



COSMOS BANKTM

THE COSMOS CO-OP. BANK LTD. (Multistate Scheduled Bank)

Enriching Life!

Comprehensive Interest Rate Policy 2024-25.

Resources Department



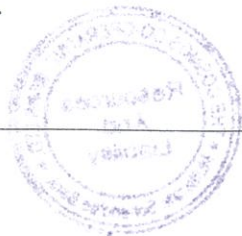
INTRODUCTION –

The Banks has formulated a transparent and comprehensive policy setting out the rules for deciding the Interest Rates on deposits from time to time and also for payment of interest.

PURPOSE –

This policy document aims at compiling all the rules, regulations of Reserve Bank of India to be followed while deciding Interest Rates on Deposit and payment of interest on deposits.

REFERENCE –



RBI Circular on Review of Instructions on Bulk Deposits for Urban Co-operative Banks (UCBs) dtd. January 1, 2024

RBI Master Direction – Interest Rate on Deposits updated on January 01, 2024

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Definitions –

a) In this Policy, unless the context otherwise requires, the terms herein shall bear the meanings assigned to them below:

i) "Bulk Deposit" means single Rupee term deposits of Rupees One Crore and above.

ii) "Co-operative bank" means a State co-operative bank, a Central co-operative bank and a Primary co-operative bank.

iii) "Current Account" means a form of non-interest bearing 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 shall also be deemed to include other deposit accounts which are neither Savings Deposit nor Term Deposit.

iv) "Daily product" means the interest applied on the end of day balance.

v) "Demand deposit" means a deposit received by the bank, which is withdrawable on demand;

vi) "Domestic Rupee Deposits" mean rupee deposits maintained in India in the form of current account, savings deposits or term deposit.



vii) "Family" in relation to employee, includes members as prescribed in Payment of Gratuity (Central) Rules, 1972.

viii) "FCNR(B) account" means a Foreign Currency Non-Resident (Bank) account referred to in Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time.

ix) "Individual" means a natural person.

x) "Member of the banks staff" means a person employed on a regular basis, whether full-time or part-time, and includes a person recruited on probation or an employee taken over in pursuance of any scheme of amalgamation, but does not include a person employed on casual basis.

xi) "Notice deposit" means term deposit for specific period but withdrawable on giving at least one complete banking days' notice.

xii) "NRE account" means a Non-resident External deposit account referred to in Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time.

xiii) "NRO account" means a Non-resident Ordinary deposit account referred to in Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time.

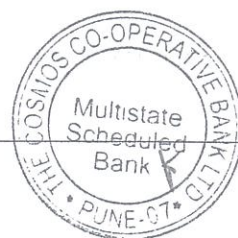
xiv) "RFC account" means a Resident Foreign Currency account referred to in Foreign Exchange Management (Foreign currency accounts by a person resident in India) Regulations, 2000, as amended from time to time.

xv) "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 3 number of withdrawals as also the amounts of withdrawals permitted by the bank during any specified period;

xvi) "Scheduled co-operative bank" means a State co-operative bank and a Primary co-operative bank included in second schedule of Reserve Bank of India Act, 1934.

xvii) "Term deposit" means interest bearing deposit received by the bank for a fixed period and shall also include deposits such as Recurring / Cumulative / Annuity / Reinvestment deposits and Cash Certificates.

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



Section 1. Scope

This policy applies to all business units across the Cosmos Bank in all geographies and covers all categories of branches/offices.

RATE OF INTEREST PAYABLE ON CURRENT ACCOUNTS –

Bank, presently do not offer any interest to its customer on deposits maintained in Current Accounts.

