and vice versa, of the same account holder, is permissible.
- f) Minimum Amount for opening FCNR(B) Account:

Currency	USD	GBP	EUR	CAD	AUD
Minimum Amount	500	500	500	500	500

There is no maximum limit.

#### 6.22.2 Manner of payment of interest:

- **Interest rates on term deposits under the FCNR(B) Scheme shall vary only on account of one or more of the following reasons:**

a) **Tenor of deposits: The maturity period for term deposits under the FCNR(B) Scheme shall be as under:**

- i) **One year and above but less than two years;**
- ii) **Two years and above but less than three years;**
- iii) **Three years and above but less than four years;**
- iv) **Four years and above but less than five years; and**
- v) **Five years only.**

**Provided that, Bank shall not accept or renew FCNR(B) deposits over five years and no recurring deposits shall be accepted under the FCNR(B) Scheme.**

b) **Size of deposits: Bank shall, at its discretion, decide the currency-wise minimum quantum on which differential rates of interest may be offered.**

- The rate of interests on FCNR (B) deposits are decided periodically by the Asset Liability Committee (ALCO) of the Bank, which has been delegated with such powers by the Board.

If branches are desirous of quoting deposits above the interest rate permitted by the ALCO, such proposals shall be placed before the ALCO Sub-committee by the **Resources Vertical, Strategy, Resources & Govt Services Wing**.

The ALCO Subcommittee shall be vested with delegated powers to quote additional interest of maximum upto 50 bps over and above the card rate. The rate so published shall be uniform to all the deposits with the same amount and tenor.

The additional interest over card rates shall be approved by a minimum of three committee members out of which approval of the Executive Director overseeing **Treasury Wing** is mandatory.

Monthly consolidated note on all the proposals permitted by ALCO sub-committee shall be placed before the ALCO by **Resources Vertical, Strategy, Resources & Govt Services Wing** for information.

- The Overnight Alternative Reference Rate for the respective currency /SWAP rates as on the last working day of the preceding month shall form the base for fixing ceiling rates for the interest rates offered effective in the following month.
- Bank shall adhere to the interest rates ceiling on FCNR(B) deposits stipulated by RBI, from time to time.

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- ***The interest rates on all deposits, including where differential rates of interest are offered, shall be subjected to the overall ceiling on FCNR (B) deposits stipulated by RBI, from time to time.***
  - ***Interest on floating rate deposits shall be paid within the ceiling of swap rates for the respective currency / maturity and in case of fixed rate deposits, interest shall be paid within the ceiling of Overnight Alternative Reference Rate (ARR) for the respective currency / maturity.***
  - ***The interest reset period shall be six months for all floating rate deposits.***
  - ***All transactions, involving payment of interest on deposits shall be rounded off to the nearest rupee for rupee deposits and to two decimal places for FCNR(B) deposits.***
  - The Overnight Alternative Reference Rate for the respective currency / Swap rates quoted / displayed by Financial Benchmarks India Pvt. Ltd. (FBIL) shall be used as the reference for arriving at the interest rates on FCNR(B) deposits.
  - Accordingly, interest on FCNR (B) Deposits is intimated on a ***periodic basis*** by ***Resources Vertical, Strategy, Resources & Govt. Services Wing***, for following periods:
    - (a) One year and above but less than two years.
    - (b) Two years and above but less than three years.
    - (c) Three years and above but less than four years.
    - (d) Four years and above but less than five years.
    - (e) Five years only.
  - ***Employees/Ex-employees/Ex-employees Senior Citizen and Senior Citizens are not eligible for preferential interest.***
  - Interest on FCNR (B) deposits shall be calculated and paid in the manner indicated below:
    - (a) CBS reckons 360 days as number of days per year while calculating interest on FCNR (B) deposits.
    - (b) In case of FCNR [B] FDRs accepted for a period of exactly one year, simple interest is payable only on the date of maturity. In other words, in case of such FCNR [B] FDRs accepted for a period of one year, interest for the entire year [365 or 366 days, as the case may be] should be computed without any compounding effect and no payment of interest should be made before completion of one year from the date of investment.
    - (c) In case of FCNR [B] Fixed Deposits accepted for more than one year, simple interest can be paid at intervals of 180 days each and thereafter for remaining number of days. Hence depositors intending to draw interest at half yearly rests [i.e. at intervals of 180 days] by way of credit to NRE / FCNR[B] / other accounts or remittance abroad, should be advised to keep the deposit in FCNR [B] FDR at least for a minimum period of 1 year + 1 day.

(d) In the case of FCNR (B) Fixed Deposits where the depositor wishes to get monthly / quarterly interest, the same should be paid at discounted value basis as per the existing norms.

(e) In case of FCNR (B) KDR accounts, interest will be paid on maturity with compounding effect at the interval of 180 days.

### 6.22.3 Automatic Renewal of FCNR (B) Deposits:

(a) Auto renewal facility is enabled for FCNR (B) deposits with effect from 03.03.2021. Deposits falling due on or after this date will be renewed automatically only once on the date of maturity for the similar tenure, unless instruction to the contrary is provided by the term depositor on or before the due date.

(b) The facility of auto-renewal of FCNR (B) deposits is restricted to single renewal only (i.e., auto renewal shall happen only once), as the Non-resident status of the depositor is to be confirmed periodically. For subsequent renewals, if any, branches to obtain the express authority in writing from the depositor or fresh account opening form.

(c) This facility will be available only for the accounts where passport is not in expired status.

### 6.22.4 Payment of interest on overdue FCNR (B) Deposits:

Overdue period (from the date of maturity till the date of renewal, both days inclusive)	FCNR (B) Deposit
Not exceeding 14 days	Branches may renew an overdue deposit or a portion thereof from the date of maturity. The rate of interest payable on the amount of the deposit so renewed shall be the appropriate rate of interest for the period of renewal as prevailing on the date of maturity or on the date of renewal, whichever is lower.
More than 14 days*	Simple interest at par with RFC SB rate for the respective currency prevailing on the date of renewal or the contracted rate of interest on the matured TD, whichever is lower.

\*Where deposit is overdue for more than 14 days, renewal from date of maturity is not permitted. If customer requests the Bank for renewal of such overdue deposit, the same shall be acceded to by treating it as a fresh term deposit at the interest rate prevailing on the date of renewal for the period of fresh term deposit.

**Note:** In case, where only a portion of the overdue deposit is renewed, interest for the overdue period shall be paid on the amount so placed only.

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### 6.22.5 Premature withdrawal of deposits:

1. Where the FCNR(B) deposit is to be closed before maturity before completion of the minimum period of deposit i.e., one year from the effective date of deposit, no interest is payable on such prematurely closed deposit.

#### **Penalty on Premature withdrawal of deposits:**

- a. For FCNR (B) deposits opened or renewed prior to 19.11.2021:

If FCNR (B) deposit is closed before maturity on or after completion of the stipulated minimum period of deposit of 1 year, the rate of interest payable on such prematurely closed deposit shall be 1% less than the stipulated rate of interest applicable to FCNR (B) deposit for the period run, as ruling on the date of deposit.

If the applicable rate of interest for the period run is less than 1%, No interest should be paid for premature withdrawal.

- b. For FCNR (B) deposits opened/renewed on or after 19.11.2021:

If FCNR (B) deposit is closed before maturity on or after completion of the stipulated minimum period of deposit of 1 year, the rate of interest payable on such prematurely closed deposit shall be the rate of interest applicable to FCNR (B) deposit for the period run, ruling as on the date of deposit or on the date of seeking premature withdrawal, whichever is lower.

2. If on request from the heir/s, legal representative/s or nominee/s, Bank agrees to split the amount of term deposit and issues two or more receipts individually in the name of the heir/s legal representative/s or nominees, before maturity of deposit, it shall not be construed as premature withdrawal of the term deposit provided the period and aggregate amount of the deposit do not undergo any change.
3. No penalty for premature withdrawal shall be levied, where depositors of the branch as mentioned in consequence of transfer of branch of one bank to another branch section of this policy desires premature withdrawal of deposit consequent to the transfer of business to another bank.
4. *Bank may, at its discretion, levy penalty to recover the swap cost in the case of premature withdrawal of FCNR(B) deposits.*
5. *The components of penalty shall be clearly brought to the notice of the depositors at the time of acceptance of the deposits. If not, the exchange loss arising out of premature withdrawal shall be borne by the bank.*

### 6.22.6 Payment of interest on FCNR (B) deposits of NRIs on return to India:

- When the FCNR (B) account holder returns to India for permanent settlement, he/she shall immediately inform the branch about the change in the status. Branches should obtain a declaration from the account holder to the effect that he/she has come back to India for permanent settlement and the same is to be kept along with the account opening form. Persons of Indian nationality/origin,

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who return to India for permanent settlement, are having the following two options, as regards their FCNR (B) deposits:

- a) To continue the FCNR (B) deposit till maturity at the contracted rate of interest.

**NOTES:**

- i) Under this option, the deposit will continue as FCNR (B) with regards to provisions relating to rate of interest and reserve requirements. For all other purposes, such deposits would be treated as resident deposits from the date of return of the account holder to India.
- ii) In case the depositor requests for premature closure of such FCNR(B) deposits subsequent to his/her return to India for permanent settlement, the request can be acceded to as advised in para 6.22.5, including instructions regarding levy of penal cut of interest.
- iii) On maturity of such continued FCNR (B) deposit, branches should convert the same into either resident rupee deposit or RFC account, at the option of the account holder.
- b) To close the existing FCNR(B) deposit before maturity [without penal cut] and convert the proceeds i.e., principal and interest accrued for the actual period run (without penal cut) into Resident Foreign Currency (RFC) account.
- FCNR (B) accounts cannot be re-designated as RFC accounts with retrospective effect. The interest payable on FCNR(B) accounts in foreign currency is applicable until the date of re-designation of FCNR(B) to RFC account. Thereafter, interest will be paid as applicable to RFC account. In other words, the rate of interest as applicable to RFC deposit will be payable from the date of opening of RFC deposit.
  - In cases where the FCNR (B) deposits have not completed the minimum period of deposit i.e., 1 year, as on the date of conversion into RFC account as per option [b] above or conversion into resident rupee deposit by premature closure of the FCNR(B) deposit, if so desired by the depositor, interest may be paid on such FCNR(B) deposits at EITHER the RFC SB deposit interest rate prevailing on the date of conversion OR the contracted rate of interest of the FCNR(B) deposit, WHICHEVER IS LOWER
  - If the FCNR (B) deposit held in one designated currency is sought to be converted into another designated currency under RFC account, specific authority should be obtained from the depositor.
  - If the account holders become non-residents again subsequent to conversion of FCNR (B) deposits into RFC account, they would be free either to transfer the balances in RFC account to accounts outside India or to convert such balances into NRE/FCNR (B) accounts in India.

