

POLICY OF THE BANK FOR DOMESTIC RESIDENT RUPEE DEPOSITS w.e.f 01.07.2023

**Division : Business Acquisition & Relationship
Management Division**
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Policy Custodian

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Contents

Part I- Policy

Para No.	Particulars	Page No
1.	POLICY OVERVIEW	10
2.	POLICY DETAILS	10
	2.1 POLICY DEFINITION	10
	2.2 SCOPE OF THE POLICY	11
	2.2.1. TYPES OF DEPOSIT ACCOUNT	11
	2.2.2 ACCOUNT OPENING & OPERATION OF DEPOSIT ACCOUNTS	12
	2.2.2.1 ELIGIBILITY FOR ACCOUNT OPENING	12
	2.2.2.2 NOMINATION	13
	2.2.3 EXTENSION OF ALTERNATE DELIVERY CHANNELS TO SAVING & CURRENT ACCOUNT HOLDERS	13
	2.2.4 INTEREST PAYMENT	13
	2.2.5 MINOR'S ACCOUNT	14
	2.2.6 ACCOUNT OF ILLITERATE PERSON	14
	2.2.7 ACCOUNT OF VISUALLY CHALLENGED PERSON	15
	2.2.8 ACCOUNT OF PERSON WITH AUTISM/ CEREBRAL PALSY/ MENTAL RETARDATION & MULTIPLE DISABILITIES	15
	2.2.9 ADDITION OR DELETION OF THE NAME/S OF JOINT ACCOUNT HOLDERS	15
	2.2.10 RIGHTS OF DEPOSITOR	15
	2.2.11 CHARGES LEVIABLE	17
	2.2.12 PREMATURE WITHDRAWAL OF TERM DEPOSIT	17
	2.2.13 PREMATURE RENEWAL OF TERM DEPOSIT	17
	2.2.14 RENEWAL OF TERM DEPOSIT	18
	2.2.15 ADVANCE AGAINST DEPOSITS	18
	2.2.16 SETTLEMENT OF DUES IN DECEASED DEPOSITOR'S ACCOUNT	18
	2.2.17 INTEREST PAYABLE ON TERM DEPOSIT IN DECEASED DEPOSITOR'S ACCOUNT	18
	2.2.18 STOP PAYMENT FACILITIES	19
	2.2.19 DORMANT ACCOUNTS	19
	2.2.20 ACCOUNT OF TRANSGENDER PERSONS	19
	2.2.21 SAFE DEPOSIT LOCKERS	19
	2.2.22 ANNUAL SURVEY OF DEPOSITOR SATISFACTION	20
	2.2.23 DISCLOSURE OF THE POLICY	20
	2.2.24 OWNERSHIP OF THE POLICY	20

	2.2.25 VALIDITY AND REVIEW OF THE POLICY	20
	2.2.26 AUTHORITY FOR APPROVING OPERATIONAL GUIDELINES	20
	2.2.27 REPORTING	20
	2.2.28 RELAXATION/DEVIATIONS/EXCLUSIONS	20

Part II – Operational Guidelines

Sr. No.	Topic	Page No.
I	ACCOUNT OPENING AND OPERATION OF DEPOSIT ACCOUNTS	23
	1.ACCOUNT OPENING	24
	2.OPERATION OF ACCOUNT	24
	3. SPECIMEN SIGNATURE	25
	4.KYC GUIDELINES OF MINORS	25
	5.SETTLEMENT OF DUES IN DECEASED DEPOSITOR'S ACCOUNT	26
	6.TRANSFER OF ACCOUNT TO INOPERATIVE ACCOUNT	26
	7. ANNUAL SURVEY OF DEPOSITOR SATISFACTION	27
	8. TRI-ENNIAL AUDIT OF SUCH SERVICES	27
II	OPERATIONAL GUIDELINES FOR CURRENT ACCOUNT	28
	1. ELIGIBILITY	28
	2. MINIMUM BALANCE REQUIREMENT	28
	3. INTEREST	28
	4. STOP PAYMENT OF CHEQUE	28
	5. NOMINATION	29
	6. OPENING OF JOINT ACCOUNTS	29
	7. CHEQUE BOOK	29

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	8. PRECAUTION FOR AVOIDING FRAUDS AND UPKEEP OF BALANCING	29
	9. TEMPORARY OVERDRAFT IN CURRENT ACCOUNT	29
	10. TRANSFER OF ACCOUNTS	30
	11. CLOSING OF ACCOUNTS	30
	12. GUIDELINES REGARDING DEBIT BALANCE IN CURRENT ACCOUNT	30
	13. DRAWING OF CHEQUES	30
	14. MISCELLANEOUS	31
III	OPERATIONAL GUIDELINES FOR SAVING ACCOUNT	32
	1. ELIGIBILITY	32
	2. MINIMUM BALANCE REQUIREMENT	34
	3. PROHIBITION	34
	4. ILLITERATE PERSON	36
	5. BLIND PERSON	36
	6. MINOR	36
	7. JOINT ACCOUNT	37
	8. NOMINATION	37
	9. INTEREST	37
	10. DEPOSIT OF CASH AND CHEQUES	38
	11. WITHDRAWAL OF MONEY	38
	12. CHEQUE BOOK	42
	13. INTERSOL TRANSACTION	42
	14. STOP PAYMENT INSTRUCTIONS	42
	15. PASSBOOKS	42
	16. CLOSING OF ACCOUNTS	42
	17. INTEREST PROVISIONING / APPLICATION IN SF ACs	43
	18. STANDING INSTRUCTIONS	44
	19. TRANSFER OF ACCOUNTS	44
	20. MISCELLANEOUS	44
	21. SEPARATE HEAD FOR INSTITUTIONAL DEPOSIT/ CORE DEPOSITS	45
IV	OPERATIONAL GUIDELINES FOR TERM DEPOSIT ACCOUNT	47
	1. FIXED DEPOSIT	47

ਪੰਜਾਬ ਨੇਸ਼ਨਲ ਬੈਂਕ
ਕਾਰੋਬਾਰ ਅਰਜ਼ਨ ਏਵਾਂ ਸੰਬੰਧ ਪ੍ਰਬੰਧਨ ਪ੍ਰਭਾਗ, ਪ੍ਰਧਾਨ ਕਾਰਜਾਲਯ
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2. RECURRING DEPOSIT	48
3. CLASSIFICATION OF DEPOSITS ACCEPTED UNDER TERM DEPOSIT SCHEMES	50
4. MANDATE FOR MODE OF OPERATION	51
5. ADDITIONAL RATE OF INTEREST BENEFIT TO SENIOR CITIZEN	53
6. ADDITIONAL RATE OF INTEREST ON DEPOSIT OF STAFF AND EX-STAFF	54
7. PROHIBITION	56
8. ADDITIONAL BENEFIT OF SENIOR CITIZEN TO EX-STAFF MEMBERS	56
9. PAN/GIR NO OR FORM 60	56
10. NOMINATION	56
11. ACCOUNT IN THE NAME OF MINORS	56
12. ACCOUNT IN THE NAME OF ILLITERATES	57
13. ACCOUNT IN THE NAMES OF BLIND PERSONS	58
14. HINDU UNDIVIDED FAMILY (HUF) ACCOUNTS	59
15. APPLICATION AND CHECKING OF INTEREST PAID ON DEPOSITS	59
16. PAYMENT OF INTEREST ON ACCOUNTS FROZEN BY BANK	61
17. ISSUANCE OF DUPLICATE TERM DEPOSIT RECEIPTS	62
18. TRANSFER OF TERM DEPOSIT ACCOUNTS	64
19. PAYMENT OF TERM DEPOSITS	64

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20. DISBURSAL OF AMOUNTS OF LOANS AGAINST DEPOSITS	64
21. RENEWAL & SPLITTING OF DEPOSITS ON MATURITY	65
22. CHECKING ON SPLITTING OF DEPOSITS	65
23. PAYMENT OF DEPOSITS IN JOINT NAMES	65
24. DEATH OF ONE OF THE HOLDERS IN JOINT ACCOUNTS	66
25. HINDU UNDEVIDED FAMILY (HUF)	66
26. DEATH, INSOLVENCY AND INSANITY OF A CUSTOMER	66
27. PAYMENT OF INTEREST ON TERM DEPOSITS OF A DECEASED DEPOSITOR	67
28. PAYMENT OF INTEREST ON RENEWAL OF OVERDUE TERM DEPOSITS	68
29. PAYMENT OF INTEREST ON NON RENEWAL OF OVERDUE TERM DEPOSITS	68
30. STRUCTURE OF RATE OF INTEREST APPLICABLE ON FLEXI FIXED DEPOSITS ISSUED IN SWEEP ACCOUNTS	69
31. PREMATURE WITHDRAWAL OF DEPOSITS	69
32. LOAN/ ADVANCE AGAINST TERM DEPOSIT	70
33. EXTENSION OF THE PERIOD OF EXISTING DEPOSIT RECEIPTS	72
34. DEDUCTION OF TAX AT SOURCE	73
35. PREMATURE RENEWAL/ EXTENSION IN THE PERIOD OF DEPOSIT BEFORE MATURITY	75
36. CONVERSION OF FIXED DEPOSIT	75
37. AUTO RENEWAL OF DOMESTIC TERM DEPOSIT ON MATURITY	76

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38.DELEGATION OF POWERS FOR ISSUE OF TERM DEPOSIT FROM RETROSPECTIVE EFFECT	78
39.DELEGATION OF POWERS FOR PAYMENT OF INTEREST IN ALL DEPOSIT ACCOUNTS – CASES OF LESS PAYMENT OF INTEREST	78
40.SEPARATE HEAD FOR INSTITUTIONAL DEPOSITS/ CORE DEPOSITS	80
41.MISCELLANEOUS	82
42.VALIDITY AND REVIEW OF OPERATIONAL GUIDELINES	83
LIST OF REFERENCES INCLUDING RELATED POLICIES / FORMS, RBI CIRCULARS ETC.	84

1. POLICY OVERVIEW

Model Policy on Bank Deposits was last circulated vide RLBD Cir. No. 10/2022 dated 01.04.2022, based on IBA's Model Policy on Bank Deposits and the same was reviewed by the Board. This policy document on deposits outlines the guiding principles behind formulation of various deposit products offered by the Bank and terms and conditions governing the conduct of the Accounts. While adopting this policy, the Bank reiterates its commitments to individual customers outlined in the Code of Bank's Commitment to Customers. The document is a broad framework under which the rights of common depositors are recognized. Detailed operational instructions on various deposit schemes and related services are being issued from time to time.

Bank has constituted a Customer Service Committee of the Board as per RBI Master Circular on Customer Service in Bank RBI/2015-16/59 dated 01.07.2015, which includes experts and representatives of customers as invitees to enable the Bank to formulate policies on Deposit Products and assess the compliance there of internally with a view to strengthening the corporate governance structure in the Banking system and also to improve quality of customer service provided by the Bank. Customer Service Committee of the Board, illustratively, address the following: -

- a. Formulation of a Comprehensive Deposit Policy.
- b. Issues such as the treatment of death of a depositor for operations of his account.
- c. Product approval process with a view to suitability and appropriateness.
- d. Annual survey of depositor satisfaction.
- e. Tri-ennial audit of such services. Besides, the Committee also examines any other issues having a bearing on the quality of customer service rendered.

2. POLICY DETAILS

2.1 POLICY DEFINITION

One of the important functions of the Bank is to accept deposits from the public for the purpose of lending. In fact, depositors are the major stake holders of the Banking System. The depositors and their interest form the key area of the regulatory framework for Banking in India and this has been enshrined in the Banking Regulation Act, 1949.

The document recognizes the rights of the depositors and aims at dissemination of information with regard to various aspects of acceptance of deposits from the members of the public, conduct and operations of various deposit accounts, payment of interest on various deposit accounts, closure of deposit accounts, method of disposal of deposits of deceased depositors, etc., for the benefit of customers. It is expected that this document will impart greater transparency in dealing with the individual customers and create awareness among customers of their rights. The ultimate objective is that the customer

will get services they are rightfully entitled to receive without demand.

This transparent and comprehensive policy sets out the rights of the depositors in general and small depositors in particular. The policy covers all aspects of operations of deposit accounts, charges leviable and other related issues to facilitate interaction of depositors at branch levels. The policy is also explicit in regard to secrecy and confidentiality of the customers.

The Policy on Bank Deposit is governed by the Regulatory and Statutory Guidelines issued from time to time. All guidelines are implemented by the Bank and Policy Document has been prepared in line with the Regulatory Guidelines and statutory guidelines.

2.2 SCOPE OF THE POLICY

2.2.1 TYPES OF DEPOSIT ACCOUNTS

While various deposit products offered by the Bank are assigned different name, the deposit products can be broadly categorized into the following types. Definition of major deposit schemes are as under:

- a. **“Demand deposit”** means a deposit received by the Bank, which is withdrawable on demand.
- b. **“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 restrictions as to the number of withdrawals as also the amounts of withdrawals permitted by the Bank during any specified period.
- c. **“Current Deposit”** 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.
- d. **“Term deposit”** means an interest bearing deposit received by the Bank for a fixed period and shall also include deposits such as Recurring /Cumulative/Annuity /Reinvestment deposits or any other form of fixed deposit.
- e. **“Notice deposit”** means term deposit for specific period but withdrawable on giving at least one complete Banking days’ notice.

Modes of Deposits:

Deposits in account can be made by way of cash, cheques, electronic transfers (RTGS, IMPS, UPI), ECS or through any other means such as Internet/Mobile Banking which may come into usage after giving due notice by the Bank on its website.

Modes of Withdrawal:

Withdrawal in accounts can be by way of cheques, withdrawal forms, through the use of ATM's, POS machines, by means of electronic transfer through Internet, by use of biometric cards, by giving standing instructions to the Bank.

2.2.2 ACCOUNT OPENING AND OPERATION OF DEPOSIT ACCOUNTS

- a. The Bank before opening any deposit account will carry out due diligence as required under "Know Your Customer" (KYC) guidelines issued by RBI and Prevention of Money Laundering Act and/or such other norms or procedures as per extant KYC Policy of the Bank. If the decision to open an account of a prospective depositor requires clearance at a higher level, reasons for any delay in opening the account will be informed to the customer and the final decision of the Bank will be conveyed at the earliest to the customer.
- b. The Bank is committed to provide basic Banking services to disadvantaged sections of the society. Banking services will be offered to them through Basic Savings Bank Deposit Accounts (BSBDA) and Small Savings accounts will be opened with relaxed KYC policy as per regulatory guidelines.

2.2.2.1 Eligibility for Account Opening

- a. **Savings Bank Accounts** can be opened for eligible person / persons and certain organizations / agencies (as approved by Reserve Bank of India from time to time).
- b. **Current Accounts** can be opened by individuals / partnership firms / Private and Public Limited Companies / HUFs / Specified Associates / Societies / Trusts, Departments of Authority created by Government (Central or State), Limited Liability Partnership, etc.
- c. **Term Deposit Accounts** can be opened by Individuals / Partnership firms / Private and Public Limited Companies / HUFs / Specified Associates / Societies / Trusts, Departments of Authority created by Government (Central or State), Limited Liability Partnership, etc.

2.2.2.2 Nomination:

Facility is available on all deposit accounts opened by individuals. Nomination is also available to an account opened by a sole proprietor. Nomination can be made in favour of one individual only. Nomination so made can be cancelled or changed by the account holder/s any time. While making a nomination, cancellation or change thereof, it is required to be witnessed by a third party if the account holder is illiterate. Nomination can be modified with the consent of account holder/s. Nomination can be made in favour of a minor also. In such cases at the time of making nomination, depositor has to give a name of person (called appointee) who is a major and who will receive the amount of deposit on behalf of the nominee in the event of death of the account holder during the minority of the nominee. Bank recommends that all depositors avail of the nomination facility. The nominee, in the event of death of the depositor/s, would receive the balance outstanding in the account as a trustee of the legal heirs. The depositor will be informed of the advantages of the nomination facility while opening a deposit account.

A statement of account will be provided by the Bank to Savings Bank as well as Current Deposit Account holders periodically as per terms and conditions of opening of the account. Alternatively, the Bank may issue a Pass Book to Savings Bank account holders.

The deposit accounts may be transferred to any other branch of the Bank at the request of the depositor.

An account/Deposit would be treated as unclaimed if it is inoperative for 10 years or more. All unclaimed deposits outstanding for 10 years & above are being reported to Reserve Bank of India in compliance with Section 26 of Banking Regulation Act.

2.2.3 EXTENSION OF ALTERNATE DELIVERY CHANNELS TO SAVING AND CURRENT ACCOUNT HOLDERS

The Bank offers choice of electronic channels to customers for conducting their Banking transactions as per Bank Policies issued from time to time. The choice of electronic channels includes ATM, Internet Banking, mobile Banking including SMS Banking facility and phone Banking. Wherever such electronic facilities are offered as a part of the basic account/product, Bank will obtain specific consent of the customers after explaining the risk associated for availing the facility.

2.2.4 INTEREST PAYMENTS

Interest shall be paid on savings Bank account at the rate as decided by Bank within the general guidelines issued by the RBI directive from time to time. Further, in terms of RBI Master Direction DBR. Dir. No.84/13.03.00/2015-16 dated 03.03.2016, the interest on domestic rupee savings deposit accounts shall be calculated on the daily product basis at quarterly or shorter intervals.

