

## **DEPOSIT POLICY OF THE BANK**

### **PREAMBLE**

**The Jammu & Kashmir Bank Limited** incorporated on 1 st October 1938 under Jammu & Kashmir Companies Act 1977 (Samvat) commenced business on July 4 th 1939. The Bank is engaged in the general banking business, accepting deposits from the public for the purpose of lending and making investments. Over the years the bank has emerged as a key market player in catering to the financial intermediation requirements of our customers. In our tryst for excellence our bank will strive to explore new markets and provide all services, combining innovation, quality, personal touch and flexibility in delivery. The customers would continue to be the centre-point of our business strategy. In tune with above objectives our bank has also diversified into different fields like life and non-life insurance, cash management services, depository services, distribution of pension & salary to employees of J&K State Government, collection of taxes pertaining to State and Central Government, distribution of brochures/prospectus of various reputed Institutions, collection of school fees, marketing of tourism products, foreign inward money transfer facility, etc.

However, accepting of deposits from the public forms one of the core functions of the bank. The depositors being one of the major stakeholders, their interests form the key area of concern for the bank. The Reserve Bank of India is empowered to issue directives / advices on interest rates on deposits and other aspects regarding conduct of deposit accounts from time to time. With liberalization and Financial Sector Reforms Indian Banking Industry has moved from a regulated environment to a deregulated market economy. The market developments kindled by liberalization and globalization have resulted in deregulation of interest rates, where all banks are free to formulate their deposit products within the broad guidelines issued by RBI.

The Policy Document has been framed to ensure that the customers are able to get services they are rightfully entitled to receive without demand. This document shall help in imparting greater transparency in dealing with the individual customers and creating awareness among customers of their rights. The Policy document on deposits has been framed keeping into view the broad guidelines issued by RBI in this regard. The Policy document outlines the guiding principles in respect of formulation of various deposit products offered by the bank and terms and conditions governing the conduct of the account. The bank's Policy document on deposits recognizes the rights of 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 deposits 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.

While adopting this policy, the bank reiterates its commitments to individual customers outlined in Bankers' Fair Practice Code of Indian Banks' Association. This document is a broad framework under which the rights of common depositors are recognized. Detailed operational instructions on various deposit schemes and related services will be issued from time to time.

### **Types of Deposit Accounts:**

Our bank provides diverse range of deposit products to meet expectations and requirements of different customer segments and add value to them. The deposit products offered by the bank are assigned different names and can be categorized broadly into the following types. Definition of major deposit schemes is as under:

- i) "**Demand deposits**" means a deposit received by the bank which is withdrawable on demand;
- ii) "**Savings deposits**" means a form of demand deposit which is subject to restrictions as to the number of withdrawals as also the amounts of withdrawals permitted by the Bank during any specified period;

iii) **"Term deposit"** means a deposit received by the Bank for a fixed period withdrawable only after the expiry of the fixed period and include deposits such as Recurring / Reinvestment Deposits / Short term Deposits / Fixed Deposits /Monthly Income Certificate /Quarterly Income Certificate /Childcare deposit /Mehndi deposit etc.

iv) **"Notice Deposit"** means term deposit for specific period but withdrawable on giving at least one complete banking day's notice;

v) **"Current Account"** means a form of demand deposit wherefrom withdrawals are allowed any number of times depending upon the balance in the account or up to a particular agreed amount and will also include other deposit accounts which are neither Savings Deposit nor Term Deposit;

### **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 or such other norms or procedures adopted by the Bank. If the decision to open an account of a prospective depositor requires clearance at a higher level, reasons for any delay in opening of the account will be informed to him and the final decision of the Bank will be conveyed at the earliest to him.

B) The Bank would provide the prospective depositor account opening forms and other materials. The same will contain details of information to be furnished and documents to be produced for verification and or for record. The Bank official opening the account will explain the procedural formalities and other clarifications sought by the prospective depositor at the time of opening a deposit account.

C) 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 may also place restrictions on number of transactions, cash withdrawals, etc., for given period. Similarly, the Bank may specify charges for issue of cheques books, ATM & Debit Cards, additional statement of accounts, duplicate pass book, folio charges, telebanking services 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.

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

Current Accounts can be opened by individuals / partnership firms / Private and Public Limited Companies / HUFs / Specified Associates / Societies / Trusts, etc.

Term Deposits Accounts can be opened by individuals / partnership firms / Private and Public Limited Companies / HUFs/ Specified Associates / Societies / Trusts, etc.