RATE OF INTEREST PAYABLE ON SAVINGS DEPOSITS –

Banks pays interest on domestic savings deposits at the rates specified by Reserve Bank of India from time to time. With effect from November 25, 2011, the interest rate on saving bank deposit for resident Indian has been deregulated. Accordingly, banks are free to determine, their savings bank deposit interest rate, subject to the following two conditions: -

- (i) each bank will have to offer a uniform interest rate on savings bank deposits up to ` 1 lakh, irrespective of the amount in the account within this limit.
- (ii) for savings bank deposits over ` 1 lakh, a bank may provide differential rates of interest, if it chooses, subject to the condition that banks will not discriminate in the matter of interest paid on such deposits, between one deposit and another of similar amount, accepted on the same date, at any of its offices

Section 2. Interest Payments

- i) Interest shall be paid at quarterly rests on savings account as directed by Reserve Bank of India directive from time to time. Interest will be calculated on the closing balance of deposit account on daily basis and will be credited to the account only when it is Rs. 1/- or more. The interest will actually be credited to customers account at the end of every calendar quarter.
- ii) Interest on savings deposit will be credited at quarterly or longer intervals.
- iii) Interest on savings bank accounts, including those frozen by the enforcement authorities, shall be credited on regular basis irrespective of the operational status of the account.
- iv) As per RBI guidelines - Interest on domestic rupee savings deposits is calculated on a daily product basis as under:
 - (a) A uniform interest rate is set on balance up to Rupees one lakh, irrespective of the amount in the account within this limit.
 - (b) Differential rates of interest may be provided for any end-of-day savings bank balance exceeding Rupees one lakh.
- v) No interest shall be paid on deposits held in current accounts. For balances lying in current account standing in the name of a deceased individual depositor or sole



proprietorship concern shall attract interest from the date of death of the depositor till the date of repayment to the claimant/s at the rate of interest applicable to savings deposit as on the date of payment.

vi) Interest payable on deposits shall be rounded off to the nearest rupee i.e. fraction of 50 paise and above shall be rounded off to the next higher rupee and fraction of less than 50 paise shall be ignored.

vii) Interest rates on term deposits:

- Bank is free to fix interest rates on domestic term deposits.
- Bank has the freedom to determine the maturity / tenor of the deposit subject to the condition that minimum tenor of the deposit offered is seven days.
- In case of Bulk deposits i.e. deposits of Rs. 1 Crore and above (single receipt) differential interest rate may be offered for deposits accepted on the same date and for same maturity on the basis of size of deposit. The rates on term deposits upto Rs. 1.00 crore (single receipt) shall be uniform.
- Bank shall disclose in advance the schedule of interest rates payable on deposits.
- Bank shall review it's interest rate structure on domestic term deposits of different maturities to make it comparable with the rates offered by the commercial banks.
- Term deposit interest rates shall be decided by the Bank within the general guidelines issued by the Reserve Bank of India from time to time.
- Interest rates offered by Bank on NRE and NRO deposits shall not be higher than the rates offered on comparable domestic rupee deposit.
- The rate of interest on deposits shall be prominently displayed in the branch premises and on banks web site www.cosmosbank.com

Viii) Interest Payment on deposits in the case of deceased claims

The Bank is having separate policy in respect of settlement of deceased claims in respect of deceased depositors. All the procedures to be implemented in respect of interest payment on deceased claims are to be referred from said policy.

Method of Calculation of interest on term deposits:

- Interest shall be calculated at quarterly intervals on term deposits and paid at the rate decided by the Bank depending upon the period of deposits. In case of monthly deposit scheme, the interest shall be calculated for the quarter and paid monthly at discounted value. The interest on term deposits is calculated by the Bank in accordance with the formulae and conventions advised by Indian Banks' Association as under.



- Member Banks may not accept any deposits for a period longer than 10 years, excepting in terms of order of the Competent Courts or in the case of Minors where interests of minors are involved, provided banks are convinced that it is necessary to do so and Individual Banks may decide in this matter based on Asset Liability Management policies being followed.
- Interest on deposits for fixed term may be paid, credited transferred with frequency not less than the Quarterly rests. However, payment of monthly interest may be allowed, if required, by discounting the quarterly interest accrued.
- On deposits repayable in less than three months or where the terminal quarter is incomplete, interest would be paid for completed months if exist in that broken period, and then based on month's interest, interest for broken days is calculated.
- Manner of calculation of interest shall be made available to the depositors while accepting the deposits.