Term deposit interest rates are decided by the Bank within the general guidelines issued by the Reserve Bank of India from time to time. In terms of RBI directives, Interest is calculated at quarterly intervals on term deposits and paid at the rate decided by the Bank depending upon the period of deposits. Interest on deposits repayable for less than 3 months or where the terminal quarter is incomplete, interest shall be paid proportionately for the actual number of days reckoning the year at 365 days. In case of monthly deposit scheme, the interest shall be calculated for the quarter and paid monthly at discounted value. The rate of interest on deposits will be prominently displayed in the branch premises. Changes, if any, with regard to deposit schemes and other related services shall also be communicated upfront and shall be prominently displayed.

The Bank has statutory obligation to deduct tax at source if total interest paid/ payable on all term deposits held by a person exceed the amount specified under the Income Tax Act. The Bank will issue a tax deduction certificate (TDS Certificate) for the amount of tax deducted. The depositor, if entitled to exemption from TDS, can submit declaration in the prescribed format at the beginning of every financial year.

Interest on overdue Domestic Deposits: If a Term Deposit (TD) matures and proceeds are unpaid, the amount left unclaimed with the Bank shall attract rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower.

2.2.5 MINORS' ACCOUNTS

Saving Bank account and Term Deposit Accounts including Recurring Deposits can be opened in the name of minor (known as Minor's Account) by natural guardian or guardian appointed by court (legal guardian). Savings Bank Account or Term Deposit Account can also be opened in the name of a minor jointly with natural guardian or with mother as the guardian (known as Minor's Account) or jointly with a major, where minor is represented by natural guardian.

2.2.6 ACCOUNT OF ILLITERATE PERSON

The Bank may at its discretion open deposit accounts other than Current Accounts of an illiterate person. The account of such person may be opened provided he/she calls on the Bank personally along with witness who is known to both the depositor and the Bank. Normally, no cheque book facility is provided for such Savings Bank Account. At the time of withdrawal/repayment of deposit amount and/or interest, the account holder should affix his / her thumb impression or mark in the presence of the authorized officer who should verify the identity of the person. The Bank will explain the need for proper care and safe keeping of the passbook, etc., given to the account holder. The Bank official shall explain the terms and conditions governing the account to the illiterate person.

2.2.7 ACCOUNT OF VISUALLY CHALLENGED PERSON

Bank will facilitate opening of Saving Bank accounts as well as Term Deposit accounts of persons with visual impairment. Such accounts will be operated by the account holder personally. Cheque book facility will be made available. Such account holders will have to be present before the branch official and affix thumb impression and they will be identified through their photograph to facilitate operations. Bank is also committed in introducing technology Banking facilities progressively via ATM & Internet Banking in keeping with the availability of supporting technology which will enable visually challenged persons to operate their own accounts.

2.2.8 ACCOUNT OF PERSONS WITH AUTISM, CEREBRAL PALSY, MENTAL RETARDATION & MULTIPLE DISABILITIES

Savings Bank and term deposits can also be opened in the name of persons with autism, cerebral palsy, mental retardation and multiple disabilities by the legal guardian appointed by the District Court under Mental Health Act, 1987 or by the Local Level Committees set up under the National Trust for welfare of persons with autism, cerebral palsy, mental retardation and multiple disabilities under Disabilities Act, 1999. Legal guardian, so appointed, will furnish an indemnity-cum-undertaking bond duly stamped as per the local law in force along with Guardianship Certificate.

2.2.9 ADDITION OR DELETION OF THE NAME/S OF JOINT ACCOUNT HOLDERS

The Bank may at the request of all the joint account holders allow addition or deletion of name/s of joint account holder/s if the circumstances so warrant or allow an individual depositor to add the name of another person as a joint account holder.

2.2.10 RIGHTS OF DEPOSITORS:

a. CUSTOMER INFORMATION

The customer information collected from the customers shall not be used for cross selling of services or products by the Bank, its subsidiaries and affiliates. If the Bank proposes to use such information, it should be strictly with the consent of the account holder.

b. SECRECY OF CUSTOMER'S ACCOUNTS

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

c. INSURANCE COVER FOR DEPOSITS

All Bank deposits are covered under the insurance scheme offered by the Deposit Insurance and Credit Guarantee Corporation of India (DICGC). The details of the insurance cover in force will be made available to the depositor. Bank while offering deposit products linked to insurance benefits will give choice to the customer for availing the insurance benefit and will explicitly specify the insurance cost if the depositor opts for insurance cover.

d. REDRESSAL OF COMPLAINTS AND GRIEVANCES

Depositor having any complaint/grievance with regard to services rendered by the Bank has a right to approach authority (ies) designated by the Bank for handling customer complaint/grievances. The details of the 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 complaint. In case the depositor does not get response from the Bank within 30 days from date of complaint or he is not satisfied with the response received from the Bank, he has a right to approach Banking Ombudsman appointed by the Reserve Bank of India.

e. RIGHT TO FAIR TREATMENT

Right to Fair Treatment Act fairly and reasonably in all our dealings by:

- i. Providing banking facilities of receipt and payment of cash / cheques, remittances, exchange of soiled notes, etc., at the Bank's counter and also providing cashless transactions through alternate delivery channels.
- ii. Meeting the commitments and standards, for the products and services offered, and in the procedures and practices followed.
- iii. Making sure our products and services meet relevant laws and regulations in letter and spirit and are appropriate to the needs and in line with the banking scenario, including digital banking.
- iv. Ensuring that our dealings rest on ethical principles of integrity and transparency.
- v. Offering digital banking and payment systems in a secure, convenient and robust technological environment.
- vi. Not discriminating on the basis of age, race, gender, marital status, religion, disability or financial status when offering and delivering products and services.

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- vii. Promoting good and fair banking practices by setting minimum standards in all dealings.
 - viii. Promoting a fair and equitable relationship. Training of staff adequately and appropriately and ensuring that staff attend promptly, courteously and sympathetically, with things that may go wrong, by correcting mistakes and handling complaints expeditiously.

2.2.11 CHARGES LEVIABLE

Bank ensures that fees and service charges for various services are approved by committee, duly authorized by the Board to take decisions in this regard and that they would be reasonable and non-discriminatory for similar class of customers.

Bank also provides information about the penalties leviable in case of non-observance / violation of any of the terms and conditions governing the product / services chosen. For deposit products like Savings Bank Account and Current Deposit Account, the Bank will normally stipulate certain minimum balances to be maintained as part of terms and conditions governing operation of such accounts. Failure to maintain minimum balance in the account will attract levy of charges as specified by the Bank from time to time. For Saving Bank Account the Bank has placed restrictions on number of transactions, cash withdrawals, etc., for given period. Similarly, the Bank has specified charges for issue of cheque books, additional statement of accounts, duplicate pass book, folio charges, charges for closure of account etc. All such details, regarding terms and conditions for operation of the accounts and schedule of charges for various services provided will be communicated to the prospective depositor while opening the account.

2.2.12 PREMATURE WITHDRAWAL OF TERM DEPOSIT

The Bank, on a request from the depositor, at its discretion may allow withdrawal of term deposit before completion of the period of the deposit agreed up on at the time of placing the deposit. The Bank shall make depositors aware of the applicable rate along with the deposit rate. The Bank shall declare their penal interest rates policy for premature withdrawal of term deposit.

2.2.13 PREMATURE RENEWAL OF TERM DEPOSIT

In case the depositor desires to renew the deposit by seeking premature closure of an existing term deposit account, the Bank will permit the renewal at the applicable rate on the date of renewal, provided the deposit is renewed for a period longer than the balance period of the original deposit. While prematurely closing a deposit for the purpose of renewal, interest on the deposit for the period it has remained with the Bank will be paid at the rate applicable on the date of deposit to the period for which the deposit remained with the Bank and not at the contracted rate. Further the Bank may levy penalty for pre-

mature closure of an existing deposit at such rates as may be decided by the Bank from time to time.

2.2.14 RENEWAL OF TERM DEPOSITS

Depositors can give instructions at the time of opening the account for payment of maturity proceeds to their accounts or by Demand draft or for renewal of the deposit for the period of their choice. In the absence of any instructions from customer, the bank will renew the deposit on due date for the same period for which the matured deposit was placed. If request for renewal is received after the date of maturity, such deposits will be renewed with effect from the date of maturity at interest rate applicable as on due date, provided such request is received within 14 days from the date of maturity. In respect of request received after 14 days from the date of maturity, interest for the overdue period will be paid at the rates decided by Bank from time to time.

2.2.15 ADVANCE AGAINST DEPOSITS

The Bank may consider request of the depositor/s for loan / overdraft facility against term deposits after execution of necessary security documents. The Bank will also consider a loan against a deposit standing in the name of minor. However, a suitable declaration stating that the loan is for the benefit of Minor is to be furnished by the depositor – applicant.

2.2.16 SETTLEMENT OF DUES IN DECEASED DEPOSITOR'S ACCOUNT

Bank will follow a simplified procedure for settlement of accounts of deceased account holders. The claims in respect of deceased depositors and release of payments to survivor(s)/nominees will be made within a period not exceeding 15 days from the date of receipt of the claim subject to the production of proof of death of the depositor and suitable identification of the claimant(s) to the Bank's satisfaction.

2.2.17 INTEREST PAYABLE ON TERM DEPOSIT IN DECEASED DEPOSITOR'S ACCOUNT

In the event of the death of the depositor before the date of maturity of the deposit and 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 to the date of payment, the Bank shall pay simple interest at savings account interest rate or the contracted rate of interest on the matured TD, whichever is lower from the date of maturity till the date of payment. If the amount of deposit is claimed before the date of maturity, interest at the rate applicable to the period for which the deposit has remained with the Bank will be paid.

However, in the case of death of the depositor after the date of maturity of the deposit, interest shall be paid at the contracted rate till the date of maturity and the Bank shall pay interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower from the date of maturity till the date of payment.

2.2.18 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.

2.2.19 DORMANT ACCOUNTS

A savings as well as current account should be treated as inoperative / dormant if there are no transactions in the account for over a period of two years. In case any reply is given by the account holder giving the reasons for not operating the account, banks should continue classifying the same as an operative account for one more year within which period the account holder may be requested to operate the account. However, in case the account holder still does not operate the same during the extended period, banks should classify the same as inoperative account after the expiry of the extended period. The depositor will be informed of charges, if any, which the Bank will levy on dormant/inoperative accounts. The depositor can request the Bank to activate the account for operating it after complying with the conditions as per KYC norms.

2.2.20 ACCOUNTS OF TRANSGENDER PERSONS

In case of a person claiming to be transgender and needs to open account or to do any Banking transaction, the person will be recognized as “Third Gender” and the details shall be accepted in the AOFs/ or other applicable forms as such. The salutation of such person shall be “Mx.”.

All transgender customers shall be treated equally with other male/ female customers without any discrimination.

2.2.21 SAFE DEPOSIT LOCKERS

This facility is not offered through all Bank branches and wherever the facility is offered, allotment of safe deposit vault will be subject to availability and compliance with other terms and conditions attached to the service. Safe deposit lockers may be hired by an individual (being not a minor) singly or jointly with another individual(s), HUFs, firms, limited companies, associates, societies, trusts etc. Nomination facility is available to individual(s) holding the lockers singly or jointly. In respect of lockers held in joint names, up to two nominees can be appointed. Joint locker holders can give mandate for access to the lockers in the event of death of one of the holders on the lines 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 persons, the Bank will release the contents of locker to the legal heirs against indemnity on the lines as applicable to deposit accounts.

2.2.22 ANNUAL SURVEY OF DEPOSITOR SATISFACTION

Bank's primary business is receiving funds from Depositors. Depositors can be individuals and households, financial and non-financial firms, or national and local governments. Depositor satisfaction is very important for a sustainable growth of Banking Business. Bank shall conduct annual survey of Depositors satisfaction for taking feedback of products and services and provide the services as per their requirement. Triennial audit of such surveys shall be conducted to establish the sanctity of surveys.

2.2.23 DISCLOSURE OF THE POLICY

The policy would be placed on the Bank's public website.

2.2.24 OWNERSHIP OF THE POLICY:

Business Acquisition & Relationship Management Division will be the owner division of the policy.

2.2.25 VALIDITY AND REVIEW OF THE POLICY

“The policy shall be subject to annual review.

Further, ORMC shall be authorized to:

Extend validity of both the Policy on Bank Deposits- Part I and Operational Guidelines- Part II for a period up to three (3) months, however such extension of validity of the policy Part I shall be subject to ratification by the Board, at the time of the next review.”

This policy is valid from 01.07.2023 to 30.06.2024.

2.2.26 AUTHORITY FOR APPROVING OPERATIONAL GUIDELINES

Authority for operational guidelines is operational risk management committee.

2.2.27 REPORTING: NIL

2.2.28 RELAXATION/DEVIATIONS/ EXCLUSIONS: NIL

Operational Guidelines for Bank Deposits

**Division : Business Acquisition & Relationship
Management Division**

Version : 2023_BA&RM_1.0



Guidelines Custodian

Division	Business Acquisition & Relationship Management Division
Officer in-charge	Divisional Head
Policy Contact	rlbdpolicy@pnb.co.in

Guidelines Version Control

S. No.	Version Number	Version Date	Summary of changes
1	1	01.04.2023	NIL

Guidelines Governance

Frequency Of Review	Annual
Last reviewed on	NEW
Approval Path	ORMC
Supersedes	NA

I. ACCOUNT OPENING AND OPERATION OF DEPOSIT ACCOUNTS

1. ACCOUNT OPENING:

- a. The account opening forms and other material would be provided to the prospective depositor by the Bank. The same will contain details of information to be furnished and documents to be produced for verification and/or for record. It is expected of the Bank official opening the account to explain the procedural formalities and provide necessary clarification sought by the prospective depositor when he approaches for opening a deposit account.
- b. The due diligence process, while opening a deposit account will involve satisfying about the identity of the person, verification of address, satisfying about his occupation and source of income. Obtaining introduction (if required) of the prospective depositor from a person acceptable to the Bank and obtaining recent photograph of the person/s opening/operating the account are part of due diligence process. The KYC and due diligence process will be followed as per KYC policy, presently conveyed by Operations Division (KYC Section) Circular No. 05/2022 and circular issued from time to time.
- c. In addition to the due diligence requirement under KYC norm, the Bank is required to obtain Permanent Account Number (PAN) or alternatively declaration in Form No. 60 or 61 as specified under the Income Tax Act and PMLA Rules amended vide notification dated 1st June 2017 and subsequent amendments.
- d. Deposit accounts can be opened by an individual in his own name (known as account in single name) or by more than one individual in their own names (known as Joint Account). A savings /fixed / recurring Bank deposit account can be opened by a minor of any age through his/her natural or legally appointed guardian. Savings Bank Account can also be opened by a minor jointly with natural guardian or with mother as the guardian (Status: known as Minor's Account).
Cheque book may be issued in minor account. Minor accounts are not allowed to be overdrawn.
- e. Debit card- Bank will issue Debit cards to customers having Saving Bank/Current Accounts. Bank may charge on debit card transactions within stipulated benchmark as per Debit Card Policy of the Bank and Bank guidelines issued from time to time.
- f. Mobile and Internet Banking- Bank has formulated Policy for Mobile Banking and Internet Banking which governs the use of PNB's Mobile Banking and Internet Banking services for the customers of Bank.
- g. The regulatory guidelines require Bank to categorize customers based on risk perception and prepare profiles of customers for the purpose of transaction monitoring. Inability or unwillingness of a prospective customer to provide necessary information/details could result in the Bank not opening an account.

- h. Inability of an existing customer to furnish details required by the Bank to fulfil statutory obligations could also result in closure of the account after due notice(s) is provided to the customer.
- i. Charges for deposit products like Savings Bank Account and Current Deposit Account are discussed in this policy at point Charges Leviable.

2. OPERATION OF ACCOUNT

The Joint Account opened by more than one individual can be operated by single individual or by more than one individual. The mandate for operating the account can be modified with the consent of all account holders. The Savings Bank Account opened by minor jointly with natural guardian/ legal guardian can be operated by such guardian only. On attaining majority, the erstwhile minor should confirm the balance in his/her account and if the account is operated by the natural guardian / legal guardian, fresh operating instructions and specimen signature of erstwhile minor should be obtained and kept on record for all operational purposes. The joint account holders can give any of the following mandates for the disposal of balance in the above accounts:

- (i) **Either or Survivor:** 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. However, the signatures of both the depositors may have to be obtained, in case term deposit is to be paid before maturity.
- (ii) **Anyone or Survivor:** If the account is in the name of two or more individuals say, A, B & C, the final balance along with interest, if applicable, will be paid to any of account holders, i.e., A or B or C, on the date of maturity. On the death of any one of account holder say A, the final balance along with interest, if applicable, will be paid to any two of the surviving account holders, i.e., B or C. On the death of any two of account holder say A and B, the final balance along with interest if applicable, will be paid to surviving account holder, i.e., C.
- (iii) **Former or Survivor:** In case the mandate is 'Former or Survivor', the 'Former' alone can operate/withdraw the matured amount of the fixed/term deposit, when both the depositors are alive. However, the signature of both the depositors may have to be obtained, in case the deposit is to be paid before maturity. If the former expires before the maturity of the fixed/term deposit, the 'Survivor' can withdraw the deposit on maturity. Premature withdrawal would however require the consent of both the parties, when both of them are alive, and that of the surviving depositor and the legal heirs of

the deceased in case of death of one of the depositors.

- (iv) **Later or Survivor:** 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 the later, i.e., B, on date of maturity and to the survivor on death of anyone of the account holders.

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.

If the joint depositors prefer premature withdrawal of deposits in accordance with the mandate of 'Either or Survivor', 'Anyone or Survivor' or 'Former or Survivor' or 'Jointly', Bank may allow premature withdrawal of term deposits to the surviving depositor/s without seeking concurrence of legal heirs of the deceased deposit holder, provided all the depositors have given a specific joint mandate for the said purpose at the time of opening the account or any time subsequently during the tenure of the deposit.