**6.22.7 Interest payable on the deposit of a deceased depositor (FCNR-B Deposit):**

Bank shall pay interest on the term deposits standing in the name(s) of a deceased FCNR(B) individual depositor or two or more joint depositors where one of the depositors has died, as under:

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- (a) If paid on the maturity of the deposit, interest shall be paid at the contracted rate;
  - (b) If the deposit is claimed before the maturity date, interest shall be paid not at the contracted rate but at the rate applicable to the period for which the deposit remained with the bank and without charging penalty for pre-payment;
  - (c) In case the depositor dies before the date of maturity of the deposit but the amount of the deposit is claimed after the date of maturity, interest shall be paid at the contracted rate till the date of maturity and simple interest at the applicable rate operative on the date of maturity for the period for which the deposit remained with the bank beyond the date of maturity.
  - (d) In case of death of the depositor after the date of maturity of the deposit, the interest rate operative on the date of maturity in respect of savings deposits held under Resident Foreign Currency (RFC) Account Scheme shall be paid from the date of maturity till the date of payment.
  - (e) In case the claimants are residents, the maturity proceeds shall be converted into Indian Rupees on the date of maturity and interest shall be paid for the subsequent period at the rate applicable to a domestic term deposit of similar maturity.

#### **6.23 Consequence of transfer of branch of one Bank to another Bank:**

***Deposits accounts transferred from one bank branch to another bank branch on account of takeover of bank branches in rural and Semi-Urban centers shall adhere to the following conditions:***

- (i) ***Deposit accounts shall deemed to be transferred to the new bank and will continue to be governed by the terms of contract agreed to between the customer and the bank branch that is being taken over.***
- (ii) ***The same rate of interest shall be payable till maturity on such transferred deposits, as was payable at the time of takeover of the branch.***

***Provided that No penalty for premature withdrawal shall be levied, where depositors of the branch of a bank as mentioned above desire premature withdrawal of deposit consequent to the transfer of business to another bank.***

#### **6.24 While opening NRE/NRO/FCNR accounts, NRI customer has to submit proof of his/her NRI status by submitting any of the following documents or any other suitable document to establish the status of NRI, in addition to Identity & Address proof:**

- a) Copy of Valid Work/Study Visa
- b) Copy of work permit
- c) Copy of Proof/certificate of residence
- d) Copy of Employment /Employment Contract copy
- e) Copy of Residence Permit
- f) Copy of E-Visa

While converting existing Domestic Saving Bank A/c into NRO A/c, NRI customer should submit NRI status proof as mentioned above.

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Further, in all cases of renewal of existing NRE/NRO/FCNR Term deposits, necessary proof as mentioned above should be obtained to establish the fact that customer continues to hold NRI status.

The verification of status of NRI to be done to ensure that the customer continues to hold NRI status and eligible to maintain NRI account.

#### **6.25 Joint accounts:**

- a. NRE SB, NRE Term Deposits and FCNR Accounts can be opened in Joint Name with Resident Close Relative (as defined U/S 2(77) of Indian Companies Act, 2013) on “Former or Survivor” basis. Money belonging to Resident Joint Account Holder cannot be credited into such Joint Account. Resident Joint Account Holder should not operate the account, unless authorized through a Letter of Authority or Power of Attorney.
- b. NRI OPENING JOINT ACCOUNT:
  - ✓ NRI can open joint account with other NRIs or Resident Indian Close relative as defined under Section 2 (77) of Indian Companies Act, 2013).
- c. RESIDENT INDIAN OPENING JOINT ACCOUNT:
  - ✓ Resident Indian can open account with Non-Resident Indian close relative, as defined in Section U/S 2(77) of Indian Companies Act, 2013. Operation condition is either or Survivor.
  - ✓ In such Joint account funds belonging to Non Resident Indian should not be credited.
  - ✓ Such account shall be treated as Resident Account for all purposes.
- d. Addition/Deletion

Subject to complying with the FEMA regulations noted in b) and c) above, addition and deletion can be permitted. There is no restriction in number of persons to open joint account.

#### **6.26 RESIDENT FOREIGN CURRENCY ACCOUNTS (RFC):**

A person resident in India may open, hold and maintain a Foreign Currency Account, to be known as a Resident Foreign Currency (RFC) Account, out of foreign exchange:

- (a) received as pension or any other superannuation or other monetary benefits from his employer outside India; or
- (b) realised on conversion of the assets referred to in sub-section (4) of section 6 of the FEMA 1999, and repatriated to India; or
- (c) received or acquired as gift or inheritance from a person referred to in sub-section (4) of section 6 of the FEMA 1999; or
- (d) referred to in clause (c) of section 9 of the FEMA 1999, or acquired as gift or inheritance there from; or
- (e) received as the proceeds of life insurance policy claims/ maturity/ surrender values settled in foreign currency from an insurance company in India permitted to undertake life insurance business by the Insurance Regulatory and Development Authority.

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Branches should verify the original passport and certify on the application that the details mentioned therein are correct after being satisfied that the applicant is eligible to open RFC account and that the funds being credited to the account represents eligible remittance/ proceeds.

**DESIGNATED CURRENCIES:**

RFC Accounts will be maintained in US Dollars [USD], Sterling Pounds [GBP], Euro [EUR], Canadian Dollars [CAD] and Australian Dollars [AUD].

**Minimum Amount for Opening RFC Term Deposit (FD/KD) Account:**

Currency	USD	GBP	EUR	CAD	AUD
Minimum Amount	1000	1000	1000	1000	1000

There is no maximum limit.

**Minimum Amount for Opening RFC Savings Bank/Current Account:**

Currency	USD	GBP	EUR	CAD	AUD
Minimum Amount	100	100	100	100	100

The minimum amounts of deposit in the different designated currencies for being eligible for payment of interest in Savings Bank account are as follows: USD: 1000, GBP: 1000, EUR: 1000, CAD: 1000 and AUD: 1000.

**TYPES OF RFC ACCOUNTS:**

RFC Accounts can be maintained in the form of Current/Savings Bank [without cheque book facility] and Term Deposits other than Recurring Deposit accounts. Savings Bank accounts cannot be opened for trade and commercial purposes. The RFC Fixed Deposit can be opened for a minimum period of one month and a maximum period of three years. In exceptional cases, where deposit is for a minimum amount of USD 250,000 or its equivalent in other currencies, RFC FDR may also be accepted for short period of one week to less than one month.

**RATE OF INTEREST:**

The rate of interest on RFC deposits are decided periodically by the Asset Liability Committee (ALCO) of the Bank, who has been delegated with such powers by the Board.

If branches are desirous of quoting deposits above the interest rate permitted by the ALCO, such proposals shall be placed before the ALCO sub-committee by the ***Resources Vertical, Strategy, Resources & Govt Services Wing***.

The ALCO sub-committee shall be vested with delegated powers to quote additional interest of maximum upto 50 bps over and above the card rate. The rate so published shall be uniform to all the deposits with the same amount and tenor.

The additional interest over card rates shall be approved by a minimum of three committee members out of which approval of the Executive Director overseeing Treasury Wing is mandatory.

Monthly consolidated note on all the proposals permitted by ALCO sub-committee shall be placed before the ALCO by **Resources Vertical, Strategy, Resources & Govt Services Wing** for information.

Employees/Ex-employees/Ex-Employees senior citizen of the bank and Senior Citizens are not eligible for preferential rate of interest of 1% on RFC deposits.

**The guidelines for calculation and payment of interest for the overdue period on RFC term deposits are as under:**

Overdue period (from the date of maturity till the date of renewal, both days inclusive)	RFC Term Deposit
<b>Not exceeding 14 days</b>	<ul style="list-style-type: none"> <li>• Overdue RFC Term Deposit can be renewed from the date of maturity at the interest rate prevailing on the date of maturity, provided the deposit is renewed to fall due after a period of not less than one month from the date of renewal.</li> <li>• In case of renewal of individual RFC Term Deposits of value USD 250,000 and above or equivalent in other currencies, minimum period of renewal can be one week beyond date of renewal.</li> <li>• Wherever the depositor opts to renew the deposit from the date of presentation to take advantage of enhanced interest rate prevailing on the date of presentation, same can be acceded to without payment of interest for the overdue period.</li> </ul>
<b>More than 14 days*</b>	Simple interest at par with RFC SB rate for the respective currency prevailing on the date of renewal or the contracted rate of interest on the matured TD, whichever is lower.

\*Where deposit is overdue for more than 14 days, renewal from date of maturity is not permitted. If customer requests the Bank for renewal of such overdue deposit, the same shall be acceded to by treating it as a fresh term deposit at the interest rate prevailing on the date of renewal for the period of fresh term deposit.]

**Note:** In case, where only a portion of the overdue deposit is renewed, interest for the overdue period shall be paid on the amount so placed only.

**Premature Closure of RFC Term Deposit:**

- a) In the case of premature closure of the deposit, penal cut of 1% is to be levied on the applicable rate of interest for the period for which the deposit has actually run, as ruling on the date of deposit.

If the applicable rate of interest for the period run is less than 1%, No interest should be paid for closure before maturity.

- b) Extension of period of RFC Term Deposits during the tenure of the deposit for a period longer than the balance period is permitted without applying penal cut of 1%.

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The minimum/maximum period of the extended deposit from the date of extension, shall be minimum period of one month and a maximum period of 3 years.

If the extended deposit is closed before the original due date, levy of 1% penalty is to be applied from the date of opening of the deposit itself.