E) While opening a deposit account due diligence will be exercised involving satisfaction about the identity of the person, verification of address, satisfying about his occupation and source of income. Obtaining introduction 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.

F) In addition to the due diligence requirements, under KYC norms the Bank will obtain Permanent Account Number (PAN) or General Index Register (GIR) Number or alternatively declaration in Form No. 60 or 61 as specified under the Income Tax Act / Rules.

G) Deposit accounts can be opened by an individual in his own name (status : known as account in single name) or by more than one individual in their own names (status : known as Joint Account). A minor can also open savings Bank account either jointly with natural guardian or with mother as the guardian (status: known as Minor's Account). Minors above the age of 14 will also be allowed to open and operate saving bank account independently.

H) Operation of Joint Account - The Joint Account opened by more than one individual can be operated by single individual or by more than one individual jointly. The mandate for operating the account can be modified with the consent of all account holders. However, only natural guardian can operate Savings Bank account opened by a minor jointly with natural guardian / guardian.

I) Any of the following mandates can be given by joint account holders to dispose of balance in the above accounts:

i. **Either or Survivor** : If the account is held by two individuals say, A & B, the final balance alongwith interest, if applicable, will be paid to survivor on death of anyone of the account holders.

ii. **Anyone or Survivor/s** : If the account is held by more than two individuals say, A, B and C, the final balance alongwith interest, if applicable, will be paid to the survivor on death of any two account holders.

The above mandates will become operational/applicable only on or after the date of maturity of term deposits. This mandate can be modified by the consent of all the account holders.

J) The Bank will register mandate / power of attorney given by the depositor authorizing another person to operate the account on his behalf.

K) 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. Automatic renewal of the deposit shall be undertaken as per the mandate given in the account opening form.

L) Nomination facility is available on all deposit accounts opened by the individuals. Nomination is also available to a sole proprietary concern account. Nomination can be made in favour of one individual only. The account holder/s can cancel or change nomination made by him/them at any time. The third party is required to witness the process of making nomination, cancellation or change thereof. Nomination can be modified by the consent of account holder/s. Nomination can be made in favour of a minor also.

The bank recommends that all depositors avail nomination facility. In the event of death of the depositor/s, the nominee would receive the balance outstanding in the account as a trustee of legal heirs. While opening a deposit account, the depositor will be informed of the advantages of the nomination facility.

M) The Bank will provide a statement of account 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 these account holders.

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

#### **Accidental Insurance Cover on Deposit Schemes:**

The bank offers free Personal Accidental Insurance cover on certain deposit schemes such as Mehendi Deposit Scheme and ChildCare Deposit Scheme. The bank reserves the right to offer free accidental insurance facility on any other deposit scheme or withdraw the facility on any deposit scheme at any time.

#### **Interest Payments**

i) Interest shall be paid on saving account at the rate specified by Reserve Bank of India directive from time to time. However, the bank itself decides the interest rates on term deposit within the general guidelines issued by the Reserve Bank of India from time to time.

ii) As per the directives of Reserve Bank of India, interest shall be calculated at quarterly intervals on term deposits and paid at the rate decided by the bank depending upon the period of deposits. In case of monthly deposit scheme, the interest shall be calculated for the quarter and paid monthly at discounted value. The bank calculates interest on term deposits in accordance with the formulae and conventions advised by Indian Banks' Association.

iii) The rate of interest on deposits will be prominently displayed in the branch premises. The branches shall also communicate upfront and display prominently any changes with regard to the deposit schemes and other related services.

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

#### **MINORS' ACCOUNTS**

i) The Minor can open Savings Bank account and the same can be operated by the natural guardian or by minor himself / herself, if he/she is above the age of 14 years. The account can also be opened jointly.

ii) The erstwhile minor on attaining the age of majority 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 by the bank and kept on record for all operational purposes.

#### **ACCOUNT OF ILLITERATE / BLIND PERSON**

The bank may at its discretion open deposit accounts other than Current Accounts of illiterate person. The account of such a person would be opened provided he/she calls on the bank personally along with a witness who is known to both the depositor and the bank. Normally, no cheque book facility is provided for such Savings Bank accounts. 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 account holder would be educated about the need for proper care and safe keeping of the passbook etc. given to

him/her. An official of the bank will explain the illiterate/blind person about the terms & conditions governing the account.

#### **ADDITION OR DELETION OF THE NAME/S OF JOINT ACCOUNT HOLDERS**

At the request of all the joint account holders, the bank may 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.

#### **CUSTOMER INFORMATION**

The bank, its subsidiaries and affiliates shall not use customer information collected from the customers for cross selling of products or services without their consent.