At the request of the depositor, the Bank will register mandate / power of attorney given by depositor authorizing another person to operate the account on his/her behalf.

The term deposit account holders at the time of placing their deposits can give instructions with regard to closure of deposit account or renewal of deposit for further period on the date of maturity.

3. SPECIMEN SIGNATURES

Specimen of a customer's signature will be obtained on the relative Account Opening Form and must be attested by the officer authorized to open the account, under his/her GBPA/PF number and date. The Authorized Officer shall also ensure that signatures must be scanned on daily basis. The signature scanning and retrieval shall be accurate and the verifications of signature shall be confirmed before payment of Term Deposits.

4. KYC GUIDELINES OF MINORS

Up to 10 years of age: Account of minor may be opened by obtaining KYC of guardian and Birth Certificate of minor.

Above 10 years of age: If jointly operated with guardian: Account of minor may be opened by obtaining KYC of guardian and Birth Certificate of minor.

If self-operated by minor: KYC of guardian and minor should be obtained. Bank may allow to open and operate savings Bank account independently. Bank may put the age limit and transaction amount, cap basis, keeping in view their risk management system. Bank are free to offer additional Banking facilities like internet Banking, ATM/ debit card, cheque book facility, etc., subject to the safeguards that minor accounts are not allowed to be overdrawn and that these always remain in credit.

On attaining majority on the same day account should be inoperative till the time customer converts the minor account to major with required KYC documents. Thus, Bank should initiate the prior communication to Minor accounts that are going to attain majority. The erstwhile minor should confirm the balance in his/her account and if the account is operated by the natural guardian / guardian, fresh specimen signature of the erstwhile minor duly verified by the natural guardian would be obtained and kept on record.

5. SETTLEMENT OF DUES IN DECEASED DEPOSITOR'S ACCOUNT

If the depositor has registered a nomination with the Bank – the balance outstanding in the account of the deceased depositor will be transferred to the account of / paid to the nominee after the Bank satisfies itself about the identity of the nominee, etc. The above procedure will be followed even in respect of a joint account where nomination is registered with the Bank.

- a.** In a joint deposit account when one of the joint account holders dies, the Bank is required to make payment jointly, to the legal heirs of the deceased person and the surviving depositor(s). However, if the joint holders had given mandates for disposal of the balance in the account in the forms such as either or survivor, former / later or survivor, anyone or survivors or survivor; etc., the payment will be made as per the mandate to avoid delays in production of legal papers by the heirs of the deceased.
- b.** In the absence of nomination and when there are no disputes among the claimants, the Bank will pay the amount outstanding in the account of deceased person against joint application by all legal heirs or the person mandated by the legal heirs to receive the payment on their behalf without insisting on legal documents up to the limit approved by the Bank's board. This is to ensure that the common depositors are not put to hardship on account of delays in completing legal formalities. For the amount outstanding over the prescribed limit the necessary legal formalities as prescribed by the Bank from time to time need to be completed.

6. TRANSFER OF ACCOUNT TO INOPERATIVE ACCOUNT

A savings as well as current account should be treated as inoperative / dormant if there are no transactions in the account for over a period of two years. In case any reply is given by the account holder giving the reasons for not operating the account, banks should continue classifying the same as an operative account for one more year within which period the account holder may be requested to operate the account. However, in case the account holder still does not operate the same during the extended period, banks should classify the same as inoperative account after the expiry of the extended period.

7. ANNUAL SURVEY OF DEPOSITOR SATISFACTION

The survey of the depositor satisfaction will be conducted by the Customer Care Division on Annual basis.

8. TRI-ENNIAL AUDIT OF SERVICES

The tri-ennial audit of services provided to the customer will be conducted by the Operations Division.

II. OPERATIONAL GUIDELINES CURRENT ACCOUNT

Current Deposit Account is very convenient product for frequent banking transactions by Individuals, Firms, HUF, Companies, institutions, etc. There is no limit on number of transactions in such accounts and are most suitable for business operations.

1. ELIGIBILITY

Individuals, Sole Proprietary Concerns, Partnership Firms, HUFs, Companies, Association of Persons, Society, Trusts, Body Co-operatives, Charitable and other Institutions.

2. MINIMUM BALANCE REQUIREMENT

1. Current account should be opened with a minimum initial deposit amount as circulated by HO: RLBD/BA&RM from time to time.
2. Minimum balance in the account, if not maintained as stipulated, then withdrawal by the customer would raise an exception in computerized environment.
3. Report on all such transactions as were processed with exceptions (Exceptional Transaction Report) is to be generated and checked by the Authorized officer on daily basis.

The appropriate scheme code should be selected in CBS environment for opening a current account. It should be ensured that only one "Customer ID" is assigned to single customer for his/her multiple accounts. This would help Bank in complying Regulatory Guidelines on "Risk Management on Customers".

The user shall enter the customer ID of the customer and select the scheme code in which customer account is to be opened. The system automatically displays the default General Ledger sub head for the selected scheme and brings up account opening screen and the SWO shall ensure that all the details given in the AOFs and its annexure are entered into the system.

3 INTEREST

No interest is allowed on current accounts except in case of deceased individual customer or proprietor of sole proprietorship concerns where interest at savings fund rate will be paid to the claimant/s only from 1st May 1983 or the date of death of the account holder / proprietor whichever is later, till the date of repayment.

4. STOP PAYMENT OF CHEQUE

The Bank will accept stop payment instructions from the depositors in respect of cheques

issued by them. Charges, as specified, will be recovered.

5. NOMINATION

Nomination is accepted in individuals and sole proprietorship accounts.

6. OPENING OF JOINT ACCOUNTS

For opening accounts in joint name of individuals, the user, after capturing details, shall capture the joint holder's details. The option can be used for capturing the details of power of attorney holder, letter of authority holder and authorized signatory in the account. All particulars, cheque book numbers, instructions, etc., must be individually verified by a checking official at the time these are entered. Instruction, which ceases to be in force, should be deleted and verified by the checking official concerned.

7. CHEQUE BOOK

Personalized and non- personalized cheque books can be issued to the Current account holder.

8. PRECAUTIONS FOR AVOIDING FRAUDS AND UPKEEP OF BALANCING

- a. Incumbent in charge must ensure that various accounts of the Branch are periodically balanced strictly in accordance with the prescribed instructions.
- b. Incumbents in charge must satisfy themselves, by periodical visits to different sections in their offices that the concerned checking staffs are well versed in their duties and that the accounts are being properly maintained.
- c. Incumbent in charge should periodically carry out surprise inspections to review their office routine. In the course of their general supervision, Incumbents in charge should verify various accounts at irregular intervals and scrutinize them in such a way that those directly responsible for their maintenance and checking are made aware that their work is under surveillance. The checking officials at the branches must carry out a comprehensive check over each day's transactions.

9. TEMPORARY OVERDRAFT IN CURRENT ACCOUNT

- a. Before allowing the Temporary Overdraft the user shall obtain written permission from the competent authority in the Temporary Overdraft (TOD) sanction register (and also on the face of the instrument proposed to be passed by grant of TOD).
- b. Interest application to such account are to be calculated on the basis of period for which the account remained in debit balance and at clean overdraft rate defined in the appropriate rate version. However, system will collect interest from the account for the overdrawn amount only. The same shall be parameterized as per bank guidelines.

Such transactions will appear in exception report for verification by the incumbent.

- c. Premature closure of account/ Issue of duplicate pass book/Statement of account are allowed subject to recovery of prescribed charges.

10. TRANSFER OF ACCOUNTS

An account may be transferred from one branch to another branch of the bank, if otherwise not specified in the scheme, free of charge, on written application from the depositor, which should be accompanied by the passbook and unused cheque forms.

11. CLOSING OF ACCOUNTS

- a) No charge is to be levied if the account is closed within 14 days from the opening of account
- b) If a depositor closes his account, within twelve months of its opening, the prescribed charges will be recovered.
- c) While applying for closing of the account, the pass book and the unused cheque forms, if any, should be returned to the bank. The pass book, after completion will be returned to the depositor, if so desired.
- d) The bank may close any account, without assigning any reason, after giving one month notice in writing to the depositor.

12. GUIDELINES REGARDING DEBIT BALANCE IN CURRENT ACCOUNT:

Any current account in debit balance will be treated as clean overdraft account and will be guided as per the guidelines issued by IRMD LOANS & ADVANCES, presently conveyed by IRMD L&A CIRCULAR NO. 173 / 2022 dated 19.11.2022.

13. DRAWING OF CHEQUES

The customers should be advised as under:

i) Instruments tendered for collection & credit to an account should not be drawn against until these have been actually realised. The bank reserves the right to refuse payment against uncleared effects even though credit thereof may have been afforded in the pass book. Bank will not be held responsible, in the event of cheques being dishonored, for having been drawn against cover in course of realization. Constituents should not overdraw their accounts without having made previous arrangements.

ii) Branches should display following notice at conspicuous place in the banking-hall:

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"Bank shall only honour or pay the cheques of the customers against clear balance up to the previous day and having regard to the drawls of the day already made in the account".

iii) The bank will take every precaution to see that funds paid in for credit to accounts are correctly recorded in the respective accounts; but in case any cheque is returned by the bank inadvertently, it will not be held liable for any damage arising there-from.

iv) Cheques must be drawn on the bank's printed forms out of the cheque book supplied to the constituents for the purpose. The bank reserves the right to refuse payment of any cheque drawn otherwise.

v) For cheques drawn for a sum less than Rs.50/-, a charge of Rs. 10/- per cheque be levied.

vi) Cheques should be drawn in such a way as to prevent subsequent additions or insertions and the signatures thereon should be in strict conformity with the specimen signatures supplied to the bank. Bank reserves the right to refuse payment of cheques that have been altered in any way, except for re-validation under full signatures of authorized signatory/ies. No extraneous matter should appear on the cheque otherwise it may be dishonored.

vii) The bank will not be responsible if any post-dated cheque, i.e., bearing a date subsequent to the date of its presentment, is inadvertently paid.

viii) Stale cheques, i.e., bearing a date over three months old to the date of presentation, will not be paid.

ix) Constituents should see that the cheque books received by them bear their prescribed covers and that the serial number of cheque forms indicated on those covers is intact. Cheque books should be kept under lock and key and the constituents should not allow other persons to use cheques from their books.

x) In the event of closing an account, the unused cheque forms should be returned to the bank.

14. MISCELLANEOUS

i. The bank may close any account after giving reasonable period's/one week's notice to the constituents.

ii. The bank reserves the right to amend, delete or add any rule after due notice to the public by advertisement in two daily newspapers circulating in the region, in which the head office of the bank is situated. Also, any updation done should be reported on the official website of the Bank.

III. OPERATIONAL GUIDELINES SAVING ACCOUNTS

Saving Deposit has been defined by the IBA in its "Model Policy on Bank Deposits" as a form of demand deposit, which is subject to restrictions as to the number of withdrawals as also the amounts of withdrawals permitted by the Bank during any specified period.

Saving Fund Accounts can be opened for eligible person / persons and certain organizations / agencies (as advised by Reserve Bank of India (RBI) from time to time).

The facility for online submission of account opening request/form is also available on home page of our corporate website www.pnbindia.in.

1. ELIGIBILITY

A saving account may be opened:

- a. By an individual singly or jointly;
- b. In the name of a minor by his/her natural or legally appointed guardian, who shall be required to give in writing, the date of birth of the minor;
- c. By a minor above the age of 10 years on his/her furnishing a satisfactory proof of age. On attaining majority, the erstwhile minor should confirm the balance in his/her account and if the account is operated by the natural guardian / guardian, fresh specimen signature of erstwhile minor duly verified by the natural guardian would be obtained and kept on record for all operational purposes. Saving Fund Account can also be opened by a minor jointly with natural guardian.
- d. By two or more persons, in their joint names, payable to either or survivor or any one of us or all of them or survivor or survivors, former or survivor(s).
- e. By a Society, Club, Association, Trust, Charitable/Educational Institution/Hindu Undivided Family; provided it is not a trading or business concern subject to RBI guidelines.
- f. By the Societies/Institutions/Associations, which are not liable to pay income tax under the Income Tax Act, 1961.
- g. The account should be opened in the presence of an authorised bank official after obtention/completion of related documents from/by the depositor. In no case, the documents should be handed over to middle men/third parties/intended clients for completion of necessary formalities at a later date.

2. MINIMUM BALANCE REQUIREMENT

- a. As per extant guidelines, stipulation of minimum balance and service charges for non-maintenance of stipulated minimum balances in account will not apply to Staff Accounts, Pension Accounts and if specified under any scheme.
- b. At present, after saving bank account of a customer is opened, he/she is provided with a passbook wherein important rules and regulations governing such accounts are mentioned, which includes the requirement of maintaining a specified minimum balance and the provision of levy of charges in case they fail to observe the said requirements. As these guidelines are subject to change, the passbook incorporates the following text as its integral part:

"These guidelines are subject to change.
For latest guidelines, contact the Branch Manager / Bank's Official website"
- c. Amount of minimum balance required to be maintained in Saving Bank Account is displayed on the official website of the Bank and also in the branches at a conspicuous place or at the enquiry counters (wherever the same exist) for the due notice of the customers.
- d. In case of any subsequent changes, these charges are brought to the notice of the public by updating the official website of the Bank and by display of notice board at the branches.

3. PROHIBITION

The bank shall not:

- a. 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:
 - i. commission paid to agents employed to collect door-to-door deposits under a special scheme.
 - ii. commission paid to Direct Selling agents/Direct Marketing Agents as part of the outsourcing arrangements.
 - iii. remuneration paid to Business facilitators or Business Correspondents.
- b. Offer prize/lottery/free trips (in India and/or abroad), etc or any other initiative having element of chance for mobilizing deposits. However, inexpensive gifts costing not more than Rupees 250/- which is the amount prescribed by the Indian Banks' Association (IBA) as part of the Ground

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- Rules and Code of Ethics framed by them may, at the bank's discretion, be given to depositors at the time of accepting deposits.
- c. 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.
 - d. 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.
 - e. Accept interest-free deposit other than in current account or pay compensation indirectly.
 - f. 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 other-wise, for such clients receiving such deposits on maturity.
 - g. Grant advances against term deposits maintained with other banks.
 - h. Create any fund to be utilized for charitable purposes in consultation with the depositors.
2. As per directives issued by the Reserve Bank of India, Banks are prohibited from opening saving accounts in the name of Govt. Departments or Bodies/Municipal Corporations or Municipal Committees/Panchayat Samitis / State Housing Boards/ Water and Sewerage/Drainage Boards/State Textbook Publishing Corporations/Societies/ Metropolitan Development Authority/State or District Level Housing Co-operative Societies/ Any Political Party/ Any Trading, Business or Professional Concern, depending upon budgetary allocations for performance of their functions whether such concern is a proprietary or a partnership firm or a company or an association and entities other than individuals, Karta of HUF, and organization/agencies.
3. Explanation: For the purposes of this 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.
4. The above prohibition will not apply in case of the following organizations/ agencies:
- a. Primary Co-operative Credit Society which is being financed by the banks
 - b. Khadi & Village Industries

- c. Agriculture Produce Market Committee
- d. Societies registered under the Societies Registration Act 1860 or any other corresponding law in force in State or a Union Territory except societies registered under the State Co-operative Societies Acts and specific state enactment creating Land Mortgage Banks.
- e. 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 words 'Limited' or the words 'Private Limited'.
- f. Institutions other than those mentioned in 'A' above and whose entire income is exempt from payment of income tax under the Income Tax Act, 1961
- g. Government departments / bodies / agencies in respect of grants/ subsidies released for implementation of various programmes / 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.
- h. Development of Women and Children in Rural Areas (DWCRA).
- i. Self-Help Groups (SHGs), registered or unregistered, which are engaged in promoting the saving habits among their members.
- j. Farmers' Clubs-Vikas Volunteer Vahini- (VVV)

Institutions/Associations and Societies, which are not liable to pay income tax, under the Income Tax Act, 1961, will be eligible for opening Saving Accounts. Before opening such accounts, Incumbent In charge should obtain copies of bye laws of the Institution/Association/Society to satisfy them that the institution is exempt from payment of income tax.

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

- (a) A deposit received by the 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;

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- c. Under the Capital Gains Accounts Scheme, 1988, 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; and
 - d. Under the Certificate of Deposit Scheme.
- (b) Payment of interest on delayed collection of outstation instruments like cheques, drafts, bills, telegraphic/mail transfers, etc.

4. ILLITERATE PERSONS

- a. Saving Fund Account of illiterate persons may be opened.
- b. Illiterate person may be allowed to open joint account with other illiterate person subject to compliance of KYC norms. No cheque book will however be issued in the joint account of all illiterate persons.
- c. An Illiterate person may also open joint account with another Literate person who is closely related to him and which can be operated jointly or severally. Cheque book can be issued to Literate Person in such accounts where operation mandate is as 'Either or Survivor'.

5. BLIND PERSON

- a. Saving Fund Account of blind persons may be opened.
- b. A blind person may be allowed to open a saving fund account, singly or jointly with others. She/he will be properly introduced and both his/her signatures (if literate) and left/right hand thumb impression (if illiterate) will be taken, in the presence of an Officer authorized to open account and witnessed by a person (having business relationship with the bank) and attested by the officer concerned.
- c. It may be noted that all the banking facilities including cheque book, operation of ATM, internet banking, mobile banking, locker, etc., can be provided to visually challenged person.