#### **6.27 RESIDENT FOREIGN CURRENCY (DOMESTIC) ACCOUNT [RFCD]:**

A resident individual may open an RFC(D) account to retain in a bank account in India the foreign exchange acquired in the form of currency notes, bank notes and travellers cheques from overseas sources such as:

- a. payment while on a visit abroad for services not arising from any business or anything done in India;
- b. honorarium or gift or for services rendered or in settlement of any lawful obligation from any person not resident in India and who is on a visit to India;
- c. honorarium or gift while on a visit to any place outside India;
- d. gift from a relative;
- e. unspent foreign exchange acquired from an authorised person for travel abroad;
- f. representing the disinvestment proceeds received by the resident account holder on conversion of shares held by him to ADRs/ GDRs under the 10DR Scheme, 2014;
- g. by way of earnings received as the proceeds of life insurance policy claims/ maturity/ surrender values settled in foreign currency from an insurance company in India permitted to undertake life insurance business by the Insurance Regulatory and Development Authority

Balances received in RFCD Current Account during a calendar month shall be converted into INR on the last working day of next month after adjusting for utilization of the balances for approved purposes or forward commitments.

Balances may be credited to NRE/ FCNR (B) Accounts, at the option/ request of the account holder consequent upon change of their residential status from resident to non-resident.

#### **TYPE OF ACCOUNT:**

Current Account only. Operation by authority letter and no cheque book shall be issued.

While accepting Foreign Currency Notes for the credit to RFC/RFCD, Bank shall collect from the Customer the difference between the rupee equivalent of the foreign currency amount of the FC notes at FC Note Buying rate and TT selling Rate.

RFC Accounts can be held singly or jointly in the names of eligible persons. However, resident Indian close relative/s (as defined U/S 2(77) of Indian Companies Act, 2013) is/are now being made eligible to become joint holder/s in RFC bank accounts on 'former or survivor' basis. Such accounts shall attain the status of an ordinary resident account if the resident close relative becomes the sole account holder at a later date.

#### **6.28 CRYSTALLISATION OF INOPERATIVE FOREIGN CURRENCY DEPOSITS**

- a. In case a foreign currency denominated deposit with a fixed maturity date (Term Deposits) remains inoperative for a period of three years from the date of maturity of the deposit, at the end of the third year, branches/offices shall convert the balances lying in the foreign currency denominated deposit into Indian Rupee at

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the exchange rate prevailing as on that date. Thereafter, the depositor shall be entitled to claim either the said Indian Rupee proceeds and interest thereon, if any, or the foreign currency equivalent (calculated at the rate prevalent as on the date of payment) of the Indian Rupee proceeds of the original deposit and interest, if any, on such Indian Rupee proceeds.

- b. In case of foreign currency denominated deposit with no fixed maturity period (Savings/Current Deposits), if the deposit remains inoperative for a period of three years (debit of bank charges not to be reckoned as operation), branches/offices shall, after giving a three month notice to the depositor at his last known address as available with it, convert the deposit from the foreign currency in which it is denominated to Indian Rupee at the end of the notice period at the prevailing exchange rate. Thereafter, the depositor shall be entitled to claim either the said Indian Rupee proceeds and interest thereon, if any, or the foreign currency equivalent (calculated at the rate prevalent as on the date of payment) of the Indian Rupee proceeds of the original deposit and interest, if any, on such Indian Rupee proceeds.

Branches/Offices shall adhere to the operational guidelines for handling crystallisation of inoperative foreign currency deposits contained in the latest BPC-MOI Non-Resident and Other Foreign Currency Deposits.

#### **6.29 OPENING OF ACCOUNTS BY BANK'S UNITS ABROAD (BRANCHES ABROAD AND EXCHANGE COMPANIES MANAGED BY OUR BANK AND REPRESENTATIVE OFFICE):**

- a) Applications for opening of Non-Resident accounts are accepted in our Bank's branches abroad, Representative Office/s and Musandam Exchange, Oman.
- b) After scrutiny of AOF including KYC documents and satisfying that the AOF is complete in all aspects and NRE SB/NRO SB account can be opened, the Official (who should be an Officer of the Canara Bank not less than Scale II on deputation to the Exchange Company, Branch/Representative Office abroad) should sign in full "Accepted to open the Account" column in the AOF; duly mentioning his/her Signing Power Number.
- c) Account opening forms can be downloaded from our Bank's Website.

#### **6.30 SUBMISSION OF ACCOUNT OPENING FORM FOR NRE ACCOUNTS**

For opening of NRE SB accounts, our Branches abroad and Exchange Companies abroad can also be approached. The required application, KYC/AML documents, Identity/Address proof and photo are to be submitted and on satisfactory processing of the application and enclosures, a Welcome Kit shall be issued to the customer containing Cheque Book and Non-Personalized ATM/Debit Card.

#### **6.31 SPECIAL NON RESIDENT RUPEE (SNRR) ACCOUNT:**

- a. A person resident outside India, having a business interest in India, may open a Special Non-Resident Rupee Account (SNRR account) with an authorised dealer in India or its branch outside India for the purpose of putting through permissible current and capital account transactions with a person resident in India in accordance with the Act, rules and regulations framed under the Act, and for putting through any transaction with a person resident outside India.,

Explanation: A unit in an International Financial Services Centre (IFSC) under section 18 of the Special Economic Zones Act, 2005 may open an SNRR account with an

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authorised dealer in India (outside IFSC) for its business-related transactions outside IFSC.

- b. The SNRR account shall carry the nomenclature of the specific business for which it is in operation and shall not earn any interest. A bank may, at its discretion, maintain separate SNRR account for each category of transactions or a single SNRR Account for a person resident outside India engaged in multiple categories of transactions provided it is able to identify/segregate and account them category-wise.
- c. The debits/ credits and the balances in the account shall be incidental and commensurate with the business operations of the account holder.
- d. Authorised Dealers shall ensure that all the operations in the SNRR account are in accordance with the provisions of the Act, rules and regulations made thereunder.
- e. The tenure of the SNRR account should be concurrent to the tenure of the contract/ period of operation/ the business of the account holder.
- f. The operations in the SNRR account shall not result in the account holder making available foreign exchange to any person resident in India against reimbursement in rupees or in any other manner.
- g. The balances in the SNRR account in India shall be eligible for repatriation. Transfers from any NRO account to the SNRR account are prohibited.
- h. All transactions in the SNRR account in India will be subject to payment of applicable taxes in India.
- i. SNRR account maintained in India may be designated as resident rupee account on the account holder becoming a resident.
- j. The amount due/ payable to non-resident nominee from the SNRR account in India of a deceased account holder, shall be credited to NRO/NRE account of the nominee with an authorised dealer/ authorised bank in India or by remittance through normal banking channels.
- k. Opening of SNRR accounts by Pakistan and Bangladesh nationals and entities incorporated in Pakistan and Bangladesh requires prior approval of Reserve Bank.

### **6.32 Exchange Earner's Foreign Currency Account - EEFC Account**

A Person resident in India may open an EEFC account with an AD in India as per the conditions stipulated in Schedule I to FEMA 10(R).

#### **6.32.1 The credits permitted to this account are:**

- a. 100 percent of the foreign exchange earnings by way of inward remittance through normal banking channel, (other than loans or investments);
- b. payments received for the purpose of counter trade;
- c. advance remittance received by an exporter towards export of goods or services;

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- d. professional earnings including director's fees, consultancy fees, lecture fees, honorarium and similar other earnings received by a professional by rendering services in his individual capacity;
  - e. interest earned on the funds held in the account;
  - f. Re-credit of unutilized foreign currency earlier withdrawn from the account;
  - g. repayment of trade related loans/ advances (which were granted to the account holder's importer customer out of balances held in the EEFC accounts);
  - h. disinvestment proceeds received by the resident account holder on conversion of shares held by him to ADRs/ GDRs under the 7DR Scheme, 2014; and
  - i. Payments received in foreign exchange by an Indian startup arising out of sales/ export made by the startup or its overseas subsidiaries.

**6.32.2 The debits allowed in these accounts are:**

- a. Payment outside India towards capital or current account transactions in accordance with the provisions of Foreign Exchange Management (Permissible Capital Account Transactions) Regulations, 2000 or Foreign Exchange Management (Current Account Transactions) Rules, 2000, respectively;
- b. payment in foreign exchange towards cost of goods purchased from a 100 percent Export Oriented Unit or a Unit in an Export Processing Zone/ Software Technology Park/ Electronic Hardware Technology Park;
- c. payment of customs duty in accordance with the provisions of Export Import Policy;
- d. trade related loans/ advances, by an exporter account holder to his importer customer outside India, subject to complying the provisions of FEMA and the rules/ regulations made thereunder;
- e. payment in foreign exchange to a person resident in India for supply of goods/ services including payments for air fare and hotel expenditure.

**6.32.3 The salient features of the scheme are:**

- a. Withdrawal in rupees is permitted from this account, provided the amount so withdrawn cannot be re-credited to the account.
- b. The account will be in the form of a non-interest bearing account.
- c. The claims settled in rupees by ECGC/ insurance companies should not be construed as export realisation in foreign exchange and the claim amount will not be an eligible credit to the EEFC account.
- d. The sum total of the accruals in the account during a calendar month should be converted into Rupees on or before the last day of the succeeding calendar month after adjusting for utilization of the balances for approved purposes or forward commitments.
- e. Fund-based/ non-fund based credit facilities should not be granted against the balances held in EEFC Accounts.
- f. Exporters can repay packing credit advances, whether availed of in Rupee or in foreign currency, from balances in their EEFC account to the extent exports have actually taken place.

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- g. Balances held in the account may be credited to NRE/ FCNR (B) Accounts, at the option/ request of the account holders consequent upon change of their residential status from resident to non-resident.

### **6.33 Diamond Dollar Account Scheme - DDA Account**

Firms and companies which comply with the eligibility criteria stipulated in the Foreign Trade Policy of the Government of India may open DDA accounts, details of which are laid down in Schedule II of FEMA 10(R), as amended from time to time, with an AD in India. The salient features of the Scheme are:

- a. Realisation of export proceeds and local sales (in USD) of rough, cut, polished diamonds; and pre and post shipment finance availed in USD can be credited to such account.
- b. Payments for purchase of rough, cut and polished diamonds can be made from DDA account. Funds can also be transferred to rupee account of the exporter.
- c. The account should be maintained in the form of a non-interest bearing current account.
- d. The sum total of the accruals in the account during a calendar month should be converted into Rupees on or before the last day of the succeeding calendar month after adjusting for utilization of the balances for approved purposes or forward commitments.