Section 3. Premature Withdrawal of Term Deposit

(a) In case of term deposit/s withdrawn before the maturity date, Interest will be paid at the rate applicable to the amount and period for which the deposit remained with the bank and not at the contracted rate, by reducing the penalty component.

Accordingly, for all categories of deposits (except NRE & FCNR) the interest payable on encashment of deposit before maturity date upto 6 days shall be zero and 7 days and above will be 1% below the applicable rate of interest for completed period of the deposit.

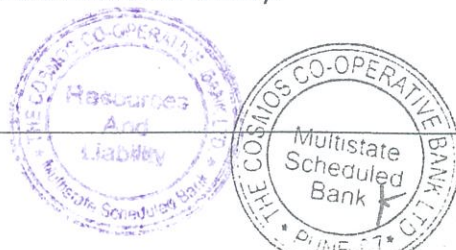
Presently the penalty rate is 1% below the rate applicable for the period, deposit remained with bank. However, Bank may change rate of penalty from time to time.

No interest shall be paid, where premature withdrawal of deposits takes place before completion of the minimum period of 7 days.

(b) The components of penalty shall be clearly brought to the notice of the depositors at the time of acceptance of deposits.

(c) In case of splitting of the amount of term deposit at the request from the claimant/s of deceased depositors or Joint account holders, no penalty for premature withdrawal of the term deposit shall be levied if the period and aggregate amount of the deposit do not undergo any change.

Bank has the freedom to offer term deposits or NRE/NRO deposits without premature withdrawal option. However, all deposits accepted from individuals (held singly or jointly) and Hindu Undivided Families for amount of Rs. 1 crore or below will have premature withdrawal facility.



Section 4. Payment of Interest on term deposit maturing on Sunday/Holiday/Non business working day :

In respect of a term deposit maturing for payment on a Sunday or a holiday or a non-business working day, a bank shall pay interest till the next working day at the originally contracted rate,

- a. On the maturity value in the case of reinvestment deposits and recurring deposits, and
- b. On the original principal amount in the case of ordinary term deposit on the basis of 365 days in a year.

Section 5. Rounding off of Transactions:

Payment of Interest on Deposits shall be rounded off to the nearest Rupee; i.e., fraction of 50 paise and above will be rounded off to the next higher rupee and fraction of less than 50 paise shall be ignored. All transactions, involving payment of interest on deposits shall be rounded off to two decimal places for FCNR(B) deposits.

Section 6. Reinvestment of Term Deposit

In order to facilitate better Asset Liability Management, banks are permitted to formulate their own policies towards conversion of deposits with effect from May 05, 2010. Accordingly the Bank has framed its own policy. If any customer wishes to reinvest his existing deposit the same will be permitted as per the Bank's policy.

If deposit remains with the bank after reinvestment for a period longer than the remaining period of the original contract, No penalty will be charged for reinvestment of deposit. Interest on existing deposit is paid at applicable rate of interest for the completed period of original contract.

If the deposit remains with the bank after reinvestment for a lesser period than the remaining period of original contract, penalty will be charged on the applicable rate of interest for that specific period for reinvestment of deposit. Bank reserves the right to prescribe the rate of penalty from time to time.

Section 7. Renewal of Matured Term Deposits

The Bank is offering Auto renewal facility for maturing term deposits. This option is to be exercised at the time of account opening.

Under Auto Renewal facility, the matured deposit will be renewed for the same period as of the original deposit at the rate applicable on the date of maturity. The said auto renewal facility may not be offered to special deposit schemes.

In case any depositor wishes to renew the overdue deposit which is not renewed under auto renewal process and if the request is received within 6 days from the date of maturity such deposit would be



renewed with effect from the date of maturity for the period as desired by the customer at interest rate applicable as on the maturity date.

The same rule will be applied in case any depositor wishes to break the receipt created under auto renewal process and desires to keep the same in different products or get the payment of such renewed deposit receipt.