6. MINOR

- a) Saving fund accounts in the name of minor may be opened. In each such case, the date, on which the minor will attain his/her majority, should be recorded. When the minor

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attains his/her majority, a fresh account opening form should be taken from him/her and operations on the account allowed only in accordance with the instructions contained therein.

b) Saving accounts, in the name of minor of the age of above 10 years may be opened in his/her name, on obtaining satisfactory proof of age. Cheques drawn in favour of such minor only may be accepted for collection and credit to their accounts, provided a letter of indemnity, in the following form, is obtained from the guardian of such minor.

The Manager,
Punjab National Bank.
Dear Sir,

In consideration of your agreed to collect cheques drawn in the name of my minor son/daughter _____ for credit to his/her saving account no. __I undertake to indemnify you against all claims to the cheques, so collected by you.

Yours faithfully,

c) After the minor has attained majority, withdrawals by the guardian must not be allowed. On the death of a minor, the account will be treated as a claim case.

d) While opening account of a minor customer, irrespective of his/her age, capturing CIF of his/her guardian in Related Person detail has been made mandatory.

7. JOINT ACCOUNTS

When an account is opened in the names of two or more persons, all of them must sign the account opening form and the operation in the account will be in accordance with the instructions contained therein. If such instructions are rescinded by any one of the joint depositors, withdrawals will only be permitted, if authorized by all of them. In case of a joint account, payable to either or survivor or survivors, in case of death of one of the account holder, the balance in the account will be paid to the survivor without any reference to the representatives or heirs of the deceased person or persons.

8. NOMINATION

Nomination is accepted in saving fund accounts.

9. INTEREST

- i. The rate of interest allowed on saving accounts will be as per the guidelines circulated by HO: IRMD, ALM Cell, from time to time. Presently conveyed by ALM - IRMD CIRCULAR NO. 32/2022

- ii. Interest is calculated on the balance maintained on daily basis at quarterly intervals at the end of each quarter, i.e., February, May, August and November and credited to accounts in the beginning of March, June, September and December or at the time of the closure of the account. However, no interest is allowed on any account where the aggregate interest amount is less than Rs.1/- in any Quarter. Interest shall be rounded off to the nearest rupee. Additional 1% interest on all staff accounts shall continue.
- iii. Checking of Interest paid on deposits:
 - a) Where interest applied/credited in an account is up to Rs. 10000/- in a quarter, checking is to be done in 5 % of the accounts.
 - b) Where interest applied/credited in an account is more than Rs.10000/- in a quarter, checking is to be done in all the accounts.

10. DEPOSIT OF CASH AND CHEQUES

- a) The minimum amount that can be deposited in a saving account is Rs.50/- except under specified schemes where no minimum deposit is stipulated.
- b) Deposit of cash and cheque should be made through duly completed prescribed pay-in-slips and cash should be tendered at the cash counter. The depositor should be advised to make sure that the bank's stamp and initials of a checking official are affixed on the counterfoil, when the deposit is made in cash.
- c) Cheques and other instruments drawn, to the order of depositor or payable to bearer alone, will be accepted for collection and credit to a saving account. Customers should be advised that it is in their own interest to cross such cheques, before depositing them in the bank.

11. WITHDRAWAL OF MONEY

- i. The total number of withdrawals, from a saving accounts during half year, whether by cheque or withdrawal, etc. (for non-cash transaction excluding bank induced/ ATM/ IBS), should not exceed 40. A service charge per withdrawal in excess of the limit prescribed shall be levied as per extant guidelines.
- ii. No withdrawals should be made for less than Rs.50/- unless the account is intended to be closed.

- iii. On presentment of Withdrawal Slip by the account holder personally, he/she may be permitted withdrawal of unlimited amount, subject to observance of usual safeguards, viz., production of passbook, verification of signatures, availability of balance, etc. Cash payment against tender of Withdrawal Slip shall not be permitted to third party, even if the same is accompanied with passbook.
- iv. Depositors must produce their passbooks, when withdrawing money from their accounts, by a withdrawal slip. Such instruments, without production of the passbook, must be referred to the Incumbent In charge, who may permit such withdrawals only in very exceptional circumstances, provided he is personally satisfied that there is no risk in doing so. While exercising such authority, Manager must satisfy himself about the genuineness of the mandate and will record the reasons for allowing the payment on the back of the withdrawal slip itself. Manager will be held personally liable if it transpires subsequently that payment through withdrawal slip was wrongly made.
- v. To provide relief to the old, infirm and sick pensioners who are unable to come to the bank personally for withdrawing cash through withdrawal slip, the guidelines are as under:

There are different guidelines for account holder who is too ill to sign a cheque and cannot be physically present in the bank to withdraw money from his bank account but can put his/ her thumb impression on the cheque/withdrawal form and an account holder who is not only unable to be physically present in the bank but is also not even able to put his/her thumb impression on the cheque/ withdrawal form due to certain physical defect/incapacity. With a view to enabling the old/sick account holders to operate their bank accounts, it is advised to follow the procedure enumerated below:-

- (A) Wherever thumb or toe impression of the sick/old incapacitated account holder is obtained, it should be identified by two witnesses having business relationship with the Bank, one of whom should be a bank official.
- (B) Where the customer cannot even put his/her thumb impression and also would not be able to be physically present in the bank, a mark can be obtained on the cheque /withdrawal form, which should be identified by two witnesses having business relationship with the bank, one of whom should be a bank official. ("In terms of the General Clauses Act, the term "Sign" with its grammatical variations and cognate expressions, shall with reference to a person who is unable to write his name, include "mark" with its

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grammatical variations and cognate expressions. There must be physical contact between the person who is to sign and the signature or the mark put on the document. Therefore, in the case of the person who has lost both his hands, the signature can be by means of a mark. It could be the toe impression. It can be by means of mark which anybody can put on behalf of the person who has to sign, the mark being put by an instrument which has had a physical contact with the person who has to sign.")

The customer may also be asked to indicate to the bank as to who would withdraw the amount from the bank on the basis of cheque/withdrawal form as obtained above and that person should be identified by two independent witnesses. The person who would be actually drawing the money from the bank should be asked to furnish his signature.

The branches are advised to obtain a letter in respect of above.

DRAFT LETTER

The Manager,

Punjab National Bank

BO: -----

Dear Sir,

Reg. Operation in the A/c. No. ----- In the name of Shri / Smt. -----It is confirmed that Shri/ Smt/Ms.----- customer / account holder has indicated /authorized /Shri /Smt /Ms ----- in our presence, for receiving money from the bank on the basis of the mark / impression made / put by him / her on the cheques /withdrawal slip. The signature of Shri Smt/Ms.----- is attested here below.

Thanking you

Yours faithfully,
(SIGNATURE OF WITNESSES)
SIGNATURE OF IDENTIFIED /
AUTHORISED PERSON

(C) The person concerned has to make some mark somehow in the cheque/withdrawal slip for allowing operation in the account. On the very backside of the instrument on which the

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person is giving the instruction by a mark, the independent witnesses can confirm that the said mark was put up by the person concerned himself in their presence.

The bank official may visit the house/hospital, if necessary, to identify the customer and genuineness of the case.

A letter as suggested above can be taken at the time of making the payment to the authorized person.

i. A notice as stated below shall be displayed at conspicuous place in the branch:

"All our Saving Fund Account holders are requested to note that cash payment against tender of withdrawal slip shall be permitted as under:

- a) No payment shall be allowed to third party against tender of withdrawal form, even if the same is accompanied with passbook.
- b) Payment against tender of Withdrawal Form shall be permitted to the concerned account holder only, if it is accompanied with related passbook."

ii. Withdrawal form does not have the features of a cheque and may pose certain problems if withdrawal form is allowed for payment at CBS branches other than the base branch. Accordingly, cash payments through withdrawal forms are permitted only at the branch where the customer maintains the account and not at other branch. The clause, **"Usable at Base Branch only"** is printed on the face of the withdrawal slip.

iii. Withdrawals against cheques and other instruments, tendered for collection and deposit, will not be allowed till these are realized, even though the amount thereof has been provisionally credited to the account.

iv. Cheques and withdrawal slips, bearing a date over three months prior to the date of presentment, and or which contain extraneous matter, will not be paid.

v. Cheques and withdrawal slips' bearing alterations(s) will not be paid.

vi. The bank reserves the right to refuse payment of a cheque, drawn out of a cheque book, not supplied to the depositor by the bank.

vii. Cheques and withdrawals slips should be drawn in such a way as to prevent subsequent additions and insertions in the amount.

viii. A depositor cannot overdraw his/her account, without making prior arrangements.

12. CHEQUE BOOKS

- a) Personalized and non- personalized cheque books can be issued to the Current account holder.
- b) The cheque books shall be issued to the fully KYC compliant account holders.
- c) Application for a cheque book should be presented by the depositor, personally or through a messenger, duly authorised by the depositor.
- d) For the purpose of applying for a new cheque book, the printed requisition form, inserted in the previous cheque book must be used.
- e) At the time of issuing of cheque books to the customers, A/c No. must be mentioned on each and every leaf of the cheque book. Non-mentioning of A/c No. on each and every leaf of the cheque book is fraught with risks.
- f) On receiving a new cheque book, the depositor should ensure that the serial numbers of cheque forms, as indicated on the covers, are intact and bear the name of the branch. Cheque books should be kept under lock and key and the depositors should not allow other persons to use cheques from their books.
- g) Customer directed debit transactions in his/her account can be made against presentment of cheque issued in the account.

13. INTER SOL TRANSACTIONS

The guidelines regarding inter-sol transaction circulated vide **HO: Inspection & Audit Division** will be applicable to all Saving Fund Accounts.

14. STOP PAYMENT INSTRUCTIONS

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

15. PASSBOOKS

A passbook will be issued for each account. The account number appearing on the passbook must be quoted on every withdrawal slip, cheque, pay-in-slip and any communication, addressed to the bank.

16. CLOSING OF ACCOUNTS

- i. In case of newly opened saving account, if a customer desires so, he/she may

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- request, on a plain paper, to switch to another account or else to close his/her account citing the reasons to do so, within 14 days of first transaction in the account.
- ii. The Incumbent In-charge, on receipt of request, must facilitate switching to other account or refund of amount along with the interest earned, if any.
 - iii. No charges shall be levied for providing the facility of switching / closure of account. However, the Incumbent In-charge should make efforts to retain the account by offering various products.
 - iv. If a depositor closes his/her account, after trial period of 14 days but within 12 months of its opening, the prescribed charges will be recovered. Further, he/she may be requested to cite the reasons for the same and the Incumbent in Charge/ Authorized Official on receipt of request will permit closure of account. The reason for closure of account must be invariably recorded in the remarks column in CBS.
 - v. While applying for closure of the account, the passbook and the unused cheque leaves, if any, should be returned to the bank. The passbook, after completion will be returned to the depositor, if so desired.
 - vi. The bank may close any account, without assigning any reason, after giving one month notice in writing to the depositor.

17. INTEREST PROVISIONING/ APPLICATION IN SF A/CS

- a. Interest provisioning is set as a batch job in the system. System automatically runs the batch job on the last day of every month after Business Hours. The system makes up-to-date interest provision monthly and passes following transaction:
Dr. Interest Paid on SF account
Cr. Interest Accrued on SF account – scheme wise.
- b. The system runs a batch job for interest application into the accounts on quarterly basis. The batch job applies interest to all SF accounts and passes following transactions: -
Dr. Interest accrued on SF (respective scheme) a/c Cr Individual a/c of customer
- c. The authorized officers as per above-mentioned guidelines should check these interest applications.
- d. When a depositor wishes to close his/her saving account, interest due will be applied by debit to the 'interest accrued on saving accounts (or interest paid on saving accounts, if necessary), and the balance of the account will be made to the

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depositor against the withdrawal slip / cheque. The relative passbook will be ruled off, marked "Account closed", in red ink, and returned to the customer. If an account is closed, within a year, of its opening except those closed on account of death of account holder, charges as prescribed, from time to time, will be levied.

- e. The authorized officer on request of customer can issue balance/ interest certificate to the customer.

18. STANDING INSTRUCTIONS

Standing instructions in writing in respect of saving accounts may be accepted and complied with, without production of the relative passbooks. But customer's instructions for stray payments must not be entertained, unless accompanied by a passbook.

19. TRANSFER OF ACCOUNTS

A saving account may be transferred free of charge from one branch to another branch of the bank on written application from the depositor.

20. MISCELLANEOUS

A. Addition in the name(s) of account holder(s) be permitted, if so desired, after observing the following formalities:

- a. A letter of request, from the existing account holder(s) be obtained and kept on record with the account opening form, after verifying signatures of the account holders.
- b. Fresh account opening form from all the account holders, (existing as well as the persons to be added) be obtained and filed with the previous one.
- c. A note regarding addition of name(s) should be made in the related account and authenticated by the checking official concerned.
- d. Remarks regarding addition of name(s) should be given in the related passbook.
- e. Requests for addition of name(s) more than once should be discouraged.

B. Accounts will be opened in the system by entering full names of the depositors, their occupations, address, etc., and other instructions as per Account opening form obtained.

C. If balance in the account is less than penalty charges, then the A/c will be closed under intimation to the customer by ordinary post.

D. If the balance falls below the stipulated limit, penalty charges will be levied.

E. Customers maintaining a balance above a stipulated limit would be designated as Premium Saving Fund customer. The above said limit as well as the facilities/concessions

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to such customer would be as per guidelines issued by HO: RLBD/BA&RM from time to time.

F. The stock / custody of withdrawal slip must remain with supervisory staff only. It should be issued to the Account Holder on his/her demand. In no case withdrawal slips should be left in the banking hall, over the counter. While handing over the Withdrawal Slip to the Account Holder, Supervisory staff should affix the date rubber stamp on withdrawal slip. This is to counter check that the slips have been made available from branch counter.

G. When a letter signed by the depositor, is presented for withdrawal of money, particular care must be taken to see that the signatures thereon are genuine. Such letters should be used as debit vouchers and must invariably be branded with a paid date stamp, so that it cannot be re-used.

H. Whenever an application for withdrawal of money from a saving account or a withdrawal form or a cheque is returned to the presenter, because of difference in the depositor's signature, the depositor should be advised on prescribed form direct, as is done in the case of current account holders.

I. When cheques are returned for insufficient funds, after having circulated the all-round slip, the relative returning memos, will be signed by the section In charge. In case a local cheque is under collection or the monthly salary is received direct from the employer, orders of the Incumbent In charge will be obtained in the overdraft sanction register before the returning memo is signed by the section In charge. All cheques returned, must be entered in the register maintained for cheques returned.

J. No overdraft limit on a regular basis is permitted in saving fund account except as mentioned in the scheme. Powers for sanctioning of clean OD in saving accounts are withdrawn and no clean OD should be permitted in savings accounts except for schemes with inbuilt OD facility/ scheme specific reasons.

K. Whenever a duplicate passbook is issued, the fact must be recorded in the system in the respective account and stipulated charges must be recovered. In the event of the original passbook being presented, no payment should be made, until the duplicate passbook is also returned by the depositor and destroyed, in the presence of the Incumbent In charge.

L. The bank reserves the right to amend, delete or add any rule at any time.

21. SEPARATE HEAD FOR INSTITUTIONAL DEPOSITS / CORE DEPOSITS

A. Growth of core deposits is a pre- requisite for matching growth in Net Bank Credit. Institutional Deposits continue to be our competitive strength as it forms an integral part of

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our Total Deposits and channelizes substantial amount of Low Cost Deposits.

B. In view of the inconsistency in identifying Institutional Deposits, due to wrong capturing of identifier codes in CBS for the same, we are reiterating the guidelines for meticulous compliance.

C. The Institutional Deposits comprises of the following deposits:

- a) Deposits of Central and State Governments including Government Departmental undertakings such as Railways, Post & Telegraph, etc.
- b) Deposits of Local Authorities, which include Port Trusts, Municipalities, Zila Parishads, etc.
- c) Deposits of Quasi Government Bodies, which include State Electricity Boards, Housing Boards, etc.
- d) Deposits of Public Sector Corporation and companies which are owned by Central & State Governments or local authorities and engaged in manufacturing/trading. Public Sector companies are defined in Section 617 of the Companies Act as companies in which not less than 51% of the paid up share capital is held by Central/State Government or partly by Central and partly by State Governments and include companies which are subsidiaries of Government Companies. State Trading Corporation, Food Corporation of India, State Road Transport Corporation. Warehousing Corporations are to be treated as public sector companies/corporations.
- e) Deposits of State managed companies, public or private limited companies not owned but managed by Government (i.e., sick textile mills whose management is taken over by the Government) Indian Iron & Steel Company Ltd., etc.
- f) Deposits of Non-Banking Financial company including Mutual funds
- g) Deposits of Trusts
- h) Deposits of all Registered Society which includes the Societies which have registered in the Society Act and governed by the Society rules and regulations
- i) Deposits of all Private and Public Educational Institutions, which includes recognized or non- recognized institutions.

IV. OPERATIONAL GUIDELINES TERM DEPOSIT

"Term deposit" means a deposit received by the Bank for a fixed period which is withdrawable only after the expiry of the said fixed period and shall also include deposits such as Recurring Deposit and Fixed Deposits and its variants. All the Fixed deposit schemes offer either maturity option ('Interest In' type of account where interest accrued is payable on maturity) or income option ('Interest Out' type of account where interest accrued during the term of Deposits is paid to the Depositor, periodically). Where Deposit is made under 'Income Option', operative account to which periodical interest is to be credited must be got specified from the Depositor/s. This would avoid crediting periodical interest in sundry account.