### **6.34 FCY account by a Unit in a Special Economic Zone (SEZ)**

A unit located in a Special Economic Zone may open hold and maintain a Foreign Currency Account with an authorized dealer in India provided that,

- a. all foreign exchange funds received by the unit in the Special Economic Zone (SEZ) are credited to such account,
- b. no foreign exchange purchased in India against rupees shall be credited to the account without prior permission from the Reserve Bank,
- c. the funds held in the account shall be used for bona fide trade transactions of the unit in the SEZ with the person resident in India or otherwise,
- d. the balances in the accounts shall be exempt from the restrictions imposed under Rule 5, except item 1(ii) of the Schedule III, of the Government of India Notification No.GSR.381(E) dated May 3, 2000, as amended from time to time.

Provided that the funds held in these accounts shall not be lent or made available in any manner to any person or entity resident in India not being a unit in Special Economic Zones.

## **7 GENERAL GUIDELINES**

### **7.1 JOINT ACCOUNTS:**

Deposit accounts can be opened by an individual in his/her own name or by more than one individual in their joint names. There is no restriction in number of persons to open joint account. Any person competent to contract /who need not necessarily be the parent of the Minor may deposit the money belonging to him/her in his/her name jointly with a Minor. However, the Minor in such cases should be duly represented by his/her natural Guardian or in the absence, a Guardian appointed by a competent Court only.

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## 7.2 OPERATIONS OF JOINT ACCOUNT:

The mandate for operating the account can be modified with the consent of all the joint account holders. In case of SB account opened by minor jointly with the natural guardian, the operations are allowed by the natural guardian only.

## 7.3 TRANSFER OF ACCOUNTS:

Current Account, SB, Term Deposits may be transferred from one Branch to another Branch within the Bank at the request of the account holders subject to certain conditions.

KYC once done by one Branch of a Bank is valid for transfer of the account within the Bank as long as full KYC has been complied for the concerned account. The Customer is allowed to transfer his/her account from one Branch to another Branch without restrictions. Along with the fresh address proof, the customer is required to submit 2 latest photographs (for accounts opened prior to 01.01.1994) to the transferee branch.

Officially Valid Documents (OVDs) shall be submitted as a part of KYC procedure as elaborated in *Para 4.1.3*.

In case, Officially Valid Documents (OVDs) furnished by the customer does not contain updated address, the documents (mentioned in *point no. 4.1.4* shall be deemed to the OVDs for the limited purpose of proof of address.

The updated Officially Valid Document with current address is to be submitted within a period of three months of submitting the above document.

### Transfer of Term Deposits (Retail Term Deposit only) from one Branch to other Branch:

- i. Transferor Branches can permit transfer of deposits in the same city/town/municipal area during the currency of deposit, based on the customer's request.
- ii. *Transferor Branches can permit transfer of deposits from one branch to another outside the City/ Town/ Municipal area during their currency based on the customer request.*

## 7.4 ADDITION OF NAMES:

The Bank may at the request of the depositor/s allow addition of name/s in Savings Bank, Current Account & Term deposits. Deletion in name/s of depositor/s is also permitted, subject to the condition that one of the original depositors should continue to be a depositor.

## 7.5 RATE OF INTEREST:

*The interest rates offered on deposits shall be uniform across all branches and for all customers and there shall be no discrimination in the matter of interest paid on the deposits, between one deposit and another deposit of similar amount, accepted on the same date, at any of its offices.*

*Interest rates payable on deposits shall be strictly as per the schedule of interest rates disclosed in advance. The rates shall not be subject to negotiation between the depositors and the bank. The interest rates offered shall be reasonable,*

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***consistent, transparent, and available for supervisory review / scrutiny as and when required.***

The rate of interest on deposits will be prominently displayed in the branch premises apart from placing the same on our Bank's website.

The changes, if any, with regard to the deposit schemes and other related services shall also be communicated upfront and shall be prominently displayed. The same may also be published in newspaper.

***Interest, if any, on the minimum credit balance in the composite cash credit account of a farmer maintained with a bank during the period from the 10th to the last day of each calendar month shall be paid.***

#### **7.6 WITHDRAWAL OF CASH:**

Payment of cash up to ***Rs. 50,000/- per day*** in Savings Bank and Current Account is to be extended only to the drawer against self cheques (***higher limits as described in flagship schemes shall be permitted as per the respective scheme guidelines***), at all host branches (i.e., other than the base branch). Cash payment to third parties will be extended at base branch only.

#### **7.7 VALIDITY OF CHEQUES/DRAFTS/PAY ORDERS/BANKER'S CHEQUES:**

As per RBI guidelines, w.e.f. April 1, 2012, Banks should not make payment of Cheques/Drafts/Pay Orders/Banker's Cheques bearing that date or any subsequent date, if they are presented beyond the period of three months from the date of such instrument.

#### **7.8 PROHIBITION IN ALTERATIONS/CORRECTIONS ON CHEQUES:**

As per RBI guidelines, no changes/corrections should be carried out on the cheques (other than for date validation purposes, if required). For any change in the payee's name, courtesy amount (amount in figures), or legal amount (amount in words) etc., fresh cheque forms should be used by the customers.

#### **7.9 PAYMENT OF DIVIDEND WARRANTS/INTEREST WARRANTS :**

Signature of the payee on the reverse of the Dividend warrant/Interest Warrant is not needed where such instruments have special crossing "Not Negotiable/Not Transferable/Account Payee/Beneficiary Banks' name and the Account Number" etc.

#### **7.10 NEGATIVE BALANCE IN CASA ACCOUNT:**

***Negative balance in CASA Accounts shall be classified as Overdraft Advances. Accordingly, all norms and regulatory requirements applicable to overdraft advances as per Bank's Policy Guidelines, like IRAC classification, recovery guidelines, and related reporting will apply to negative balance in CASA Accounts.***

#### **7.11 CUSTOMER INFORMATION:**

The customer information collected from the customers shall not be used for cross selling of services/products by the Bank, subsidiaries & affiliates. If the Bank proposes to use such information, it shall be with the consent of the account holder/s. ***Bank must adhere to the provisions of the Digital Personal Data Protection (DPDP) Act and related regulations.***

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## 7.12 SECRECY OF THE CUSTOMER ACCOUNTS:

The Bank shall not disclose details/ particulars of the customer's accounts 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 towards the public to disclose and where interest of the Bank requires disclosure.

## 7.13 INOPERATIVE ACCOUNTS:

A savings/ current account shall be treated as inoperative, if there are no 'customer induced transactions' in the account for a period of over two years.

For the purpose of classifying an account as 'inoperative', only customer induced transactions and not bank induced transactions shall be considered.

### A. Customer induced transaction:

- i) A financial transaction initiated by or done at the behest of the account holder by the Bank/ third party or;
- ii) A Non-financial transaction or;
- iii) KYC updation done in face-to-face physical mode or through digital channels such as internet banking or mobile banking application of the Bank.

**Financial transaction-** A monetary transaction in the savings/ current account of the customer with the Bank either by way of a credit or debit transaction.

### **List of Financial transactions are as follows-**

- a) ATM/ Cash withdrawal/ deposit.
- b) RTGS / NEFT/ IMPS /UPI/ AEPS/ ABPS Transactions.
- c) Internet Banking Transactions.
- d) Debit Card Transactions.
- e) Transfer of funds from / to the linked CBDC(e-Rupee) account.
- f) Cheque Clearing.
- g) Remittance of funds by way of demand drafts.
- h) Cash withdrawal by third party through cheque.
- i) Standing Instructions issued by the customer.
- j) NACH Debit / Credits.
- k) Term Deposit Interest / proceeds.
- l) Dividend on shares/Interest on Debentures or any other investment proceeds.
- m) Direct Benefit Transfer (DBT) credits.
- n) Refunds like refunds related to e-commerce payments, Income Tax Returns, etc.
- o) National Electronic Toll Collection (NETC) debits.

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**Note:** There may be instances where the customer has given a mandate like Standing Instructions (SI)/ auto-renewal instructions and there are no other operations in the Savings /Current account or the Term Deposit. These transactions shall also be treated as customer induced transactions.

**List of Non-financial transactions -**

An enquiry or request for any product/service initiated by the account holder through:

- a) ATM.
- b) Internet banking.
- c) Mobile banking application of the bank.
- d) Third Party Application Providers, which requires two factor authentication (2FA) and leaves a trail for audit purposes.

Successful log-in to the internet banking/ mobile banking application which includes:

- i. Change in transaction limit.
- ii. Request for issue of cheque book/ credit card/ debit card.
- iii. Nomination facility.
- iv. Balance enquiry.

**B) Bank induced transaction:**

Transactions in the account initiated by the bank as per its extant policy such as charges, fees, interest payments, penalties, taxes.

**List of Bank induced transactions as follows:**

- a) All types of charges levied by banks including taxes deducted.
- b) Savings Bank account interests.

**7.13.1 Review of inoperative accounts:**

Bank shall undertake at least an annual review in respect of accounts, where there is no customer induced transactions for more than a year.

Bank shall inform the account holders in writing through letters or email or SMS (if the email and mobile number are registered with the bank) that there has been no operation in their accounts in the last one year, as the case may be.

The alert messages shall invariably mention that the account would become 'inoperative' if no operations are carried out during the next one year and, the account holder would be required to submit KYC documents afresh for reactivating the account in such case.

If the letters are returned undelivered or no response is received through registered email, the Branch shall immediately undertake an enquiry to find out the whereabouts of account holder or his/her nominee/legal heirs in case the account holder is deceased.

In case any response is received from the account holder giving the reasons for not operating the account, the Bank shall continue to classify the account as operative for one more year and the account holder shall be advised to operate

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the account within a period of one year (herein after referred to as 'extended period'). In case the account holder still fails to operate the account within the extended period, the Bank shall classify the said account as inoperative account after the expiry of the extended period. Extended period has to be considered within the overall time limit of two years.

The classification of an account as inoperative shall be for a particular account of the customer and not with reference to the customer. In case a customer is maintaining multiple accounts with a bank, all such accounts shall be assessed individually for the purpose of classifying them as inoperative account, as the case may be.