Section 8. Overdue Deposit

In respect of overdue deposit renewed after 7 days from the date of maturity, the interest for the overdue period will be paid, as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower. Thereafter it will be renewed for the period as desired by the customer at the rate prevailing on the date of renewal of deposit.

Section 9. Repayment of Term Deposit And Payment of Periodic Interest In Cash -

Rules regarding payment of Term Deposit / payment of periodic interest in cash will be governed by prevailing Income Tax Rules and Reserve Bank of India guidelines.

Presently, no branch/ service outlet of the Bank shall repay the Term Deposit / pay periodic interest in Cash where the aggregate amount of deposit held by such person with the Branch either in his name or jointly with any other person on the date of such repayment together with the interest singly/ jointly is Rs. 20000 or more. Payment of such Term Deposit should be made by an account payee cheque / account payee Bank draft or by credit to the account of the depositor.

Section 10. Payment of Additional Interest on Domestic Deposits :

i) Senior Citizens:

Bank may offer higher rate of interest on the term deposits of any size to senior citizens. Bank may formulate term deposit schemes specifically for resident Indian senior citizens, offering higher and fixed rates of interest as compared to normal deposits of any size, Provided that this facility is not offered on the term deposit standing in the name of an HUF or the Karta of the Hindu Undivided Family (HUF), even if the Karta is a resident Indian senior citizen.

ii) Bank's Staff:

Definitions :

a) Bank's Staff - means a person employed on a regular basis, whether full-time or part-time, and includes a person recruited on probation or an employee taken over in pursuance of any scheme of amalgamation, but does not include a person employed on casual basis.



b) Ex-staff - Ex-staff means a person /s those who have retired from the bank on or before retirement age (Minimum service of at least 10 years) or who have retired under Voluntary Retirement Scheme declared by the Bank.

- An employee retired compulsorily or in consequence of disciplinary action should not be treated as Ex-staff.
- An employee who joins other institution/ service should not be treated as EX-staff.

c) Family - "Family" in relation to employee, includes members as prescribed in Payment of Gratuity (Central) Rules,1972. _

Benefit of additional rate of interest :

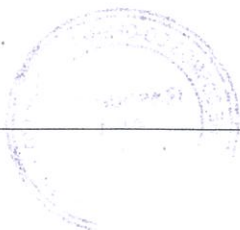
Ex Staff	Staff Additional ROI Benefit	Senior Citizen ROI Benefit	Total Benefit of Additional Interest
Upto 60 years of age	+ 1%	--	+ 1%
Above 60 years of age	+ 1%	As Applicable	Applicable rate of interest to Senior Citizen + 1%

(A) Bank has the discretion to allow additional interest of maximum one per cent per annum, over and above the rate of interest mentioned in the schedule of interest rates on savings or term deposits of banks staff and their exclusive Associations as well as on deposits of Managing Director who acts as the Chief Executive of the Bank drawing regular salary from the Bank, subject to the following conditions:

- 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.
- 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.
- 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:
 - member or a retired staff of the Bank, either singly or jointly with any member or members of his/her family; or
 - the spouse of a deceased member or a deceased retired member of the Banks staff

Section 11. Depositor Education and Awareness Funds Scheme (DEAF) – 2014

Reserve Bank of India has established Depositor Education and Awareness Fund (DEAF) in the year 2014. Under the provisions of this section the amount to the credit of any account in India with any bank which has not been operated upon for a period of ten years or any deposit or any amount



remaining unclaimed for more than ten years shall be credited to the Fund, within a period of three months from the expiry of the said period of ten years.

Bank is member of DEAF scheme and regularly submitting the returns on monthly basis as prescribed by Reserve Bank of India. Bank has designed a separate system for handling DEAF cases. Also, detailed procedure is drafted and being followed in case of DEAF refund as per the guidelines issued by Reserve Bank of India.