1. FIXED DEPOSIT (FD)

- a) The minimum tenor of domestic/NRO Term Deposits is 7 days and maximum is 10 years. In accounting terms 'Fixed Deposits' are known as 'Time Liabilities' which means deposits withdrawable subject to notice, not on demand. However, branches may accept deposits for periods exceeding 10 years in terms of orders of competent courts.
- b) Fixed Deposit accounts may be opened, on compliance of KYC norms, in the names of Individuals (singly or jointly), Firms, Corporate Bodies, Trusts, and Associations, HUF and Public Undertakings, etc., on execution of relative Account Opening Form and completion of requisite formalities, as have been set forth for opening of deposit accounts.
- c) The facility of issuance of e-FD has also been customized in Internet Banking. Retail IBS users are also having the option to cancel the online opened Fixed Deposits prematurely, during branch timings only. After Central EOD, the customer's request will be captured with display of the message on screen that his/her request will be processed on the next working day. Once the request is captured, it will be executed by the system at BOD level on the next working day without any further request of the customer.
- d) System will not allow the FD to be closed in case any lien is marked on FD. Interest calculation/ penalty, etc., will be computed online in CBS and funds will be credited to the chosen account number instantly. The aforesaid facility will be available subject to the condition that the related Saving/Current Account must be fully KYC compliant. Also, it is mandatory to credit the closure proceeds of any FDR into the account having the same customer ID as that of the Fixed Deposit Receipt (FDR).
- e) Deposits, for other periods or at interest rates, other than the prescribed ones, should not be accepted, as it shall be viewed as violation of established systems and procedures of our Bank as well as Reserve Bank of India's guidelines.
- f) To prevent frauds involving misappropriation of funds in term deposits a confirmatory letter in the form of "Thank You" note shall be sent to the beneficiary through post and SMS as well as e-mail wherever mobile No. and e-mail ID is

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available. A Thank You letter has been customized in CBS which is to be sent to the account holder. Report is available in DAYRPT 4/22a.

4. RECURRING DEPOSITS

- a) These accounts may be opened by all types of customers as mentioned in case of fixed deposits Accounts. The facility of opening minor's A/cs under guardianship is also permissible.
- b) Recurring deposit accounts may be opened, with minimum monthly installment of Rs.100/- or more in multiples thereof. There is no maximum limit.
- c) Deposits can be accepted for a period of 6 months to 120 months, in multiple of 1 month.
- d) The installment for any calendar month shall be paid on or before the last working day of that month, failing which penalty charges are to be levied for delay @ Rs.1.00 for Rs.100/- p.m. irrespective of periodicity of deposit. A fraction of the month is being treated as full month for the purpose of calculating such interest.
- e) A depositor may deposit installment at all the branches of the bank as well as by giving standing instructions, to transfer from his/her savings or current account. Such transfers will be effected free of charge.
- f) Standing instructions can also be given online after opening of RD Account. In case the depositor fails to maintain sufficient balance in his/her account, to affect such transfers, the standing instructions would be treated as cancelled and the installment will be deemed to have fallen in arrears. The depositor can also pay the installments in advance.
- g) SMS alerts for missed installments and due date of maturity will be sent to customer
- h) All Recurring Deposit Accounts shall be payable AT PAR on maturity at all CBS branches, i.e., no inter-sol transaction charges of any nature including cash withdrawal either directly or through Savings/Current Account etc. will be levied at the time of payment. In case, customer requires premature payment in respect of the Recurring Deposit, it would be entertained only at the Base Branch i.e. the branch where the account of Recurring Deposit is maintained.
- i) Every depositor will be provided with a pass book of his/her account. No repayment will, ordinarily, be made from the account, without production of the pass book. However, this formality may be waived, at the written request of the depositor. If the pass book is lost, spoiled or mutilated a duplicate pass book will be issued after a levy of duplicate pass book charges.
- j) The deposit shall mature for payment 30 days/one month after payment of last installment or on expiry of period for which the deposit was accepted, whichever is later, irrespective of whether the last installments is paid with penalty in

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PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

subsequent month(s). Accounts maturing on a Sunday or a Bank holiday, will be payable, on the next working day.

- k) The payment on maturity of Recurring Deposit shall be made after obtaining a proper discharge from the customer on the Receipt annexed at the end of the Pass Book.
- l) The relative pass book will be returned to the depositor, after completion and duly marked with the remarks "account closed". However, since Recurring Deposit pertain to the category "Term Deposits" payment of deposits of Rs. 20,000/- and above covered under Income Tax Amendment Ordinance, 1981 should be made as provided in the Ordinance Act.
- m) In case of premature cancellation of deposits, 0.50% penalty will be levied and the interest rate payable would be contractual rate minus 0.50% or the rate under the scheme on the contractual date applicable for the tenor for which the deposit has run minus 0.50%, whichever is lower. However, no penalty is to be levied if the deposit is prematurely closed for the purpose of investment to any other term deposit scheme of the bank provided that the deposit remains with the Bank after reinvestment for a period longer than the remaining period of the original contract.
- n) In case of premature closure within a month, no interest shall be paid to the customer.
- o) Staff Members and Senior Citizens and instances of death of the depositor before maturity, would continue to be exempted from the levy of penal interest.
- p) The methodology of calculation of interest in case of Recurring Deposit where monthly installments are regularly paid/or regularized after payment of penalty up to some period after which defaults were made and the amount is sought to be withdrawn before due date. The interest rate will be applicable as mentioned above (i.e. minus 0.50%) and simple interest will be paid on daily product basis compounded half yearly and penalty for non-deposit of installment has been dispensed with.
- q) In case RD account is not made regular by depositing pending installments till maturity date, simple interest will be paid on daily products basis compounded half yearly and penalty for non-deposit of installment has been dispensed with.
- r) Loans may be granted against Recurring Deposits as are being allowed against Fixed Deposits. The bank's lien will be noted on the depositor's balance in the recurring deposit account, to the full extent of the limit allowed. The relative pass book with customer's signatures on payment coupon in the pass book will be obtained from the borrower and kept with the documents, which will be returned, after the loan is adjusted.

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

3. CLASSIFICATION OF DEPOSITS ACCEPTED UNDER TERM DEPOSIT SCHEMES

In terms of revised RBI guidelines on Bulk Deposits dated 22.02.2019, ALCO has realigned the Retail Card rate bucket to Single Rupee Term Deposits of < Rs. 2 crore from < Rs. 1 crore.

3.1 Size of Deposits: Differential interest rate will be offered only on bulk deposits, provided that differential interest shall not be applicable on deposits schemes framed on the basis of the Bank Term Deposit Scheme, 2006 or the deposits received under the Capital Gains Accounts Scheme, 1988.

However, from branch deposit budget classification point of view, term deposits is Classified as under:

- a) Retail (Core) Deposits: All single term deposits up to Rs 10 crore contracted at the Retail Credit rates, published by HO: IRMD, ALM Cell, will be treated as Core Deposits (Retail Core).
- b) Wholesale Term Deposit: All single term deposits above Rs.10 Crore are classified as wholesale term deposit, which is further categorized as Wholesale (Core) and Wholesale (DRI).
 - I. WHOLESALE (Core) DEPOSIT: Deposits over Rs.10 Crore contracted at the card rates. However, the interest applied on such deposits is the rate issued for retail card rate of Rs 2 crore to Rs. 10 crore, published by HO: IRMD, ALM Cell, from time to time.
 - II. WHOLESALE (DRI) DEPOSIT: Deposit of above Rs.10 Crore, where contracted at Differential (DRI) Card Rate, published by Treasury Division are treated as Wholesale (DRI) deposit.
- c) "Bulk Deposit" means : Single Rupee term deposits of Rupees two crore and above

However, all the branches are required to take prior approval from Circle Head for accepting any domestic Term Deposit of above Rs 10 Crore, whether Wholesale (Core) or Wholesale (DRI) from a single depositor (fresh / renewal) for which rate of interest shall be given by HO: Treasury Division. Circle Head in turn, would seek permission for accepting such deposits from HO: Treasury Division.

When the Circle Offices / branches take up with HO: Treasury Division for permission, Treasury Division provides a Unique Id (numeric) in case they permit the Term Deposit. The branches are required to open such Term Deposit in the schemes under "Wholesale Deposit" (either Core or DRI) and they will be mandated to feed this reference number provided by Treasury Division in the relevant field of FD scheme. It is reiterated that no

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

deposit of above Rs.10 Crore whether fresh or renewal (Wholesale Core/DRI) will be contracted without seeking permission from HO: Treasury Division.

4. MANDATE FOR MODE OF OPERATION

A. When a deposit, made in the name of more than one person, is repayable to anyone or more of them or to the survivors, or former or survivor, appropriate remarks will be entered on the receipt, as also in the system. Such remarks must be verified/ authenticated, by the checking official.

- a) During the life time of the joint holders, any change in terms of Fixed Deposit shall be made only on the request made by all the joint holders except in the case of "former or survivor" where former can request for any change in mode of operation individually.
- b) In case of death of one of the account holders, request of the survivor(s) for addition of fresh name(s) may be allowed only once, after getting the requisition from both, namely the survivor(s) and the person(s) to be newly added and after taking a stamped indemnity bond (specimen given below), from both of them, to guard the bank, against any claim of legal heirs/representatives of the deceased account holder.

Specimen of Indemnity Bond

Manager
Punjab National Bank
Dear Sir,
Reg.: FDR A/c No. _____ for Rs. _____
in the name(s) of _____ payable to former/either or
survivor
due on _____.

In consideration of your agreeing at our request to make addition of the name of Miss/Mr / Mrs _____ in the aforesaid FDR, we hereby indemnify and agree to reimburse the bank, its successors and assigns for all claims, losses, interest, costs and charges, which may be made or claimed against the bank by any person(s) in consequence of the bank, making the said addition and/or the bank making payment, before or after maturity of the said fixed deposit receipt/recurring deposit.

Yours faithfully,

1.

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

2.

Place:

(Signatures)

Date:

(Names in block

letters)

- i. Where the account opening form, held by the office contains the under-noted clauses; indemnity bond as given above, need not be insisted upon:

a) The deposit in question will be payable to either or survivor, any one of us or survivor(s), any two of us, or survivor(s), all of survivor(s) or us. In case any one of us, gives to the bank, written instructions, revoking the above instructions, the deposit will be payable on the joint discharge of all of us or survivor(s). In the event of death of any one of us, the deposit will be payable to the survivor(s). The payment, as per instructions so given by the person(s), above mentioned or survivor(s) will give good discharge to the bank

OR

The deposit in question will be payable to the former or survivor(s). These instructions are irrevocable. Bank will not act on any notice or instructions given by the other joint account holder(s) during the life of the former.

b) We also authorise the bank, at the request of any person(s) above name as beneficiary, during the currency of the deposit, and the conditions stated above will apply to the same.

B. Name(s) of any person may be added/deleted/substituted, against a joint written authority of all the account holders and the new entrants(s) after observing following formalities. However, in no case shall the amount or duration of the original deposit undergo change in any manner in case of a Term Deposit. Besides following precautions shall be undertaken:

- a. The addition/deletion/substitution may be allowed, once only, during the period of the existing deposit(s), at the discretion of the Incumbent In-charge.
- b. In all such cases, the original beneficiary (ies), of the account must remain.
- c. Letter of authority from the depositors should be obtained and kept on record with the account opening form, after authentication of the depositors' signatures thereon.
- d. Fresh account opening form should be obtained and filed with the previous account opening form. The authorized officer must check the correctness of the details entered in account opening of term deposit before authorizing Scheme Code, CIF, Deposit Amount, Period, Interest Flow Option and

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK
BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

Nomination, etc.

- e. A note regarding addition/deletion/substitution of the name must be noted in the system and the request letter from the customer regarding above must be kept with the Account Opening Form.
- f. Relative deposit receipt should be amended, under proper authentication of the checking official, or a fresh receipt may be issued in lieu of the old one with the same particulars in all respects except the addition/deletion/substitution in name(s) of beneficiary (ies).

5. ADDITIONAL RATE OF INTEREST BENEFIT TO SENIOR CITIZEN

A. A person who has completed the age of 60 years may be treated as a senior citizen for getting the benefit of higher rate of interest on fixed deposit. The additional rate of interest of 50 bps (presently) over applicable card rates for all maturities on domestic deposits of less than 2 crores would be paid in accordance to the guidelines issued by HO: IRMD, ALM Cell from time to time.

B. At the time of opening a new deposit account of a senior citizen the bank shall verify the age through verification of any of the following documents:-

- i. Secondary school leaving certificate indicating date of birth;
- ii. L.I.C. policy
- iii. Voters' identity card
- iv. Pension payment order
- v. Birth certificate issued by the competent authority
- vi. Passport;
- vii. Driving license;
- viii. PAN number
- ix. AADHAAR
- x. Any other documentary proof to the satisfaction of the Branch Manager

A copy of the document so presented & verified shall be kept on records along with the related Account Opening Form.

C. The benefit of additional rate of interest will be given to the senior citizens at the time of opening the Fixed Deposit accounts in their own names or in the joint names with any other person (whether senior citizen or otherwise). For accepting deposits of senior citizens jointly with other persons below the age of sixty years, it may be ensured that the name of the senior citizen must appear as the first name in the AOF and an undertaking be obtained from the Senior Citizen that the amount of deposit belongs to him/her.

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK
BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

D. The preferential rate would be payable on new deposit or on renewal of Fixed Deposit. If a person is holding a Fixed Deposit and during the currency of deposit, the depositor attains the age of 60 years, the preferential rate would be allowed on renewal/enhancement of period/split of Term Deposit. Once the age of senior citizen is verified for offering additional rate of interest, there is no need to seek proof of age for renewal of deposits or while taking subsequent deposits from him/her for allowing additional rate of interest benefit to senior citizen.

E. However, benefit of additional rate of interest is not offered on the fixed deposits standing in the name of a KARTA of the Hindu Undivided Family (HUF), even if the KARTA is Resident Indian Senior Citizen.

F. Nomination from Senior Citizen as per Bank's extant instructions/ procedures must be invariably obtained, so as to facilitate the transfer of deposits to the nominees in event of death of the senior citizen.

6. ADDITIONAL RATE OF INTEREST ON DEPOSITS OF STAFF AND EX-STAFF

1. Bank shall, allow additional interest of one per cent per annum, over and above the rate of interest mentioned in the schedule of interest rates on savings or a term deposits of bank's staff and their exclusive associations as well as on deposits of Chairman, Chairman & Managing Director, Executive Director or such other Executives appointed for a fixed tenure, subject to the following conditions:

(i) The additional interest is payable till the person continues to be eligible for the same and in case of his ceasing to be so eligible, till the maturity of a term deposit account.

(ii) In case of employees taken over pursuant to the scheme of amalgamation, the additional interest is allowed only if the interest at the contractual rate together with the additional interest does not exceed the rate, which could have been allowed if such employees were originally employed by the bank.

(iii) In the case of employees taken on deputation from another bank, the bank from which they are deputed may allow additional interest in respect of the savings or term deposit account opened with it during the period of deputation.

(iv) In the case of persons taken on deputation for a fixed tenure or on a contract of a fixed tenure, the benefit will cease to accrue on the expiry of the term of deputation or contract, as the case may be.

(v) Bank Employees' Federations, in which bank employees are not direct members, shall not be eligible for additional interest.

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

(vi) The additional interest may be paid on the following deposits after obtaining a declaration from the depositor concerned, that the monies deposited or which may be deposited from time to time into such account belong to the depositor:

- (a) member or a retired member of the bank's staff, either singly or jointly with any member or members of his/her family; or
- (b) the spouse of a deceased member or a deceased retired member of the bank's staff; and
- (c) an Association or a fund, members of which are members of the bank's staff;

The benefit of additional rate of interest to banks, staff members, or retired staff member is available only in case of the staff member or retired staff members has an account singly or jointly with family member where the staff member/retired staff member is the Principal Account Holder. The staff member who is principal account holder in a joint account may give a declaration to the Bank that the money belongs to the depositor.

However, benefit of additional rate of interest is not offered on the term deposits standing in the name of a KARTA of the Hindu Undivided Family (HUF), even if the KARTA is Staff Member/Retired Staff Member/ a resident Indian senior citizen.

The Principal Account holder is to be identified on the basis of CIF (ID linked with PF number of staff member) of staff who is "Principal Account Holder" in joint account, in which benefit of additional interest is to be provided after taking undertaking that money deposited in the account belongs to that staff member.

Primary CIF of the staff can be linked to joint account by running HCCA menu in the CBS. Thereafter, branch to run menu option PRFUPD available with the general user and verify through INTTM. This step will ensure that CIF of the staff member will be considered as tax deduction identifier in the particular account where benefit of additional interest has been /or is being given.

A. A retired member of the bank's staff" means an employee:

- i. Retiring whether on superannuation or otherwise as provided in the bank's Service/Staff Regulations which provide retirement on superannuation as well as retirement at the request of the officer employee or by the bank after completion of 30 years of service or after 55 years of age, but does not include an employee retired compulsorily or in consequence of disciplinary action.
- ii. Retiring under voluntary retirement scheme, after rendering minimum 20 years of service of pension regulations
- iii. Taking pre-mature retirement due to infirmity after rendering 10 years of service.

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

- iv. In case of resignation by any employee other than the above listed clauses, no additional rate of interest would be applicable.
- v. An association or a fund, all members of which are members of the bank staff, is similarly entitled for the concession.
- vi. If any depositor, as mentioned in the aforesaid paragraphs, desires to have his/her fixed deposit receipts account cancelled, before maturity, interest should be allowed at 1% over and above the scheduled rate, for the period, for which the receipt/account has run.

7. PROHIBITION

The concession mentioned above, should not be allowed to individuals, who are discharged or dismissed by the bank and to such retired persons, who may be found indulging in any hostile activities against the bank or who may be supporting any organization with similar objectives.