In case the account holder is not carrying out transaction and the account is - inoperative due to shifting of primary account to another bank, the account holder may be requested to provide the details of the new bank account with authorisation to enable the bank to transfer the balance from the existing bank account.

In case the balance in an inoperative account is less than Rs.20/-, account will be closed if there is no account revival from the depositor after the notice is sent by the Bank.

#### **7.13.2 Treatment of accounts opened for credit of scholarship amount and credit of Direct Benefit Transfer under Government Schemes:**

*Central and State governments have been expressing difficulty in crediting cheques / Direct Benefit Transfer / Electronic Benefit Transfer / scholarship amount in the zero balance accounts opened by a bank for beneficiaries of Central / State government schemes and for students who receive scholarship, as they are also classified as inoperative due to non-operation for two years. Bank shall, based on the purpose of opening of the account, segregate the aforementioned accounts in its CBS, so that the stipulation of 'inoperative' account is not applicable to these accounts due to their non-operation for a period of more than two years.*

*To avoid the risk of fraud, etc., in such accounts, while allowing operations in these accounts, due diligence should be exercised as per the extant instructions. However, it has to be ensured that the customer is not inconvenienced in any manner.*

#### **7.13.3 Segregation and Audit of Inoperative Accounts:**

The segregation of inoperative accounts is required to be done to reduce the risk of frauds. The transactions in inoperative accounts, which have been reactivated, shall be monitored regularly, for at least six months, at higher levels (RO/CO) without the knowledge and notice of the customers and the dealing staff.

Bank shall ensure that amounts lying in inoperative accounts and reactivated inoperative accounts, are subjected to concurrent audit.

#### **7.13.4 Tracing of Customers of Inoperative Accounts:**

Bank shall contact the holder(s) of the inoperative account through letters, email or SMS (if the email and mobile number are registered with the Bank). The email/ SMS shall be sent on a quarterly basis.

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In case the whereabouts of the holder(s) of the inoperative account are not traceable, Bank shall contact the introducer, if any, who had introduced the account holder to the Bank at the time of opening of the account. Bank shall also contact the nominee, if registered, for tracing the customer.

Bank shall undertake special drives periodically to find out the whereabouts of the customers, their nominees or legal heirs in respect of inoperative accounts.

#### 7.13.5 **Activation of Inoperative accounts:**

While activating Inoperative Accounts, Branches are required to obtain request letter from the account holders, ensure KYC compliance, Customer due diligence, etc. as per extant guidelines.

Bank shall make available the facility of updation of KYC for activation of inoperative accounts at all Branches (including non-home branches). ***Further, Bank shall endeavour to provide the facility of updation of KYC in such accounts and deposits through Video-Customer Identification Process (V-CIP). Additionally, the services of an authorised Business Correspondent of the bank may be utilized for activation of inoperative accounts.***

Branches shall activate the inoperative accounts, including those which are under freeze by orders of various agencies like Courts, Tribunals, Law Enforcement Agencies, only after adhering to the KYC guidelines such as Customer Due Diligence (CDD), customer identification, risk categorization.

Branches shall ensure that activation of inoperative account in CBS necessarily requires second level of authorisation by another officer at the same or higher level (i.e., through maker and checker).

System logs shall invariably be maintained in case of any activity in or activation of inoperative accounts for concurrent audit purpose. The preservation period of such system logs shall be as per the internal guidelines of the Bank.

Bank shall automatically intimate the inoperative account holders through SMS and registered email stating that on the basis of the KYC documents submitted by them, the inoperative status of the account has been removed. The intimation shall also mention the remedial measures available to them to report unauthorised access, if any.

This would alert the account holder against any possible fraudulent activity in his/her inoperative account. The Bank shall have in place adequate operational safeguards to ensure that the claimants in case of inoperative accounts are genuine. Branches shall process requests for activation of inoperative account within three working days from the receipt of the complete application.

#### 7.13.6 **Payment of Interest:**

Interest on savings accounts shall be credited on a regular basis irrespective of the fact that the account is in operation or not.

#### 7.13.7 **Levy of charges:**

- a) Bank shall not levy penal charges for non-maintenance of minimum balances in any account that is classified as an inoperative account.
- b) No charges shall be levied for activation of inoperative accounts.

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#### 7.13.8 **Fraud Risk Management in Inoperative Accounts:**

The Bank shall not allow any debit transaction in an inoperative account unless there is a customer induced activation as per the procedure mentioned in Para **7.13.5**.

While activating Inoperative Accounts, Branches are required to obtain request letter from the account holders, ensure KYC compliance, Customer due diligence, etc. as per extant guidelines.

All credits are permissible in inoperative/dormant accounts without changing the account status.

However, while allowing withdrawals due diligence should be ensured by the Branches by ensuring the genuineness of transactions, verification of signature and identity, etc.

In order to mitigate risk of frauds in accounts which are made operative from inoperative status, Bank has imposed a cooling period of one day on reactivation with restrictions on the debit transactions in such accounts. The Board delegates power to ORMC for approving any modification of operating guidelines in this regard. Under exceptional circumstances, Circle Head is empowered to waive cooling period on case-to-case basis on the recommendation of Regional Head.

The Bank shall ensure that there is no unauthorised access to customer data pertaining to the inoperative accounts. The Bank shall also ensure that adequate steps are taken to prevent data theft and related misuse for fraudulent purposes.

#### 7.13.9 **General Guidelines:**

The information on the process for activation of an inoperative account shall be made available on the website as well as at the Branches.

Necessary documents are to be made available for the benefit of customers.

- a) The Bank shall conduct public awareness and financial literacy campaigns regularly to educate the members of public about the activation of inoperative accounts.
- b) The depositor will be informed of charges, if any, which the Bank will levy on dormant/ inoperative accounts.
- c) In case of Operative Accounts, an account shall be classified as “Unclaimed Deposits” if the same is not operated (other than interest credits and service charge debits) for 10 years and more from the date of last operation. In case of term deposit account, it shall be classified as unclaimed deposit if the same is not renewed/withdrawn after 10 years or more from the date of maturity.
- d) Pursuant to the amendment of the Banking Regulation Act, 1949, section 26A has been inserted in the Act, empowering Reserve Bank to establish The Depositor Education and Awareness Fund (DEAF Fund). Under the provisions of this section the amount to the credit of any account in India with any bank which has not been operated upon for a period of ten years or any deposit or any amount remaining unclaimed for more than ten years shall be credited to the fund, with in a period of three months from the expiry of the said period of ten years.

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#### **7.14 STOP PAYMENT FACILITY:**

The Bank will accept stop payment instructions from the depositors in respect of cheques issued by them. Charges as specified will be recovered.

#### **7.15 MANDATE / POWER OF ATTORNEY**

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.

*In case of accounts operated by Power of Attorney (POA) Holders / Letter of Authority (LOA) Holders, KYC documents shall be obtained from such POA holders/ LOA holders and records shall be maintained/ updated in the system.*

#### **7.16 DISHONOUR OF CHEQUES**

Cheques drawn on a branch is passed if everything is in order and there are sufficient funds. Payment of cheques drawn on a branch is refused in the following circumstances:

- 7.16.1 A cheque is presented for payment before its ostensible date.
- 7.16.2 Cheque which is drawn in irregular or ambiguous manner or in a form of doubtful legality.
- 7.16.3 If the amount standing in credit is not sufficient to cover the whole amount of the cheque or if the overdraft limit is exceeded.
- 7.16.4 Cheques are drawn beyond the arranged limit.
- 7.16.5 If the funds of the customer are not properly applicable to the payment of the cheque.
- 7.16.6 Where there is a legal bar on payment.
- 7.16.7 Where payment of cheque has been stopped by the drawer.
- 7.16.8 Where there is notice of customer's death.
- 7.16.9 Where a customer becomes insolvent and an order of adjudication is made.
- 7.16.10 A cheque presented through post by an unknown payee other than bank.
- 7.16.11 If the cheque is not duly presented i.e., has not been presented within banking hours.
- 7.16.12 If the cheque is not presented within the validity period of the cheque.
- 7.16.13 If the Bank has not been given reasonable time to have the funds placed into the credit of the customer's account before they can be drawn against.
- 7.16.14 Where endorsements are not in order in the case of 'Order' cheques.
- 7.16.15 Where there is no endorsement of the payee in an Order Cheque, or the collecting Banker's confirmation.
- 7.16.16 When the signature of the drawer differs from the specimen lodged.
- 7.16.17 Where the drawer signs on behalf of a firm or a company and the name of the company is not mentioned.
- 7.16.18 Where the cheque form used is not from among the cheque leaves issued to the party.
- 7.16.19 When a crossed cheque is presented by a party other than a banker.

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- 7.16.20 Where there are material alterations in the cheque unauthorized by the drawer. RBI has directed that the drawer can authorize material alteration only for the date of the cheque.
- 7.16.21 Where the cheque contains extraneous matter.
- 7.16.22 Any other reason for which Bank deem fit to refuse the payment.

#### 7.17 PAYMENT OF ADDITIONAL INTEREST ON DOMESTIC DEPOSIT:

In tune with RBI guidelines, preferential rate of interest [1% p.a. over and above the applicable rates] to be paid only on deposits standing in the name/s of the following categories of employees:

- a) An employee of the Bank [confirmed or probationary] either singly or jointly with any other member or members of his/her family, ***provided that the employee is the principal account holder.***
- b) The Chairman/ Chairman & Managing Director/ MD & CEO/ Executive Director or such other Executives appointed for a fixed tenure during tenure and till the maturity of term deposit. Preferential Rate, after their tenure, shall also be extended, if they have superannuated / are eligible to draw pension / retirement benefits from our Bank.
- c) An employee of our Bank, who has been deputed outside or elsewhere.
- d) A Part-Time Employee who has been given staff number.
- e) A retired employee [including an employee who has voluntarily retired] either singly or jointly with any other member or members of his/her family, ***provided that the retired employee is the principal account holder.***
- f) Workmen employees who have opted for pension under Regulation 29 of the Pension Regulation and resigned under "Scheme of Voluntary Retirement" putting in not less than 20 years of active unblemished service.
- g) Workmen employees, who have completed 25 years of active unblemished service and resigned.
- h) Officer employees who have served the Bank for a period of not less than 20 years of active unblemished service and resigned under "Scheme of Voluntary Retirement".
- i) Officer employees who have served the Bank for a period not less than 25 years [active service] and with an unblemished record, but resigned from the services of the Bank prior to introduction of "Scheme of Voluntary Retirement" mentioned in Circular No.160/86 dated 24/04/1986.
- j) The spouse of a deceased employee in his/her single name.
- k) The spouse of a deceased retired employee in his/her single name.
- l) The spouse of a deceased ex-employee/Officer mentioned in points f, g, h and l above.
- m) An Association or a Fund, all members of which are our Bank employees.
- n) A person employed on a contract of a specified duration is eligible for a preferential rate of interest on his/her deposits till the expiry of the term of contract.