#### **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 except few exceptions like disclosure of information under compulsion of law, where there is a duty to public to disclose and where interest of the bank requires disclosure.

#### **PREMATURE WITHDRAWAL OF TERM DEPOSIT**

The bank at its discretion, on receipt of request from the depositor may allow withdrawal of term deposit before completion of the period of the deposit agreed upon at the time of placing the deposit. The penal interest rates policy for premature withdrawal of term deposits shall be declared by the bank. The depositors shall be made aware of the applicable rate along with the deposit rate.

#### **PREMATURE RENEWAL OF TERM DEPOSIT**

Where 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 to the period less penal interest for which the deposit remained with the bank and not at the contracted rate.

#### **RENEWAL OF OVERDUE TERM DEPOSITS**

When a term deposit is renewed on maturity, renewed deposit interest rate for the period specified by the depositor as applicable on the date of maturity would be applied. If request for renewal is received after the date of maturity, such overdue deposits will be renewed with effect from the date of maturity at interest rate applicable as on the due date, provided such request is received within 14 days from the date of maturity. In respect of overdue deposits renewed after 14 days from the date of maturity, interest for the overdue period will be paid at the rates decided by the Bank from time to time.

#### **ADVANCES AGAINST DEPOSITS**

The bank may consider request of the depositor/s for loan / overdraft facility against term deposits duly discharged by the depositor/s on execution of necessary security documents. The Bank may also consider loan against deposit standing in the name of minor, however, a suitable declaration stating that loan is for the benefit of the minor, is to be furnished by the depositor - applicant.

#### **SETTLEMENT OF DUES IN DECEASED DEPOSIT ACCOUNT**

- i) Where the depositor has registered 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 about the identity of the nominee, etc.
- ii) The above procedure will be followed even in respect of a joint account where nomination is registered with the Bank.
- iii) In a joint deposit account, when one of the joint account holders dies, the bank shall make payment jointly to the legal heirs of the deceased person and the surviving depositor(s). However, if the joint account holders had given mandate for disposal of the balance in the account in the forms such as "either or survivor, former / latter or survivor, anyone of survivors or survivor; etc., the payment will be made as per the mandate to avoid delays and costs in production of legal papers by the heirs of the deceased. iv) In the absence of nomination and when there are no disputes among the claimants, the Bank will pay the amount outstanding in the account of deceased person against joint application and indemnity 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 hardship on account of delays in completing legal formalities

#### **INTEREST PAYABLE ON TERM DEPOSIT IN DECEASED ACCOUNT**

i) In the event of death of the depositor before the date of maturity of deposit and amount of the deposit is claimed by the legal heirs 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 the applicable rate obtaining on the date of maturity, for the period for which the deposit remained with the Bank beyond the date of maturity; as per the Bank's policy in this regard.

ii) However, in the case of death of the depositor after the date of maturity of the deposit, the bank shall pay interest at savings deposit rate obtaining on the date of maturity from the date of maturity till the date of payment to legal heirs.

### **Insurance Cover for Deposits**

All bank deposits are covered under the insurance scheme offered by Deposit Insurance and Credit Guarantee Corporation of India (DICGC) subject to certain limits and conditions. The details of the insurance cover in force will be made available to the depositor.

### **Stop Payment Facility**

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

### **Dormant Accounts**

The bank may transfer all accounts not operated for a considerable period of time to a separate dormant / inoperative account status in the interest of the depositor as well as the bank. The charges, if any, levied by the bank on dormant / inoperative accounts shall be conveyed to the depositor. The depositor can formally request the Bank to activate the account for operating it.

### **Safe Deposit Lockers**

The safe deposit locker facility is not offered at all the branches. However, 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. An individual (being not a minor) may hire safe deposit lockers 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. Where the lockers are 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. The lockers shall be available to the lessees on pre-determined rent depending upon the size of the locker and location of branch notified by the bank from time to time in its Service Charges Schedule. The rentals/service charges of locker shall be payable in cash and or debited to the account of the lessee with the bank.

### **Redressal of complaints and grievances**

Depositors having any complaint / grievance with regard to services rendered by the bank have 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 the required information regarding procedure for lodging the complaint. If the depositor does not get response from the bank within one month from the 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.

### **Closure of Accounts**

The bank reserves the right to close any account without any notice to the customer, if at any point of time it is found that the operation/s in the account is/are effected to the detriment of the interests of the Public, Bank or State. Such a decision shall, however, be taken at a reasonably higher level.