8. ADDITIONAL BENEFIT OF SENIOR CITIZEN TO EX-STAFF MEMBERS

The benefit of additional rate of interest as applicable to Fixed Deposit of Senior Citizens may also be permitted to the Bank's ex- staff subject to compliance of terms and conditions as applicable to Senior Citizens. This will be in addition to the existing benefit of 1% over and above the normal rates as being allowed to the retired staff under the extant directive.

9. PAN/GIR NUMBER OR FORM 60

The prospective account holder is required to mention his/ her PAN/GIR No. in the Account Opening Form. The officer opening the account should verify the same from the original and put his signature in token of having verified the original and in case the depositor is not having the same, Form No. 60 / 61, as applicable, is required to be obtained from him/her.

10. NOMINATION

The format of nomination (Form DA1) is already incorporated in AOFs and as such nomination shall be obtained thereon at the time of opening of Account.

11. ACCOUNTS IN THE NAMES OF MINORS

- A. A fixed deposit account, in the name of a minor, of the age of 10 years and above,

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

may be opened in his/her own name, on obtaining satisfactory proof of his/her age.

B. An account in the name of minor below the age of 10 years may only be opened, under the guardianship of his/her father or mother and if both are not alive, a guardian appointed under will, deed or legislative act, in force for the time being. (The expressions 'father' and 'mother' do not include a step father or a step mother). The date, on which a minor attains majority, will be entered in the system. Care must be exercised, that after the minor attains majority, the deposit must not be paid, without his/her specific authority and discharge, on the reverse of the fixed deposit receipt.

12. ACCOUNTS IN THE NAMES OF ILLITERATES

A. Fixed deposits may be accepted from illiterate persons. Such accounts of illiterate persons may be opened, subject to observance of rules prescribed by the Bank. A rubber stamp indicating that the depositor is illiterate to be affixed on the Account Opening Form, and the relevant deposit receipt, under the initials of checking official.

B. An undertaking, in the following format, on the Account Opening Form, must be taken from the depositor, to the effect that payment of the fixed deposit, shall not be demanded, otherwise than on presentation of the fixed deposit receipt, by the depositor himself: -

"I hereby agree that payment of the fixed deposit receipt(s), on maturity, will be received by me personally, by presenting the same, at your office. The bank will not be liable, to pay, except as above".

Witness's Signature

Depositor's left/ right thumb impressionAddress

C. A declaration to the effect, that the contents of the Account Opening Form, including the undertaking above, and the stipulations governing fixed deposit accounts, have been translated and explained to the depositor, will be taken on the Account Opening Form, in the following format, from the person, witnessing the thumb impression of the depositor:-

"The contents of the Account Opening Form and the stipulations governing issue of fixed deposit receipts, as appearing on the back there of, have been explained to the depositor and fully understood by him/her and he/she has affixed his/her thumb impression, hereunder, in my presence, in token thereof."

Witness's Signature

Depositor's left/ right thumb impressionAddress

D. At the time of payment of such accounts, the depositor will personally come to the bank, along with the fixed deposit receipt. The left(male)/right(female) hand thumb impression of the depositor, on the back of the fixed deposit receipt, will be affixed by

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

the depositor, in the presence of the passing official, who will ensure, by reference to the photograph, and identification marks, if any, that the payment is being made to the depositor himself /herself. Also, the passing official will ascertain from the depositor, that the correct amount of the fixed deposit has been paid to illiterate customer and in token of his having done so, will affix his initials, against the amount mentioned in the fixed deposit receipt.

E. In case, the depositor's photograph has not been obtained or is not on record or differs, he/she will be required to produce one independent witness, acceptable/known to the bank, to attest his/her thumb impression, on the fixed deposit receipt. The name and address of such a witness will be recorded on the fixed deposit receipt. Where a fixed deposit receipt is presented for payment by collecting bank, along with proper letter of authority, with the thumb impression of the illiterate person, duly attested, payment will be made to the collecting bank. As far as possible, the attestation shall be as under: -

"Shri/Smt ----- beneficiary of the fixed deposit receipt No. dated _____ has put his/her thumb impression in our presence and we attest the same."

13. ACCOUNTS IN THE NAMES OF BLIND PERSONS

Term deposit may also be accepted from blind persons, and undernoted procedure must be strictly followed for the opening and conduct of such accounts:

- i. The depositor's thumb impression/signature on the Account Opening Form will be taken, in the presence of, and attested by an officer authorised to open accounts and witnessed by a person, known to the bank.
- ii. Wherever possible, number and details of one or more identification marks of the depositor - mole or scar, should be noted on the Account Opening Form, under authorization of the officer concerned.
- iii. Rules and conditions governing such accounts, in general and special conditions, in view of his/her physical infirmity, be written at the back of the Account Opening Form and explained to the depositor, in the presence of a witness. A suitable certificate from the witness, for having done so, should be obtained, at appropriate place on the Account Opening Form.
- iv. For the convenience of the depositor, he/she should be suggested to open a joint account with the next of his/her heir or any other person, in whom he/she can repose confidence.

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

- v. Money accepted from a blind depositor, should be witnessed by an independent person, (not a bank employee) in writing, and should be got confirmed by the depositor orally. Similarly, when payment of the term deposit is made, either on due date or before maturity, the same safeguards should be observed.
- vi. Proceeds of the deposit receipt(s) should be paid to the depositor, when he/she calls on the bank personally. An undertaking should be taken from the depositor, at the time, of opening the account.
- vii. All other instructions and procedure relating to term deposits will apply, mutatis mutandis, to deposits accepted from this category of depositors.

14. HINDU UNDIVIDED FAMILY (HUF) ACCOUNTS

Accounts of HINDU UNDIVIDED FAMILY may be opened on following conditions:

- a) **MANDATE TO BE ACCEPTED ONLY FROM KARTA OF HUF:** The bank will be authorised to pay the proceeds of fixed deposit receipt(s), to the 'Karta' of the firm and to honour any notice, instructions or discharge given or signed by 'Karta' notwithstanding, any instructions to the contrary, given by any of the co-parceners.
- b) **INTIMATION OF CHANGES IN HUF TO BANK:** The bank will be informed periodically, say once a half-year, and at the maturity or at the time of payment of fixed deposit receipt(s), of the birth or death of a member, in the family or any other change, that may have occurred, since the opening of the account.
- c) **PAYMENT OF FDR TO KARTA:** Payment of the fixed deposit receipt(s) received by the Karta will be valid and effective on behalf of/binding on newly born member(s), if any, in the family.
- d) **STOP PAYMENT OF FDR:** The bank will be entitled to stop payment of the balance, standing in the fixed deposit account(s), on receipt of information about the death of any member.

15. APPLICATION AND CHECKING OF INTEREST PAID ON DEPOSITS

- a) Interest on deposits for fixed term may be paid, credited, transferred or reinvested with frequency not less than the quarterly rests. However, payment of monthly interest may be allowed, if required, by discounting the quarterly interest accrued.
- b) Interest on deposits where the terminal period (month/quarter/half year, etc., as the case may be) is incomplete shall be paid on maturity.

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK
BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

- c) On deposits repayable in less than three months or where the terminal quarter is incomplete; interest would be paid for the actual number of days on the basis of 365 days in a year.
- d) The authorized officer shall also ensure marking of information related to TDS deduction or exemption in particular account in the specified field.
- e) Interest inflow reflects that interest is added to the principal whereas interest outflow means that interest is credited in the operative account.
- f) At the end of every completed quarter, interest payable on the deposit for completed quarters, will be credited to the respective account to the debit of "interest accrued on fixed deposits" account.
- g) The calculation of interest should be as per guidelines and the same can be done by invoking relevant option in the FD module of CBS. The official need not enter any voucher through counter operation menu for renewal/premature withdrawal. The system will automatically generate /pass necessary book entries.
- h) In order to comply with the provisions of Income Tax Act, interest for the broken period would be calculated on the principal amount at the end of the relevant quarter (i.e., from the date of opening to the last date of the relevant calendar quarter) at the applicable rate and credited in the fixed deposit account or operative account of the customer as the case may be and TDS, if applicable, would be deducted there from.
- i) In case of Fixed Deposit with monthly/quarterly interest payment, Interest for the broken period would be calculated on the principal amount at the end of the relevant month / quarter (i.e., from the date of opening to the last date of the relevant calendar month / quarter), as per the option given by the depositor at the time of opening the account, at the discounted /applicable rate, as the case may be, and credited in the Saving Fund/ Current Account, and TDS, if applicable, would be deducted from their. Thereafter, interest would be calculated on calendar month/ quarter basis or up to the maturity date on the principal amount, as the case may be.
- j) TDS shall be deducted on proportionate basis from the very first month / quarter if total interest payable to a customer during the financial year (i.e., from April to March) on all his term deposits, wherein his / her name stands first, in a Bank on the basis of CIF of the customer comes to Rs 50,000/- and above in case of Senior citizen and Rs. 40,000/- and above for any other person. (Ref. HO: Finance Division Cir. No. 26/2019)

पंजाब नैशनल बैंक
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK
BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

- k) Total payment (i.e., principal and interest) of an FD at the time of its maturity shall be subject to upper cap of the pre-determined maturity value which shall be fixed in such a way as if interest has been applied for the completed quarters, wherever applicable, right from the beginning and after taking into account the TDS.
- l) The certificate evidencing deduction of TDS on the fixed deposits will be issued to the customer at the end of the financial year / at the time of maturity.
- m) All fixed deposits are payable on maturity or thereafter at all 'Parent Branch' or as per related functionalities as circulated by Ho: ITD, from time to time. The base branch is authorised for payment before maturity date and for any loans against such deposits.
- n) Interest is calculated and credited to respective accounts as per mandate given at the time of opening of fixed deposit account with income option. However, if the operative account is not specified then interest amount is credited to Sundry account.
- o) The system generates the interest certificate including interest credited in the account and TDS. This report should be generated in 3 copies. Interest certificate may be issued to depositor in respect of the amount actually credited in the depositor's account during the year. One copy is sent to Income Tax Authorities, other to the customer and third copy is preserved as bank record.
- p) The detailed guidelines in respect of Income Tax are issued by Finance Division, HO and wherever applicable, TDS should be deducted. However, to comply with the requirement of IBA, Tax deducted should be shown separately to the debit of the account and gross amount of interest should be credited in the account. Further, in terms of Finance Division circular No.6/98 dated 12.98, where the tax is deducted from the FD account itself then future interest is to be allowed on the reduced balance (net of TDS).

16. PAYMENT OF INTEREST ON ACCOUNTS FROZEN BY BANKS

- a) A request letter indicating the term for which the term deposit is to be renewed may be obtained from the depositor for renewal of the term deposit account frozen by the enforcement authorities. In case the depositor does not exercise his option for choosing the term for renewal, bank may renew the same equal to the original term on maturity. No new deposit receipt is required to be issued. Suitable note may be made regarding renewal in the deposit account. Renewal of deposit may be advised to the concerned government Department under advice to the depositor.

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

b) Interest is calculated and credited to respective accounts as per mandate given at the time of opening of account. However, if the operative account is not specified then interest amount is credited to Sundry account. The system generates the interest certificate including interest credited in the account and TDS. Interest certificate may be issued to depositor in respect of the amount actually credited in the depositor's account during the year.

c) The detailed guidelines in respect of Income Tax are issued by Finance Division, HO and wherever applicable, TDS should be deducted. However, to comply with the requirement of IBA, Tax deducted should be shown separately to the debit of the account and gross amount of interest should be credited in the account. Further, in terms of Finance Division circular No.6/98 dated 12.98, where the tax is deducted from the FD account itself then future interest is to be allowed on the reduced balance (net of TDS).

17. ISSUANCE OF DUPLICATE TERM DEPOSIT RECEIPT

A. The bank is not entitled to withhold payment of the money, in case a deposit receipt is lost or destroyed by the depositor. In case TDR was issued on Bank's security form, before payment is made or a duplicate receipt is issued, the depositor should be asked to sign the prescribed Indemnity Bond, on form no. PNB-322 (stamped according to local law). When a duplicate receipt is issued, it should be marked, in red ink, 'issued in lieu of the fixed deposit receipt no... dated....reported lost', and a similar note must also be made in system by the authorized officer.

B. All the stamped indemnity bonds obtained on Form No. PNB-322 for issuance of duplicate term deposit receipt must be placed separately in an era file and arranged according to the numerical order of the respective accounts. The era file will remain under lock and key, in the charge of checking official of the branch. Overnight, these should be kept in strong room/ in fire resistant steel cabinet outside the strong room.

These indemnity bonds will be preserved permanently. Particulars of such indemnity bonds will be separately recorded in the Branch Document Register maintained in terms of H.O. guidelines by having a separate opening therein on the following format. Particulars of indemnity bonds executed for issuance of duplicate term deposit receipts

A/C No.	Br. Sl. No.	Date of Issue of TDR	Name of Beneficiary	Nominee's Name	Due date of TDR	Date of Indemnity Bond	Amt. paid/ Date of payment

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय

PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

Signature of Depositor for receipt of Duplicate TDR	Signature of Officer/ In-Charge	Remarks

C. After payment of the term deposit on the basis of duplicate confirmation of deposit, either the depositor or the legal heirs of the depositor may claim payment of the fixed deposit by presenting the original one to the Bank and in such cases, if the above guidelines were not followed strictly, it becomes difficult for the bank to prove that the fixed deposit, in question, has already been paid earlier to the depositor.

D. However, where confirmation of Deposit is reported lost, a letter to this effect will be obtained from the depositor and duplicate confirmation of Deposit will be issued, without asking for the indemnity and after observing usual safeguards, viz., verification of signatures of the depositor, etc. No duplicate confirmation of deposit should be issued without a request being made in person by the depositor/s themselves. Issuance of duplicate confirmation of deposit in the absence of the depositor/s can lead to perpetration of frauds.

E. It is advised to exercise utmost caution while catering to the requests for issuance of duplicate confirmation of deposit, if:

- I. AOF is not available/found missing in the records.
- II. Identity of the depositor requesting is not well established/known to the bank.
- III. Such request is made by the depositor without physically presenting himself in the branch.

F. Keeping in view the perpetration of frauds, mechanism has been devised so that system will allow closure on the basis of only last confirmation of Deposit printed. The process of closure of Fixed Deposit account has been modified for making it stringent. The modified process is placed as under:

- i. The check/validation has been placed by printing a System Generated Number (SGN) on every confirmation of Deposit printed and during closure system will ask the user to enter the above SGN printed number. Only the last number (SGN) in combination with account being closed will be allowed for closure. Henceforth, payment will be made only on the last confirmation of Deposit printed, whether original or duplicate.
- ii. For the Old Accounts (prior to placing of check) where duplicate confirmation of Deposit has been issued, confirmation will be sought from user closing the Fixed

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

Deposit account that payment of duplicate confirmation of Deposit only is being made and accordingly information of user making the payment will be captured.

- iii. For Accounts where no confirmation of deposit has been printed so far, system will force user to print the confirmation of Deposit first and then proceed for closure of the Fixed Deposit account after entering the SGN

18. TRANSFER OF TERM DEPOSIT ACCOUNTS

Term Deposit Receipts can be made transferable at the branch other than the issuing branch on the request of the Depositor/depositors (in the case of joint holder type deposit, the application may be signed by one of the joint holders, if the other is dead).

19. PAYMENT OF TERM DEPOSITS

A. Payment of FDRs issued by CBS branches can be made by any CBS branch on maturity only. All the deposits, which are repayable after notice or repayable after a certain period, where the amount of deposit / aggregate amount of deposit / such deposit repayable together with interest, i.e., Rs.20,000/- or more, the repayment of such deposit(s) has to be made by account payee cheque or account payee bank draft. Such repayments could also be made by crediting the amount of such deposit(s) to the account of the person(s) to which such deposit(s) has/ have to be repaid. In order to know whether payment of a particular deposit is attracted by the provisions of the Act or not, it is necessary to find out the aggregate amount of all term deposits held in the name of the depositor and the amount to be repaid with interest at maturity or otherwise. Where such an amount is Rs.20, 000/ or more, payment will have to be effected in either of the modes prescribed under the Income Tax Act.

B. With a view to ensure that the provisions of the Ordinance Act are being strictly followed, the Incumbent In-charge, before allowing Cash Payment, would verify with reference to the CIF of the customer, the details of other FDs of the same depositor issued in his/her name.

20. DISBURSAL OF AMOUNTS OF LOANS AGAINST DEPOSITS

Loans against deposits are not covered by the Ordinance Act. Disbursal of loan amount in cash or otherwise does not amount to repayment of deposit amount. Therefore, while making repayment of the deposit on maturity or otherwise, the loan transaction is to be ignored. **The gross amount of deposit and interest repaid are to be considered and not the balance amount repaid after adjusting the loan liability.**

21. RENEWAL & SPLITTING OF DEPOSITS ON MATURITY

A. Renewal of deposit does not amount to repayment. Deposits could be renewed by splitting into smaller deposits in the name of the depositor only (as appearing in the original deposit). Splitting of deposits other than in the name(s) of original deposit(s) should not be permitted without effecting repayment of the deposit(s).

B. Facility of Auto-Renewal or Renewal on Request at Maturity on the same deposit receipt, with or without interest (In special Fixed Deposit / Ordinary Deposits), is also available to the depositors. The depositor is not required to visit the Bank for renewal of his deposit.

C. The presentment of confirmation of deposit, at the time of renewal /splitting / extension / payment/ transfer will be requested but not insisted upon. The request for the desired activity may be obtained on the back of the related confirmation letter or on a plain paper.