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- o) An employee taken over in pursuance of any scheme of amalgamation is eligible for preferential rate of interest on his/her deposits. However, in such cases, the additional interest shall be allowed only if the interest at the contracted rate together with the additional interest does not exceed the rate which would have been allowed if such employees were originally employed by the Bank.

In all cases of joint deposits where our employee is one of the depositors, he/she should invariably be the first named depositor in order to be eligible for preferential rate of interest and a declaration is given to the effect that the money deposited belongs to him/her.

**Note:**

1. ***Additional interest admissible to the employee/retired employee shall not be paid on the compensation awarded by the court to a minor child and deposited in the joint name of minor child and parent as the money belongs to the minor child and not the employee/retired employee.***
2. ***Children (including minor) are not eligible for additional interest admissible to deceased member of the employee/ deceased retired employee.***

For the purpose of joint deposits, the word “family” would mean and include:

- The spouse of the employee/retired employee.
- The children, parents, brothers and sisters of the employee/retired employee, who are dependent on such employee/retired employee.

However, the word “family” would not include a legally separated spouse.

**The following types of deposits are not eligible for preferential rate of interest:**

- i) NRE, FCNR and RFC term deposits.
- ii) Deposits made jointly with others (other than family members as defined above).
- iii) Deposits of employees on contract.
- iv) Deposits of ineligible ex-employees and their widows.
- v) Deposits of employees who have resigned [other than mentioned in points 6.16 (f), (g), (h) and (i) above] or who have been terminated.
- vi) Deposits of dismissed employees/compulsorily retired employees as a sequel to disciplinary action.
- vii) Deposits of temporary employees.
- viii) ***Bank Employees’ Federations, in which bank employees are not direct members.***
- ix) A person employed on deputation is eligible for preferential rate of interest on his/her deposits. However, this benefit shall cease to accrue on the expiry of the term of deputation, in the case of persons taken on deputation for a fixed duration.
- x) The additional interest shall be payable only so long as the person continues to be eligible for the same and in case of his ceasing to be so eligible, till the maturity of the deposit in the case of term deposit account. This provision leads to the following explanations:
  - (a) The benefit of additional interest cannot be extended to the term deposits [including Recurring Deposits] placed with the Bank by the depositor, even if he/she becomes an employee of the Bank during the currency of the deposit.

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- (b) The benefit of additional interest can continue to be extended till the maturity of a term deposit account [including Recurring Deposits] even if the depositor-employee ceases to be employee of the Bank during the currency of the deposit.

In both the above cases, contracted rate of interest shall continue to be extended till the maturity without incorporating any change in the interest rate during the currency of the deposit account.

- xi) In the case of an individual Minor's account, employee would be signing only as a guardian and hence it is not eligible for preferential rate of interest. Only if the employee is a party to the deposit as a joint depositor, and on his/her giving the prescribed declaration to the effect that the amount deposited belongs to him/her, the account is eligible for preferential rate of interest.

In respect of all deposits eligible for preferential rate of interest, a declaration to the effect that the monies deposited belong to the employee/s should be obtained without fail for each fresh eligible fixed deposit.

In the following cases, declaration need not be obtained, provided however, the declaration has already been obtained for the original/previous deposit or for the operative account of the concerned employee:

- i. Renewal of an overdue deposit [only if the amount renewed is the same as the amount of previous deposit besides accrued interest].
- ii. Extension of period of the deposit [provided no additional amount other than interest accrued is accepted].
- iii. The deposit is opened by transfer of funds from the operative account of the employee concerned.

Where, however, the amount of deposit is inclusive of an additional amount besides the amount of original/previous deposit and interest accrued thereon, a fresh declaration should be obtained from the employee concerned.

In respect of deposits in joint names, the declaration should be obtained from the depositor eligible to get the benefit of preferential rate of interest. If all the joint depositors are eligible employees, all should sign the declaration.

- 7.18 System level restriction has been enabled to prevent credit of term deposit closure proceeds to GL, wherever operative account exists for the Term Deposit Holder (Except in case of Death Claim Settlements & PFMS accounts) to mitigate Operational Risk. Under exceptional circumstances, Circle Head is empowered to permit credit of term deposit closure proceeds to GL on case-to-case basis on the recommendation of Regional Head based on merits. However, the same may not be exercised as a matter of routine.

## **8 PROHIBITIONS AND EXEMPTIONS**

### **A. PROHIBITIONS**

***Bank shall not:***

- 1) ***Pay any remuneration or fees or commission or brokerage or incentives on deposits in any form or manner to any individual, firm, company, association, institution or any other person except:***
  - a) ***commission paid to agents employed to collect door-to-door deposits under a special scheme.***

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- b) *commission paid to Direct Selling Agents / Direct Marketing Agents as part of the outsourcing arrangements by a bank.*
  - c) *remuneration paid to Business Facilitators or Business Correspondents.*
- 2) *Offer prize / lottery / free trips (in India and / or abroad), etc., or any other initiative having element of chance for mobilising deposits. However, inexpensive gifts costing not more than ₹250/- which is the amount prescribed by the Indian Banks' Association (IBA) as part of the Ground Rules and Code of Ethics framed by them, may, at a bank's discretion, be given to depositors at the time of accepting deposits.*
  - 3) *Resort to unethical practices of raising of resources through agents / third parties to meet the credit needs of the existing / prospective borrowers or to grant loans to the intermediaries based on the consideration of deposit mobilisation.*
  - 4) *Issue any advertisement / literature soliciting deposits from public highlighting only the compounded yield on term deposits without indicating the actual rate of simple interest offered by the bank for the particular period. Simple rate of interest per annum for the period of deposit should be indicated invariably.*
  - 5) *Accept interest-free deposit other than in current account or pay compensation indirectly.*
  - 6) *Accept deposits from / at the instance of private financiers or unincorporated bodies under any arrangement which provides for either issue of deposit receipt(s) favouring client/s of private financiers or giving of an authority by power of attorney, nomination or otherwise, for such clients receiving such deposits on maturity.*
  - 7) *Grant advances against term deposits maintained with other banks.*
  - 8) *Create any fund to be utilised for charitable purposes in consultation with the depositors.*

## **B. EXEMPTIONS**

*The provisions in the above paragraphs shall not be applicable to:*

- 1) *A deposit received by a bank:*
  - a) *from the institutions permitted to participate in the Call / Notice / Term Money Market both as lenders and borrowers.*
  - b) *for which it has issued a participation certificate.*
  - c) *under the Capital Gains Accounts Scheme, 1988 for banks, framed by the Government of India in pursuance of sub-section (2) of Section 54, sub-section (2) of Section 54B, sub-section (2) of Section 54D, sub-section (4) of Section 54F and sub-section (2) of Section 54G of the Income-Tax Act, 1961.*

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d) *under the Certificate of Deposit Scheme for commercial banks.*

2) *Payment of interest on delayed collection of outstation instruments like cheques, drafts, bills, telegraphic / mail transfers, etc.*

## 9 NOMINATION

9.1 Nomination facility is available for all deposits held by individuals in their own capacity, singly or jointly.

9.2 Nomination facility is also available to a sole proprietorship account.

9.3 *Customers may nominate one or more persons not exceeding four as nominee/s, either simultaneously or successively, as per their preference.*

***Simultaneous Nomination: Depositors may nominate up to four persons and specify the share or percentage of entitlement for each nominee, ensuring that the total entitlement equals 100%.***

***Successive Nomination: Depositors may specify up to four nominees, where the next nominee becomes operative only upon the death of the nominee placed higher in order.***

9.4 Nomination so made can be cancelled or changed by the account holder/s anytime during which the deposit is held by the Bank to the credit of the depositor.

9.5 Fresh nomination shall not be asked if the fixed deposits are renewed.

9.6 Nomination can be made in favour of a Minor also, for which date of birth of the Minor and full details of the Guardian are to be furnished.

9.7 Bank recommends that all the depositors avail nomination facility. The nominee in the event of death of the depositor/s could receive the balance outstanding in the account as a trustee of legal heirs.

9.8 The facility for updation of nominee is also available online through Internet & Mobile Banking for the deposit accounts.

In order to serve the purpose of the bereaved family members, who are forced to go through long drawn proceedings in the court for claiming the amount, which lawfully belongs to them, RBI has directed the Banks generally to insist that the person opening a deposit account makes a nomination.

In case the person opening an account declines to nominate any other persons, the branch shall explain the advantages of nomination facility. If the person opening the account still does not want to nominate, the branch shall obtain a specific letter to the effect that he/she does not want to make a nomination. In case the depositor declines to give such a letter, the branch shall record the fact on the account opening form and proceed with opening of the account if otherwise the depositor satisfies all other eligibility criteria.

## 10 INSURANCE COVER FOR DEPOSITS

All bank deposits are covered under the Insurance Scheme of Deposit 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.

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## 11 SPECIAL TYPES OF ACCOUNTS

### 11.1 ACCOUNTS OF MINOR:

A savings /fixed / recurring bank deposit account can be opened by a Minor of any age through his/her natural or legally appointed guardian.

According to the Indian Majority Act, a Minor is one who has not completed 18 years of age. In terms of Indian Contract Act, the contracting parties should be necessarily major, for the validity of the contracts. Hence, any contract with the Minor is void ab-initio. Since the opening of the account forms contractual obligation between Banker & Customer, savings bank account in the individual capacity of the Minor will not be opened. However, there are exceptions to this rule.

Cheques issued by the Guardian prior to the date on which the Minor attains majority, but presented after the above date, are to be treated as invalid.

On attaining majority, fresh set of application form with the specimen signature card and photograph of the erstwhile Minor, duly countersigned by the Guardian, would be obtained as in the case of new accounts.

### 11.2 ACCOUNTS IN THE NAME OF MINOR WHO IS ABOVE THE AGE OF 10 YEARS:

Minors above the age of 10 years, will be allowed to open and operate savings bank account independently with the following terms and conditions:

- i. These accounts are to be opened under Product Code 120 (SB Junior) for Minors above the age of 10 years & less than 18 years.
- ii. Minors who have attained 17 years of age can also open accounts under Canara Aspire.
- iii. KYC norms & due diligence of Minor & Guardian should be ensured while opening these accounts. Proof of Date of Birth of the Minor has to be mandatorily obtained & verified.
- iv. A declaration-cum-no objection letter is to be given by the natural guardian of the Minor to the effect that the Minor has acquired sufficient knowledge about opening/operating the Bank account.
- v. No cheque book will be issued in such accounts and no overdrawings will be allowed at any point of time.
- vi. Debit Card can be issued in such accounts.
- vii. Minor has to come in person for withdrawal wherever debit cards are not opted.
- viii. Maximum balance in these accounts shall not exceed Rs. 10,00,000/- (Rupees Ten Lakh Only) at any point of time.
- ix. ***The aggregate monthly withdrawal limit shall not exceed ₹50,000/- with a daily cap of ₹25,000/- through all channels.***

***Under exceptional circumstances, Head of respective Regional Office is empowered to permit withdrawals exceeding the prescribed limits, based on merits, on the recommendation of Branch head.***

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### **11.3 ACCOUNTS OF ILLITERATE PERSONS:**

The Bank shall open accounts of illiterate persons, after observing formalities for opening such accounts. No cheque book facility is provided for such accounts. 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 person.

### **11.4 ACCOUNTS OF BLIND PERSONS:**

The Bank shall open deposit account in the name of blind person after observing all the formalities of the Bank for opening and operation of such accounts.

Branches are advised to offer all the banking facilities such as cheque book facility including cheques to third party/ies, to the visually challenged persons without any discrimination. Branches are also advised to render all possible assistance to the visually challenged persons for availing the various banking facilities.

In case a visually impaired customer makes cash withdrawals at the Bank then the payment must be made in the presence of another Bank employee/ officer. No outside witnesses are required unless the visually impaired customer requests that such witnesses be present.

### **11.5 ACCOUNTS OF PRISONERS:**

The Bank shall open bank account of prisoners under Canara Small Saving Bank Deposit Account under (Product code 127) in the absence of document for identity and residential proof.

The signature or thumb impression shall be affixed in presence of the officer in charge of the jail and the said officer shall certify the same under his/her signature.

The account shall remain operational on annual submission of certificate of proof of address issued by the officer-in-charge of the jail.

### **11.6 HINDU JOINT FAMILY (HINDU UNDIVIDED FAMILY-HUF):**

A Bank account may be opened in the name of a Hindu Joint Family (i.e., Hindu Undivided Family-HUF) provided the HUF is not engaged in trading/business activity. The operation of the account of HUF must be by Karta only as he alone has the capacity in law to enter into contracts etc., on behalf of HUF.

### **11.7 ACCOUNTS OF MENTALLY ILL/RETARDED PERSONS:**

The Mental Health Act 1987 accords that “mentally ill person” means a person who is in need of treatment by reason of any mental disorder other than mental retardation. Sections 53 & 54 of this Act provide for the appointment of guardians and in certain cases, Managers in respect of the property. The prescribed appointing authorities are the District Courts and Collectors of Districts under the Mental Health Act 1987.

The National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 provides for a law relating to certain specified disabilities. Clause (j) of Section 2 of that Act defines a “person with disability” to mean a person suffering from any of the conditions relating to autism, cerebral palsy, mental retardation or a combination of any two or more of

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such conditions and includes a person suffering from severe multiple disabilities. This Act empowers a Local Level Committee to appoint a Guardian, to a person with disabilities, who shall have the care of the person and property of the disabled person.

Branches are advised to take note of the legal position stated above and may rely on and be guided by the orders/certificates issued by the competent authority, under the respective Acts, appointing guardians/managers for the purposes of opening/operating bank accounts.

## 12 REPAYMENT UNDER JOINT DEPOSITS:

The joint account holder can give any of the following mandates for disposal of balance in the account:

- 1) Either or survivor.
- 2) No. 1 or survivor.
- 3) Jointly.

12.1 **Either or Survivor:** When all depositors are alive, Bank will be making payment to any one or more of the depositors presenting the deposit receipt. The Bank will be making payment of the maturity proceeds to the surviving depositor who presents the deposit receipt and furnishes the proper discharge without reference to the other depositor as well as to the legal heirs of the deceased depositor. Example:- if the account is in the name of two individuals say, A & B, the final balance along with interest, if applicable, will be paid to either of account holders i.e., A or B, on date of maturity or to the survivor on death of any one of the account holders. If fixed/term deposits are opened with operating instructions 'Either or Survivor', the signatures of both the depositors need not be obtained for payment of the amount of deposits on maturity. However, the signatures of both the depositors have to be obtained in case the deposit is paid before maturity.

12.2 **No. 1 or survivor:** If the specified depositor is alive, payment will be made on request of the specified depositor. If the specified depositor is not alive on the date of maturity, the Bank will be making payment to the survivor without reference to the legal heirs of the specified depositor. If specified depositor dies on or after maturity, the claim will be settled in favour of the survivor subject to production of a notarized indemnity for indemnifying the Bank in case of the claim from legal heirs of the specified depositor.

The above mandates will be applicable to or become operational only on or after the date of maturity of term deposits. This mandate can be modified by the consent of all the account holders. In case of premature repayment of term deposits by one of the joint depositors on the death of the other with operation/repayment clause "Either or survivor" and Former or Survivor/s / No.1 or survivor/s", the surviving joint depositor may be permitted premature withdrawal of the term deposit, only if there is joint mandate from the joint depositors to this effect.

This mandate is provided as a "Declaration" in the term deposit account opening form of the Bank.

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- 12.3 **Payable jointly:** When all depositors are alive, the deposit receipt should be discharged by all depositors for receiving payment. If one or more of the depositor dies on or after maturity, the amount will be paid jointly to the surviving depositors along with the legal heirs of the deceased depositor.
- 12.4 *The Bank may, at its discretion, and at the request of all the joint account holders of a deposit receipt, allow the splitting up of the joint deposit, in the name of each of the joint account holders only, provided that the period and the aggregate amount of the deposit do not undergo any change.*

### 13 SETTLEMENT OF DUES IN THE DECEASED DEPOSITOR'S ACCOUNT

- 13.1 If the depositor has registered nomination with the Bank, the balance outstanding in the account of the deceased depositor will be settled in favour of the nominee after the Bank is satisfied about the identity of the nominee.
- 13.2 In the absence of nomination and where there are no disputes among the claimants, the Bank will settle the claim in respect of the deceased person to his/her legal heirs after observing all the formalities. The settlement of claims will be as per the delegated powers conferred from time to time.
- 13.3 The Bank may not insist on succession certificate from the Legal heirs irrespective of the amount involved. However, the Bank may adopt such safeguards in considering settlement of claims as appropriate including obtention of indemnity.
- 13.4 If the survivorship clause as available in the Account opening form is opted while opening a joint account, then in the event of death of any of the joint depositor(s) prior to the maturity of the deposit, the Bank will at the written request of the surviving depositor(s) be at liberty though not bound and its absolute discretion to pay interest till the date of settlement, to repay the deposit before maturity or to grant any advance against the security thereof to any one or more of the surviving depositor/s with the consent of other surviving depositor/s, on such terms as the Bank may decide and to add/delete/substitute any names therein. The discharge given by such surviving depositor(s) / any of the surviving depositor(s) shall give the Bank a valid discharge.

### 14 SAFE DEPOSIT LOCKERS

The facility available at select branches and wherever it is available, allotment of safe deposit locker will be subject to availability and compliance with other terms & conditions attached to the services. Compliance to KYC guidelines will be ensured before the lockers are hired out. Safe deposit lockers may be hired by an individual (singly or jointly with another individual/s), HUFs, Firms, Ltd. Co., Associates, Societies, Trusts, etc. Safe Deposit Locker can be opened by Minor individually duly represented by the natural guardian or jointly with natural guardian. Nomination facility is available to individual/s holding the locker singly or jointly. Joint locker holders can give mandate for access to the locker in the event of death of one of the holders as 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

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persons, the Bank will release the contents of locker to the legal heirs against indemnity on the lines as applicable to deposit accounts.

## **15 REDRESSAL OF COMPLAINTS**

To enable the customers to voice their grievances or offer suggestions for improvement in customer service, “Customer Day” is observed at all the offices of the Bank, across the organization, covering branches, Regional Offices, Circle Offices and Head Office, on 15<sup>th</sup> of every month (next working day, if 15<sup>th</sup> is a holiday). During specified hours on this day any customer can meet senior/ top executives of the Bank including Managing Director & Chief Executive Officer without prior appointment.

In case of any complaint, the matter may be first brought to the notice of concerned Branch Manager for immediate redressal. If the complaint is not redressed to the satisfaction of the customer, the matter may be taken up with the concerned Executive-in Charge of the Regional Office/Circle Office. If customer is not satisfied with reply given by Regional Office he/she can escalate to Executive-in-Charge of Circle Office.

If the complainant still feels unsatisfied with the responses received, he/she can address his complaint to the Bank’s Principal Nodal Officer at Head Office (Chief General Manager, Customer Service Vertical, Operations Wing, HO, Bengaluru) designated to deal with customers’ complaints/grievances giving full details of the case.

After exhausting the above machinery/channels, if the customer is not satisfied, he may write to Managing Director and CEO of the Bank and even after this, if not satisfied he is free to take recourse to the following:

- (A) Banking Ombudsman, RBI.
- (B) Directorate of Public Grievances, Government of India, Cabinet Secretariat, Sansad Marg, New Delhi.
- (C) The District Consumer Disputes Redressal Forum or State/National Consumer Disputes Redressal Commission under Consumer Protection Act, 1986.

The details of 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 compliant.