22. CHECKING ON SPLITTING OF DEPOSITS

To avert splitting of deposits, to gain higher rate of interest as well as classification of deposits under core deposit, checks have been placed in CBS in following cases:

- a. In a single day, fixed deposit (including online FD) of less than Rs. 2.00 Crore only be issued in a Customer ID (CIF) on card rate slab of less than Rs. 2.00 crore only.
- b. In a single day, fixed deposit (including online FD) of Rs. 2.00 crore to Rs. 10.00 crore be issued in a Customer ID (CIF) on card rate slab of above Rs. 2.00 crore to Rs. 10.00 crore only.
- c. In a single day, fixed deposit in multiple slab of rate of interest cannot be issued in a Customer ID (CIF).

23. PAYMENT OF DEPOSITS IN JOINT NAMES

- a. The Account Opening Forms, as prescribed by the bank, for the purpose of joint Term Deposits accounts be obtained and held on record. The terms and conditions as stipulated by the depositors in the AOF are to be mandated and to be abided by without fail.
- b. No depositor is harassed unnecessarily and the logic & benefit of various clauses of operation like "E or S"/"F or S"/Jointly are to be explained to the depositors at the time of opening of the account and suitable mandate is obtained & held on record by striking the appropriate payment instructions.

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

24. DEATH OF ONE OF THE HOLDERS IN JOINT ACCOUNTS

- a. Upon the death of one of the holders of a joint account, where the relative Account Opening Form provides for payment of balances to the survivors (either or survivor/Former or survivor), the account will, of course, continue and payment on maturity can be made to survivor(s), unless at or before the time of payment, an order of Court or other competent authority has been received prohibiting payment to the survivor(s). A letter of request from the survivor(s) and death certificate produced should be kept on record.
- b. The survivor(s) should be requested to transfer the balance into a new account in his/her or their own names. A fresh account opening form must be taken.
- c. When the balance is not repayable to the survivor(s), the operation in the account must be stopped and treated as a claim case and claimants be requested to submit claim papers (in duplicate) in form No.PNB 46-47, duly supported by death certificate.

25. HINDU UNDIVIDED FAMILY (HUF)

In the case of a Hindu Undivided family (HUF) account, when the death of a major co-parcener occurs, the operation in the account will be stopped and dealt with as a claim case.

26. DEATH, INSOLVENCY AND INSANITY OF A CUSTOMER

A. Notice or knowledge of the death, insolvency or insanity of a customer should be recorded in the system with the date and the source of information. A note should also be made in the specimen signature record. The matter should then be dealt as per the mandate of the depositor(s) with the bank/as per the directive of the Court, if any.

B. Pre-mature payment of term deposit / recurring deposit account may be made to the Surviving depositor(s) on their requisition and execution of stamped letter of indemnity, as per specimen given below. A copy of indemnity duly signed by customer is to be obtained and held on record for all FD accounts.

The Manager,
Punjab National Bank,

Dear Sir,

Reg: Fixed Deposit Receipt No. _____ for Rs _____ in the name of Payable to former/either or survivor, due on _____.

पंजाब नैशनल बैंक
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

In consideration of your agreeing, at my request, to make payment of the above fixed deposit receipt for Rs. _____ or balance in recurring deposit account and/or interest due thereon, before its due date to me, being the surviving depositor (Shri _____ having died), I hereby indemnify and agree to reimburse the bank, its successors and assigns, for all claims, losses, interest, costs and charges, which may be made or claimed against the bank, by any person(s), in consequence of the bank making payment before maturity of the above fixed deposit receipt/recurring deposit account.

Yours faithfully,

C. In the event of death of any of the joint account holders, before maturity date, the bank shall be free, at the request of the survivor(s), though not obliged, to refund payment on such terms, as the bank may decide, to grant advance loan to the survivor(s) against the balance, in the said deposit account(s) before the maturity and the discharge given by survivor(s), shall give the bank a valid discharge. The bank may on receipt of a written application from the former/the later/the first named/the second named etc. of us, or either or survivor/any one, or survivors or survivor of us, in its absolute discretion and subject to such terms and conditions, as the bank may stipulate,

- i. grant a loan/advance against the security of the term deposit receipt to be issued in our joint names, or
- ii. make premature payment of the proceeds of the deposit to the former/the later/the first/the second named of us/either or survivor of us/ anyone of us or survivors or survivor of us etc.

D. Balance confirmation letters in loan accounts against the security of bank deposit will not be issued unless the debit balance exceeds the value of security and/or deposit under pledge matures after two years and above from the date of advance.

27. PAYMENT OF INTEREST ON TERM DEPOSIT OF A DECEASED DEPOSITOR

The rate of interest payable to the heirs of a deceased depositor on the term deposit account of deceased depositor(s) would be as under: -

- i. In case of death of the depositor, before the date of maturity of deposit and amount of the deposit being 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 to the date of payment, the bank shall pay interest as permissible in case of overdue term deposits for the period for which the deposit remained with the Bank beyond the date of maturity.
- ii. Further, in case of death of a depositor after the maturity date where the depositor had failed to renew the deposit for a further period, the bank shall pay interest as permissible

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

in case of overdue Fixed Deposit.

Payment of interest on renewal of Overdue Term Deposits:

- a) Overdue Term Deposits are to be renewed on the date of presentation and not to be renewed from retrospective date.
- b) The appropriate prevailing rate of interest shall be applicable from the date of renewal of the FDR.
- c) Interest for the overdue period is to be paid at Savings Bank rate of interest as applicable from time to time.
- d) Interest on Overdue Term Deposits is not subjected to Tax Deduction at Source in terms of section 194A of the Income Tax Act, 1961. However, in the cases where the said overdue deposits are renewed further, the interest on such renewed term deposits will be subject to same provisions of TDS applicable in the case of any other new/fresh terms deposits.

28. PAYMENT OF INTEREST ON RENEWAL OF OVERDUE TERM DEPOSITS

- a. Overdue Term Deposits are to be renewed on the date of presentation and not to be renewed from retrospective date.
- b. The appropriate prevailing rate of interest shall be applicable from the date of renewal of the FDR.
- c. Interest for the overdue period is to be paid at Savings Bank rate of interest as applicable from time to time.
- d. Interest on Overdue Term Deposits is not subjected to Tax Deduction at Source in terms of section 194A of the Income Tax Act, 1961. However, in the cases where the said overdue deposits are renewed further, the interest on such renewed term deposits will be subjected to same provisions of TDS applicable in the case of any other new/fresh terms deposits.

29. PAYMENT OF INTEREST ON NON RENEWAL OF OVERDUE TERM DEPOSIT

- a) If the depositor does not opt for renewal of Overdue Term Deposit, interest shall be allowed as per guidelines issued by HO: IAD, which is presently as under:

“Interest would be paid at savings bank rate of interest as applicable from time to time. Interest would be calculated on ‘Simple basis’ and would be payable w.e.f. 22.08.2008 or the date of maturity, whichever is later, for the overdue period along with the maturity

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

proceeds of the matured term deposits”.

b) These revised guidelines shall be made effective on all Overdue Term Deposits, including;

- i. PNB Tax Shield Fixed Deposit Scheme
- ii. Capital Gain Scheme Certificate of Deposits
- iii. Recurring Deposit/Flexi Recurring Deposit.

30. STRUCTURE OF RATE OF INTEREST APPLICABLE ON FLEXI FIXED DEPOSITS ISSUED IN SWEEP ACCOUNTS

A. Bank has in place current account schemes, viz., CA General, Smart Banking Current Deposit Scheme (With or Without Sweep-In and Sweep-Out facility) and saving account schemes, viz., Saving Account General, Prudent Sweep (Individual & Institution); wherein FFDs are issued automatically on balance above a predefined threshold limit and period of deposit.

B. Revised parameters of applicable Rate of Interest on Flexi Fixed Deposits issued under Saving & Current Account including all variants are as under:

C. ROI applicable on FFDs will be as under:

Less than 2 Crs	Applicable Card Rate, i.e., ROI for below 2 Crore. For ex. If deposit of below Rs 2 Crore is swept for FFD then applicable rate will be ROI for below 2 Crore for that day.
2 Crs to 10 Crs	Applicable Card Rate, i.e., ROI for 2 Crore – 10 Crore. For ex. If deposit of Rs 2 Crore to Rs 10 Crore is swept for FFD then applicable rate will be ROI for Rs.2 Crore to Rs.10 Crore for that day.
Above 10 Crores	Applicable Bulk Rate, i.e., ROI for above Rs.10 Crore. For ex. If deposit of above Rs Rs.10 Crore is swept for FFD then applicable rate will be ROI for above Rs.10 Crore for that day Further, if the amount of FFD falls below to the next bucket due to withdrawal of amount, then applicable rate will be as per contracted rate till its maturity.

31. PREMATURE WITHDRAWAL OF FIXED DEPOSIT

a. 1% penal interest shall be charged at the time of premature cancellation of domestic

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

fixed deposits for all tenors and interest rate payable would be contractual rate minus 1% or the rate under the scheme on the contractual date applicable for the tenor for which the deposit has actually runs minus 1%, whichever is lower.

b. No penalty is to be levied if the deposit is prematurely closed for the purpose of investment to any other term deposit scheme of the bank provided that the deposit remains with the bank after the re-investment for a period longer than the remaining period of the original contract.

c. Staff members/Senior Citizen (except their term deposit, if any, accepted by Bank on Differential Rate of Interest basis), instances of death of the depositor before maturity, are exempted from the levy of 1% penal interest.

d. The penal rate of interest shall be applicable on all term deposits presented for premature cancellation unless specifically mentioned/ exempted under a particular term deposit scheme.

e. The above provisions of levy of 1% penalty shall not be applicable in cases of premature sweep-in and sweep-out taking place in specific schemes of Saving Fund & Current Account.

f. Board has approved the policy for waiver of penalty clause for premature cancellation of domestic term deposits, which are as under:

“EDs are empowered for waiver of penalty in case of premature cancellation of retail term deposit, i.e., deposits up to Rs.10 Crore on case to case basis in terms of deposit rates of interest as advised by IRMD(ALM) HO: from time to time.”

“General Manager, HO: Treasury Division is empowered for giving quotes for rate of interest, pre-payment or charges for pre-mature withdrawal at the time of giving quotes for wholesale term deposit (DRI), i.e., deposits above Rs.10 Crore. However, in other cases, EDs are empowered for waiver of penalty on premature withdrawal of wholesale term deposits (DRI) on case to case basis. The term deposit account holder must give clear 3 days’ notice for premature withdrawal of such deposits.”

32. LOAN/ADVANCE AGAINST TERM DEPOSIT

Loan or advance shall be granted as per HO: IRMD Circular (Loan/overdraft against bank deposits) issued from time to time if the deposit stands in the name of:

a. The borrower either singly or jointly

b. A ward and the advance is made to the guardian of the ward who is competent to borrow

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

on behalf of the ward and where the advance is made to the guardian of the ward in such capacity;

c. One of the partners of a partnership firm and the advance is made to the said firm.

d. The proprietor of a proprietary concern and the advance is made to the said concern.

e. Overdraft allowed to a partnership firm against a deposit standing in the name of the partner of the firm jointly with another person, who may or may not be related to him or her.

f. Advance made to a proprietorship concern against a deposit standing in the name of the proprietor along with another person, who may or may not be related to the proprietor.

g. Overdraft allowed to a trust against a deposit standing in the name of a trustee or a beneficiary of a trust and the trustee is enjoying facility.

h. Advance made to a co-parceners of HUF concern against the deposit standing in the name of HUF concern may be treated as advance against borrowers deposit, only after obtaining factual confirmation by acceptable evidence, i.e., declaration by all co-parceners including Karta of HUF as to how that deposit is treated for tax, etc., and that whether the deposit really belongs to HUF as the liability of coparceners in HUF is limited to the extent of their share in their family estate. In other cases, deposits of other co-parceners may be treated as deposit of third party for the purpose of allowing advance there against to HUF.

i. When a customer raises a Demand Loan or opens an Overdraft account against the FDR, he/she has to pledge the FDR with the bank. Since, after FDR being pledged, no other document will be available with the customer to trace the particular of the FDR, henceforth, a receipt containing details of FDRs being pledged (with the bank for securing a demand loan/Overdraft), should be issued to the tenderer, in the following format.

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(Format of Receipt of FDRs pledged to bank to secure a demand loan) Dated:

The following FDRs have been received, pledged by Shri/ M/s. _____ for securing a Demand Loan/Overdraft :-						
A/c No.	FDR No.	Date	Scheme	Name of	Amount	Due on
Beneficiary (face value)						

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

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Authorized Officer

j. The prescribed margin and interest as advised by HO: RLBD/BA&RM from time to time for loans against own Deposits be maintained.

33. EXTENSION OF THE PERIOD OF EXISTING DEPOSIT RECEIPTS

As per Reserve Bank of India directive, renewal of a deposit, before maturity, is not to be regarded as involving a "pre-mature payment", provided the deposit is held by the bank after the date of renewal, for a period longer than the remaining period of the original contract. Accordingly, while allowing extension in the period of existing fixed deposit under any of the schemes, penal provisions, stipulated in Reserve Bank of India directives, should not be invoked. Under noted procedure may be followed while allowing extension in the period of a deposit:

a) Extension of the deposit may be affected only, from the date on which extension is sought for by the depositor (and not from any retrospective date).

b) The rate of interest in respect of the period, up to the date of renewal, shall be the rate (compounded on quarterly basis with effect from 01-05-83) applicable for the period, from the date of deposit up to the date of renewal, and in respect of the period thereafter, the rate (quarterly compounded in case of Re-Investment Option) applicable for the period, equal to the period, for which the deposit is intended to be renewed.

c) Interest accrued up to the date of extension, may be paid or made payable at the time of maturity of the fresh receipt so issued, and a note to this effect must be given in red ink, on the fresh receipt, as well as on the relative ledger folio, duly authenticated by a checking official.

d) The existing deposit receipt must be cancelled and filed with the relative voucher and a new one issued in lieu thereof, with the inscription:

"Issued in lieu of fixed deposit, Receipt no. _____ dated _____
_____ for Rs. _____
_____ at _____ for _____ months (ledger
folio) _____
_____ cancelled. Interest accrued up to _____ Rs. _____ (in
words) paid on _____ to be paid on _____ date of maturity".

e) Other procedural instructions, in the matter of cancellation/renewal of deposit receipts, will apply mutatis mutandis, to such deposit receipts, where period of deposit is

पंजाब नैशनल बैंक
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

desired to be extended/ converted into another category of receipt.

34. DEDUCTION OF TAX AT SOURCE

The extant guidelines issued by Finance & Taxation Cell, HO: Finance Division, from time to time, shall be applicable in this regard. Interest Certificate may be issued in terms of bank's guidelines.

Any person (other than an individual or a Hindu undivided family) responsible for paying interest other than interest on securities to a resident person is required to deduct tax at source under the provisions of Section 194A. Important action points are given below.

a) When a fixed deposit/Time Deposit is renewed retrospectively, the relevant date for deciding the applicability of Section 194A would be that date of renewal. Thus, if the time deposit is renewed on or after 01.07.1995, the tax deduction at source will have to be made from interest paid or credited in respect of such a time deposit.

b) Interest paid / credited or likely to be paid / credited to the customer or interest payable account or suspense account, etc., during the financial year from all his term deposit accounts, wherein his name stands first, in a branch should be taken for reckoning the cut off limit of Rs. 5,000/- up to May 31, 2007, Rs. 10,000/- from June 1, 2007 up to 31.03.2018 and Rs. 50,000/- for Senior Citizen and Rs. 40,000/- for any other person from 01st April, 2018.

c) Interest paid on NRE, FCNR, NRNR (Non Resident Non-Repatriable) accounts are exempt from deduction of tax at source.

d) TDS on interest on the compensation amount awarded by the Motor Accident Tribunal will be deducted, as per the extant guidelines circulated by HO: Finance Division, Finance & Taxation Cell from time to time.

e) In case of joint account, entire interest paid will be accounted in the hands of first named joint holder. In the absence of any information to the contrary, aggregate the interest of a joint account with the interest on deposit in the individual account that has higher interest income (CBDT Cir. No. 256 dtd.29.05.1979).

f) When the tax is deducted from the FD account itself, then future interest is to be allowed on the reduced balance (net of TDS). TDS can be recovered from any other operative accounts as per mandate given by the depositor.

g) Where the depositor submits certificate from the Income Tax Assessing Officer for deducting tax at a lower rate or for not deducting tax at all, the bank will act as per the certificate issued by the Assessing Officer. The Certificate is valid only for the person

पंजाब नैशनल बैंक
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

named therein and will remain valid for the period so specified in certificate, unless it is cancelled by Assessing Officer at any time before expiry of the aforesaid period.

h) The Bank is required to issue TDS certificate within 15 days from the end of the month in which credit is given or the amount is paid. In case of regular/frequent deduction of tax from interest income of the depositor, the bank may issue at the request of the depositor, one consolidated certificate for all the tax deducted and deposited during the Financial Year, within 15 days from the end of the month in which last deduction was made.

i) Branches may at the time of making any deductions, increase or reduce the amount to be deducted for the purpose of adjusting any excess or deficiencies arising out of any previous deduction or failure to deduct during the financial year.

j) **Quarterly Return:-** Consequent to the amendment made in section 194A (3) (i) , the quarterly return u/s 206A shall have to be furnished if the payment of interest to a resident does not exceed Rs. 10,000/- where the payer is a banking company or a co- operative society and Rs. 5000/- in any other case.