The customer can also approach the Banking Ombudsman and lodge a complaint under THE RESERVE BANK - INTEGRATED OMBUDSMAN SCHEME, 2021. The complaint may be lodged online through the portal designed for the purpose (<https://cms.rbi.org.in>). The complaint may also be submitted through electronic or physical mode to the Centralized Receipt and Processing Centre, Chandigarh, if the customer, in case of grievance, had made a written complaint to the Bank and the Bank has rejected the compliant or the complainant had not received any reply within a period of one month after the Bank received his representation or the complainant is not satisfied with the reply given to him by the Bank.

## **16 FAMILY BANKING SERVICES**

### **16.1 Concept and Eligibility:**

***The Bank extends Family Banking benefits under specific Premium Savings Bank Products and Salary Package Accounts, as notified by the Bank from time to***

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time. This facility allows the primary holder, who meets the prescribed eligibility criteria based on the product variant to extend the family banking benefits to their immediate family members as defined in the Specific product variants.

#### **16.2 Definition of Family Unit:**

For the purpose of this facility, the term Family shall include only the Spouse and Children of the Primary Account Holder. The number of family members eligible for benefits under Family Banking shall be determined by the specific product variant linked to the Primary Account. Extended family members (e.g., parents, siblings) and Joint Accounts where relationship is not clearly established as Spouse/Child are not covered under this facility unless otherwise specified in the relevant product guidelines.

#### **16.3 Operational Guidelines:**

##### **16.3.1 Linkage of Accounts:**

The Family Banking facility is not automatic. The Primary Account Holder must submit a request for link the family accounts (Spouse/Child) to the designated Primary Account. Branches shall perform the linkage in the Core Banking System (CBS) using the prescribed menu options after verifying the relationship with valid Officially Valid Documents (OVDs) or other acceptable government-issued relationship proofs.

##### **16.3.2 Benefits:**

Upon successful linkage, the benefits will be extended as per the specific product guidelines.

##### **16.3.3 Insurance Benefits:**

Select product variants may provide additional benefits such as Group Personal Accident Insurance coverage to the Spouse of the Primary Account Holder. Such benefits shall be governed by the terms and conditions of the insurance policy in force at the time.

#### **16.4 Maintenance and Withdrawal of Benefits:**

Continuation of Family Banking benefits is subject to the Primary Account Holder's compliance with all product-specific conditions specified in the product variant such as salary credit and QAB/MAB maintenance requirements etc. The Bank reserves the right to withdraw the benefits under the following circumstances:

- i. **Downgrade/Non-Compliance:** If the Primary Account fails to receive salary credits or does not maintain the stipulated Average balance or any other requirement specified in product guidelines for a period exceeding the norms specified by the Bank.
- ii. **Closure of Account:** If the Primary Account is closed, all linked accounts shall immediately cease to enjoy Family Banking benefits.

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- iii. Death of Account Holder: In the event of the death of primary account holder, all family banking benefits extended to the linked family account shall stand discontinued.*
  - iv. Inconsistency in Relationship Proof: If upon audit/verification, the submitted proof of relationship is found invalid or inconsistent, the family banking benefits stands withdrawn immediately.*

## **17 DEPOSITORS' RIGHTS**

Deposits being the basic financial raw material, depositors form the core for banking business. There is now an awakening on depositors' rights, rightly so, in the Banks, as it is fulfillment of such rights which can enable an effective resource management mechanism in Banks. Further, the depositor, being a consumer of various products and services offered by the Bank, is entitled to the following rights:

### **17.1 Right to Information:**

- ▶▶ A depositor will have right to information about price, quality, quantity and standard of the products/services offered by the Bank to enable him/her to take an independent decision.

### **17.2 Right to choose:**

- ▶▶ A depositor will have the absolute freedom to choose among the various products and services offered by the Bank to suit his/her requirements.

### **17.3 Right to avail/utilize the products and services:**

- ▶▶ A depositor will have the right to avail/utilize the products/services chosen by him/her without any intervention/obstacle.

### **17.4 Right to be heard and redressal of grievances:**

- ▶▶ A depositor will have the right to be heard and seek redressal against deficient service/poor quality of products and services, unfair Trade practices and unscrupulous exploitation. This includes his/her right to fair redressal of any genuine grievance relating to products/services which he/she has chosen to utilize.

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<b>ABBREVIATION</b>	
ABPS	AADHAAR BASED PAYMENT SYSTEM
AEPS	AADHAAR ENABLED PAYMENT SYSTEM
ALCO	ASSET LIABILITY COMMITTEE
AML	ANTI MONEY LAUNDERING
ARR	ALTERNATIVE REFERENCE RATE
ATM	AUTOMATED TELLER MACHINE
AUD	AUSTRALIAN DOLLARS
BO	BENEFICIAL OWNER
BSBDA	BASIC SAVING BANK DEPOSIT ACCOUNT
CA	CURRENT ACCOUNT
CAD	CANADIAN DOLLAR
CBDC	CENTRAL BANK DIGITAL CURRENCY
CBS	CORE BANKING SOLUTION
CC	CASH CREDIT
CDD	CUSTOMER DUE DILIGENCE
CFT	COMBATING FINANCING OF TERRORISM
CGA	CAPITAL GAIN ACCOUNT
CGM	CHIEF GENERAL MANAGER
CIP	CUSTOMER IDENTIFICATION PROCEDURE
CKYC	CENTRAL KNOW YOUR CUSTOMER
CKYCR	CENTRAL KNOW YOUR CUSTOMER REGISTRY
DBT	DIRECT BENEFIT TRANSFER
DDA	DIAMOND DOLLAR ACCOUNT
DEAF	DEPOSITOR EDUCATION AND AWARENESS FUND
DGFT	DIRECTORATE GENERAL OF FOREIGN TRADE
DPDP	DIGITAL PERSONAL DATA PROTECTION
DWCRA	DEVELOPMENT OF WOMEN AND CHILDREN IN RURAL AREAS
ECS	ELECTRONIC CLEARING SERVICE
ED-	EXECUTIVE DIRECTOR - CREDIT APPROVAL COMMITTEE
EEFC	EXCHANGE EARNER'S FOREIGN CURRENCY ACCOUNT
EKYC	ELECTRONIC KNOW YOUR CUSTOMER
EUR	EURO
FBIL	FINANCIAL BENCHMARKS INDIA PVT. LTD

<b>ABBREVIATION</b>	
FCNR(B)	FOREGIN CURRENCY NON RESIDENT ACCOUNTS (BANK)
FCRA	FOREIGN CONTRIBUTION REGULATION ACT
FCY	FOREIGN CURRENCY
FD	FIXED DEPOSIT
FEDAI	FOREIGN EXCHANGE DEALERS ASSOCIATION OF INDIA
FEMA	FOREIGN EXCHANGE MANAGEMENT ACT
FIs	FINANCIAL INSTITUTIONS
FRRO	FOREIGNERS REGIONAL REGISTRATION OFFICE
GBP	GREAT BRITAIN POUND
GM	GENERAL MANAGER
HO	HEAD OFFICE
HUF	HINDU UNDIVIDED FAMILY
IBA	INDIAN BANK ASSOCIATION
IFSC	INTERNATIONAL FINANCIAL SERVICES CENTRE
IMPS	IMMEDIATE PAYMENT SERVICE
IRAC	INCOME RECOGNITION AND ASSET CLASSIFICATION
IRDAI	INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA
KD	KAMADHENU DEPOSIT
KYC	KNOW YOUR CUSTOMER
LE	LEGAL ENTITY
LOA	LETTER OPF AUTHORISATION
MAB	MONTHLY AVERAGE BALANCE
ML	MONEY LAUNDERING
NACH	NATIONAL AUTOMATED CLEARING HOUSE
NEFT	NATIONAL ELECTRONIC FUNDS TRANSFER
NETC	NATIONAL ELECTRONIC TOLL COLLECTION
NND	NITYA NIDHI DEPOSIT
NOC	NO OBJECTION CERTIFICATE
NRE ACCOUNT	NON RESIDENT EXTERNAL ACCOUNT
NREGA	NATIONAL RURAL EMPLOYEMENT GUARANTEE ACT
NRI	NON RESIDENT INDIAN
NRO	NON-RESIDENT ORDINARY
OD	OVERDRAFT
ORMC	OPERATIONAL RISK MANAGEMENT COMMITTEE
OTM	OFFSITE TRANSACTION MONITORING

ABBREVIATION	
OVD	OFFICIALLY VALID DOCUMENT
PAN	PERMANENT ACCOUNT NUMBER
PFMS	PUBLIC FINANCIAL MANAGEMENT SYSTEM
PFRDA	PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY
PIO	PERSON OF INDIAN ORIGIN
PIS	PORTFOLIO INVESTMENT SCHEME
PML	PREVENTION OF MONEY-LAUNDERING
PMLA	PREVENTION OF MONEY LAUNDERING ACT
POA	POWER OF ATTORNEY
POS	POINT OF SALE
PPO	PENSION PAYMENT ORDER
PPOS	PENSION PAYMENT ORDERS
QAB	QUARTERLY AVERAGE BALANCE
RBI	RESERVE BANK OF INDIA
RD	RECURRING DEPOSIT
RFC	RESIDENT FOREIGN CURRENCY
RFCD	RESIDENT FOREIGN CURRENCY (DOMESTIC) ACCOUNT
RMCB	RISK MANAGEMENT COMMITTEE OF THE BOARD
RO	REGIONAL OFFICE
ROI	RATE OF INTEREST
RTGS	REAL TIME GROSS SETTLEMENT
SB	SAVING BANK
SCB	SCHEDULE COMMERCIAL BANK
SEBI	SECURITIES AND EXCHANGE BOARD OF INDIA
SEZ	SPECIAL ECONOMIC ZONE
SHG	SELF HELP GROUP
SNRR	SPECIAL NON RESIDENT RUPEE ACCOUNT
SOP	STANDARD OPERATING PROCEDURE
TD	TERM DEPOSIT
TDS	TAX DEDUCTION AT SOURCE
UIDAI	UNIQUE IDENTIFICATION AUTHORITY OF INDIA
UPI	UNIFIED PAYMENT INTERFACE
USD	US DOLLAR
V-CIP	VIDEO BASED CUSTOMER IDENTIFICATION PROCESS
VVV	VIKAS VOULNTEER VAHINI

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