The provisions of this section are not applicable in the following cases:

- a) Where the aggregate amount of interest credited or paid for likely to be credited or paid during the financial year does not exceed Rs.5000/- up to May 31 2006, Rs.10,000/- from June 1, 2007 and Rs. 50,000/- for Senior Citizen and Rs.40,000/- for any other person from 01st April, 2018.
- b) Any banking company to which the Banking Regulation Act, 1949 applies or a co-operative bank (including a co-operative land mortgage bank).
- c) Any financial corporation established by or under a Central, State or Provincial Act, e.g., the Industrial Finance Corporation and the State Financial Corporations;
- d) The Life Insurance Corporation of India.
- e) The Unit Trust of India
- f) An insurance company or a co-operative society carrying on the business of insurance; or
- g) Any other institution or association or body or class of institutions, associations or bodies which the Central Government may, for reasons to be recorded in writing, notify in this behalf, in the official Gazette.

पंजाब नैशनल बैंक
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

- h) Any payment by an offshore banking unit on deposits or borrowings made after March 31, 2005 to a non-resident or resident but not ordinarily resident.

35. PRE MATURE RENEWAL/EXTENSION IN THE PERIOD OF DEPOSIT BEFORE MATURITY

A. Premature renewal of Term Deposit (i.e., extension of the deposit before maturity) shall not be regarded as premature payment of the deposit, provided the deposit is held by the Bank after the date of renewal for a period longer than the remaining period of the original contract. Interest accrued up to the date of extension may be paid/or made payable at the time of maturity of the fresh receipt so issued.

B. Extension of the deposit may be effected only from the date on which extension is sought for by the depositor and not from any retrospective date without invoking any penal provisions. The rate of interest in respect of the period up to the date of presentation shall be at the rate applicable for the period during which the deposit remained with the Bank, for the period thereafter, at the rate of interest as operative on the date of request for premature renewal shall be applicable for a period equal to the period of extension / renewal. In such cases:

- i. Interest accrued, if any, up to the date of extension may be paid.
- ii. Excess payment of interest, if any, should be recovered from the party, before complying with his instructions.

36. CONVERSION OF FIXED DEPOSIT: The change in option will be allowed provided:

a) In case the depositor desires to exercise the option of conversion to any other Term Deposit Scheme before maturity, Incumbent In-charge on the request from the depositor can allow conversion provided the depositor agrees to continue the deposit with the Bank, for a term longer than the remaining period of original contract.

b) Conversion of the deposit may be effected only from the date on which the conversion is sought for by the depositor, (and not from any retrospective date), without invoking penal provisions.

c) The rate applicable for the period as operative on the date of deposit, during which the deposit remained with the Bank, up to the date of conversion and in respect of the period thereafter, at the rate of interest applicable on the date of conversion for the period equal to the period of conversion.

d) Interest accrued, if any, up to the date of conversion may be paid and excess payment of interest, if any, should be recovered from the account, before complying

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

with his instructions.

PROCEDURE: The under noted procedure will be followed while allowing conversion;

“The existing deposit receipt should be cancelled and filed with the relative voucher and a new one be issued, in lieu thereof with the inscription “Converted into (as the case may be) in lieu of Confirmation of Deposit Receipt No.

dated _____
_____ for Rs. _____ @ _____ for months
_____ Account
No. _____ Interest accrued up
to _____ Rs.
_____ Rupees _____ (in words)
paid on _____.

Other procedural instructions in the matter of cancellation/renewal of deposit will apply mutatis mutandis, to such deposit receipts.

37. AUTO RENEWAL OF DOMESTIC TERM DEPOSIT ON MATURITY

A. Damodaran Committee recommendations have advised the banks for not to auto renew the term deposit accounts without having obtained customer consent in writing. Keeping this in view, the modalities for instructions of auto renewal of Term Deposits have been incorporated in the Account Opening Form with the following option:

- i. Where customer does not opt for auto renewal of FDR in the Account Opening Form.
- ii. Where customer opts for renewal of FDR for both principal and interest amount only.
- iii. Where customer opts for renewal of FDR for principal amount only.
- iv. Period of auto renewal opted by the customer.
- v. Number of times auto renewal opted by the customer.

B. Where the customer has opted for auto renewal, his deposit to be renewed strictly as per mandate given by the customer after the date of maturity, except Term Deposit under PNB Tax Shield Scheme, Capital Gain Scheme, Bulk Term Deposit (above Rs.10 Crores) and Inter Bank Deposits. No interest will be paid by the system, if FDR does not run for a minimum period of 7 days.

पंजाब नैशनल बैंक
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

- C. The field functionaries shall ensure that auto renewal of the fixed deposits having maturity value of above Rs.10 crores is to be accepted for principal amount only, i. e., up to Rs.10 crores. The branch incumbents shall contact the customers of existing FDRs having maturity value above Rs.10 crores with auto renewal instructions and inform them that auto renewal of such FDR will not take place and only principal amount can be accepted for auto renewal.
- D. Where the customer has not opted for auto renewal, the same shall not be auto renewed.
- E. The auto renewal period may be modified at the instance of the customer subject to the minimum or maximum period of the scheme. However, the customer will have the option of changing the tenor of the auto renewal of Term Deposit till the date of maturity.
- F. The Term Deposit shall continue to be auto renewed till the number of times opted by the customer.
- G. The system has been customized for auto renewal of Term Deposits where customer has opted for auto renewal of principal plus interest or principal only as per the mandate of the customer.
- H. At the time of granting loan against the Term Deposit, a mandate of the depositor shall be obtained for renewal of the Term Deposit and for continuation of loan facility.
- I. The interest rate payable shall be the card rate applicable on the date of maturity of Term Deposit, depending upon the tenor.
- J. The auto renewal of Term Deposit shall be net of TDS, if any, as per existing guidelines.
- K. All renewal is to be made effective from the date of maturity and not from retrospective date.
- L. No manual intervention in the system should be done which results in non-auto renewal of the term deposit on maturity.
- M. The Incumbent In-charge shall ensure that no term deposit account should be transferred to overdue category as per mandate of depositor. If at all, it has to be transferred to overdue category, the reasons be ascertained for effective follow up for renewal of the same immediately. Functionality is available that all the eligible accounts should be auto renewed on due date, but due to some account related issues, system does not auto renew the account, the concerned Circle Offices to get renewed these accounts received through menu option HTDREN at branch level.

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

38. DELEGATION OF POWERS FOR ISSUE OF TERM DEPOSITS FROM RETROSPECTIVE EFFECT

A. This has reference to HO: IAD Cir No.18 dated 07.02.2014 which states “Overdue term deposits are to be renewed on the date of presentation and not to be renewed from retrospective date.”

B. As such, to provide exemplary customer services to our patrons, the following Powers are being delegated for issuance/ renewal/ changing of CBS code for FDRs with retrospective effect to the field, where it originates as a system generated fault or non-compliance of customer mandate by the branch.

S.N.	COMPETENT AUTHORITY	PERIOD	AMOUNT
1	Circle Head/LCBs(AGM/DGM)	1 month	Up to Rs. 5.00 Crores
2	Zonal Manager	2 month	Above Rs 5.00 Crores and up to Rs 10.00 Crores.
3	HO: BA&RM	Full Powers	Full Powers

C. Discretionary powers, as mentioned above, will be vested only on fulfillment of both conditions of time period & amount in question; otherwise matter will be referred to next higher Authority.

D. While issuing dated back FDRs, branches must ensure that there is no violation of Bank's/ RBI other Statutory Authorities' Guidelines.

E. COs/ Zos, who are to exercise the above powers, will be advised to submit a monthly report of all such deviations by 7th of succeeding month for monitoring purposes as per table below:

COMPETENT AUTHORITY	REPORTING TO
Circle Heads/LCBs	Respective Zonal Office
Zonal Managers	HO: BA&RM

39. DELEGATION OF POWERS FOR PAYMENT OF INTEREST IN ALL DEPOSIT ACCOUNTS - CASES OF LESS PAYMENT OF INTEREST

A. Executive Director has approved the discretionary powers for payment of interest in all deposit accounts (Domestic & NRI), on case to case basis, on each individual deposit receipt/ account, in all such cases of less/ wrong payment of interest as per table given below:

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

AMOUNT OF LESS INTEREST PAID	COMPETENT AUTHORITY
Up to Rs.2 lakh	Incumbent-In charge(small/medium/ large branches)
Up to Rs.5 lakh	Incumbent In-charge (VLB/ELB)
Up to Rs. 10 lakh	Circle Head/LCB (AGM headed)
Up to Rs. 15 lakh	Circle Head/LCB (DGM headed)
Full Powers	Zonal Manager

B. However, while permitting for payment of interest amount not provided in the CBS system or auto renewal of the fixed deposit due to some error, the competent authorities at various levels should ensure the following:

- i. The angle of staff accountability for non-payment/less payment of interest amount in the CBS system.
- ii. The cases of such payment of interest shall be reported by the competent authority in their monthly statement (Proforma mentioned below) by 7th of succeeding month w.e.f. from August 2017 for monitoring purposes as per the following table:

COMPETENT AUTHORITY	REPORTING TO
Incumbent In charge Small Branches/ Medium Branches/Large Branches/ VLB/ELB	Respective Circle Office
Circle Head/LCB	Respective Zonal Office
Zonal Manager	HO: BA&RM

- iii. In case of branches under concurrent audit, the correctness of the interest amount may be got vetted by the concurrent auditor before allowing the payment.
- iv. In other cases, the same may be got checked by the auditor at the time of Regular/Revenue Audit to ensure the correctness of the amount paid.
- v. All previous/ pending cases (if any) with any of the competent authority will be dealt as per above guidelines.

PUNJAB NATIONAL BANK BO/CO/ZO.....

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

DATE:MONTHLY STATEMENT FOR THE MONTH OF

.....

SN.	Account No.	Name of Account	Amount of Interest to be credited/ Paid	Amount of Interest credited/ Paid	Difference amount sanctioned/ paid	Status of Staff side action if any	Reasons for the less payment of intt.
1	2	3	4	5	6	7	8

FOR DELEGATION OF POWERS FOR PAYMENT OF INTEREST IN DEPOSIT ACCOUNTS - CASES OF LESS PAYMENT OF INTEREST

40. SEPARATE HEAD FOR INSTITUTIONAL DEPOSITS/CORE DEPOSITS

A. Growth of core deposits is a pre- requisite for matching growth in Net Bank Credit. Institutional Deposits continue to be our competitive strength as it forms an integral part of our Total Deposits and channelizes substantial amount of Low Cost Deposits.

B. In view of the inconsistency in identifying Institutional Deposits, due to wrong capturing of identifier codes in CBS for the same, we are reiterating the guidelines for meticulous compliance.

C. The Institutional Deposits comprises of the following deposits:

- i. Deposits of Central and State Governments including Government Departmental undertakings such as Railways, Post & Telegraph, etc.
- ii. Deposits of Local Authorities, which include Port Trusts, Municipalities, Zila Parishads, etc.
- iii. Deposits of Quasi Government Bodies, which include State Electricity Boards, Housing Boards, etc.
- iv. Deposits of Public Sector Corporation and companies which are owned by Central & State Governments or local authorities and engaged in manufacturing/trading. Public Sector companies are defined in Section 617 of the Companies Act as companies in which not less than 51% of the paid up share capital is held by Central/State Government or partly by Central and partly by State Governments and include companies which are subsidiaries of Government Companies. State

पंजाब नैशनल बैंक
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

Trading Corporation, Food Corporation of India, State Road Transport Corporation. Warehousing Corporations are to be treated as public sector companies/corporations.

- v. Deposits of State managed companies, public or private limited companies not owned but managed by Government (i.e. sick textile mills whose management is taken over by the Government) Indian Iron & Steel Company Ltd. etc.
- vi. Deposits of Non-banking Financial company including Mutual funds
- vii. Deposits of Trusts
- viii. Deposits of all Registered Society which includes the Societies which have registered in the Society Act and governed by the Society rules and regulations.
- ix. Deposits of all Private and Public Educational Institutions, which includes recognized or non-recognized institutions.

IDENTIFIER CODES FOR INSTITUTIONAL DEPOSITS

CODES IN CBS	DESCRIPTION
COJCS	COS. OWNED JOINTLY BY CENTRAL & STATE GOVT.
COMPP	COS. OWNED/MANAGED BY PUBLIC & PVT SECTOR
EDUIN	EDUCATIONAL INSTITUTION
FIMUF	MUTUAL FUNDS PUBLIC SECTOR
FIPMF	MUTUAL FUNDS PVT SECTOR
FITLI	TERM LENDING INSTITUTIONS
GBODO	GOVT. BODIES OTHERS
GLOCA	LOCAL BODIES
GMCOS	GOVT. MANAGED PUBLIC & PVT LTD COMPANIES
GOVTC	CENTRAL GOVT.
GQUAB	QUASI GOVT. BODIES
GSELB	STATE ELECTRICITY BOARDS
GSPSU	STATE GOVT. PSU
NBFCS	NON BANKING FINANCE COMPANIES
SOCGR	COOPERATIVE CREDIT SOCIETIES
SOCNC	NON CREDIT COOP SOCIETIES
ZPSUS	OTHER PSUS
TRUST	TRUST DEPOSITS

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

D. In view of the availability of aforesaid codes, it is advised that the branches should enter correct codes for existing as well as for new accounts, so that institutional deposits can be identified.

41. MISCELLANEOUS

a) Confirmation of fixed deposits should be issued only on the bank's printed forms, which must be kept in the custody of the official in-charge of the department. Full particulars must be entered on the forms, the amount being clearly mentioned/ printed, both in figures and words, in such a manner that unauthorized alterations are not possible.

b) In case, where the branch has mentioned rate of interest different from the prescribed rates, it will be proper and appropriate for the branches to scrutinize the transactions taken place since change / revision in the interest rates, if FDR/certificates have been issued erroneously, the depositor be called and the rate mentioned in the certificate be corrected and duly authenticated. A letter of regret for the inconvenience caused / error crept in, must be issued. Even if correction could not be effected, a notice be issued to the depositor, duly served on him intimating the correct rate of interest. The mistake should not be left out without any action. Necessary action needs to be taken to correct the errors to avoid allegations of deficiencies in services.

c) Confirmation of deposit must be issued free from alterations. When a receipt form is spoilt in printing in Branches, it must be marked 'cancelled', under the initials of the signing officials and the spoilt form be kept in record, after tearing the space for signature of the branch officials.

d) Confirmation of deposit do not require to be stamped at the time of issue, nor at maturity, in the event of the deposit and interest accrued thereon, being renewed or credited to the depositor's current or savings account. When the principal amount, part principal, or interest exceeding Rs.500, is withdrawn from fixed deposit, other than by credit to an account, in the depositor's own name, the receipt must be discharged by the depositor over a revenue stamp.

e) Confirmation of deposit is not transferable.

f) 'Received payment of principal and interest', 'received payment of interest', 'Please renew principal' and 'Please renew principal and interest', as the case may be, are desirable forms of endorsements. Instructions to pay the proceeds, to a third party or another bank, must be conveyed in a separate letter, the signature to which must be verified and the party identified, before payment is made.

g) Field functionaries are advised to bring the printing of PAN on confirmation of deposit to the notice of the customers, so that customers may check the same and bring it into the notice of the branch in case of any discrepancy.

पंजाब नैशनल बैंक
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK

BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

- h) Ordinarily, a fixed deposit account should continue till its maturity. Though it is within the discretion of the bank to refund the fixed amount to the depositor, on written request, before due date, under conditions laid down by Reserve Bank of India, yet the depositor should be persuaded, to avail himself of an overdraft or demand loan against the deposit receipt according to his needs. In such an eventuality, overdraft or demand loan may be granted against surrender of the receipt, duly discharged, by the depositor(s), over a revenue stamp, and accompanied by a letter from him, on form no. PNB-308, requesting for such an accommodation.
- i) The section In-charge shall ensure that all mandates, viz., either or survivor, Former or survivor, etc., are obtained at the time of opening/ renewal of an account.
- j) To ensure payment of Term Deposits on or before the date of maturity strictly as per mandate of customer. In case date of maturity falls on Sunday/Holiday, the payment shall be made on next working day and the system will pay interest for such period (Sunday/ Holiday) automatically.
- k) Fixed deposit accounts may be transferred, from one branch to another, before maturity, provided a request, in writing from the depositor(s), is received on a plain paper along with the fixed deposit receipt.
- l) The depositor shall maintain an operative Saving Fund Account / Current Account with the bank wherever required. In absence of auto renewal or any other mandate, the proceeds of the deposit will be credited in the designated saving fund account.

42. VALIDITY AND REVIEW OF THE OPERATIONAL GUIDELINES.

The policy shall be subject to annual review.

Further, ORMC shall be authorized to:

Extend validity of both the Policy on Bank Deposits- Part I and Operational Guidelines- Part II for a period up to three (3) months, however such extension of validity of the policy Part I shall be subject to ratification by the Board, at the time of the next review."

This policy is valid from 01.07.2023 to 30.06.2024.

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
व्यवसाय अर्जन एवं संबंध प्रबंधन प्रभाग , प्रधान कार्यालय
PUNJAB NATIONAL BANK
BUSINESS ACQUISITION & RELATIONSHIP MANAGEMENT DIVISION, HEAD OFFICE

APPENDIX

LIST OF REFERENCES INCLUDING RELATED POLICIES / FORMS, RBI CIRCULARS ETC.

- Model Policy on Bank Deposits circulated by RLBD Circular No-10/2022 dated 01.04.2022.
- Master Direction- Reserve Bank of India (Interest Rate on Deposits) Directions 2016 updated on 16.09.2022.
- RBI Master Circular no.: RBI/2015-16/59 DBR No. Leg.BC.21/09.07.006/2015-16 dated 01.07.2015 upon Customer service in Bank.
- RBI Master Circular no.: RBI/2021-22/66 DoR.SPE.REC.29/13.03.00/2021-2022 dated 02.07.2021 upon Interest on overdue Domestic Deposit.
- Model Policy on Bank Deposits was formulated by the Indian Bank Association (IBA) in 2006.