Reserve Bank of India vide Circular No. RBI/2023-24/105 DOR.SOG (LEG).REC/64/09.08.024/2023-24 dated January 1, 2024 has issued extant guidelines on "Depositor Education and Awareness" (DEA) Fund Scheme, 2014 and the said revised instructions shall come into effect.

Section 12. DEPOSITS OF NON-RESIDENTS

(a) Interest rate on Rupee Deposits - Non-Residents Interest on deposits of money accepted or renewed under NRE / NRO deposit scheme on the terms and conditions specified in the ensuing paragraphs:

(a) Interest rates on savings deposits under Non-Resident (External) Rupee (NRE) Deposit / Ordinary Non-Resident (NRO) Deposits in accordance with section 6 of these Directions.

(b) Interest rates on NRE / NRO term deposits vary only on account of one or more of the following reasons:

i) Tenor of Deposits: bank has the freedom to determine the maturity / tenor of the deposit subject to the condition that minimum tenor of NRE term deposits shall be one year and that of NRO term deposits shall be seven days.

ii) Size of Deposits Differential interest rate is offered only on bulk deposits (Bulk deposit refers to single rupee term deposit of Rs. One Crore and above) & for Deposits in Foreign Currency (FCNR (B) deposit) the amount shall be 1.00 million USD & above.

(c) Interest rates on NRE/ NRO deposits is not higher than those offered by the peer banks on comparable domestic rupee term deposits.

(d) The benefit of additional interest rate on deposits on account of being co-operative banks own staff or senior citizens is not available to NRE and NRO deposits.

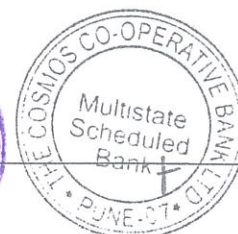
(e) Interest on savings deposits is credited at quarterly or longer intervals.

(f) If an NRE account holder, immediately on return to India, requests for conversion of the NRE term deposit into Resident Foreign Currency Account (RFC), interest will be paid as under:

i) If the NRE deposit has not run for a minimum period of one year, interest will be paid at a rate not exceeding the rate payable on savings deposits held in RFC accounts.

ii) In all other cases, interest will be paid at the contracted rate.

(g) Bank does not mark any type of lien, direct or indirect, against NRE savings deposits.



Non availability of Premature withdrawal option -

Banks have the flexibility to provide NRE/NRO term deposits without the option for pre-mature withdrawal, as long as all NRE/NRO term deposit from Individuals (held either individually or Jointly) for amounts up to Rs. one crore have the facility to be prematurely withdrawn.

Bank will follow a policy :

(i) To allow Pre-mature withdrawal for all NRE / NRO deposits up-to & including Rs.1.00 Cr with 1% penalty deducted on - 1% penalty deducted on the contracted rate **(or)** Interest rate applicable to be paid corresponding to the amount and period for which the deposit remained with the bank which-ever is Lower.

(ii) For Bulk, deposit (above 1 Cr), no pre-mature withdrawal shall be allowed upto 1 year from the date of deposit. No interest shall be paid on Bulk deposits if withdrawn within 1st year of the deposit.

(iii) After completion of 1 year in case of Bulk deposits (above 1 cr), pre-matured withdrawal shall be allowed with 1% penalty deducted on the contracted rate **(or)** Interest rate applicable to be paid corresponding to the amount and period for which the deposit remained with the bank which-ever is Lower.

Penalty on premature withdrawal of NRE deposits –

There is a comprehensive policy on penalties for premature withdrawal of NRE term deposits approved by the Board of Directors or any Committee of the Board to which powers have been delegated, subject to the following:

(a) The components of penalty shall be clearly brought to the notice of the depositors at the time of acceptance of the deposits.

(b) No penalty shall be levied for premature withdrawal of NRE term deposits for conversion into Resident Foreign Currency (RFC) Account.

(c) Penalties for premature withdrawal shall be levied for conversion of NRE deposit into FCNR (B) deposit and vice versa.

Interest payable on the NRE term deposit account of deceased depositor –

In case the claimants of an NRE term deposit account of a deceased depositor are residents, the deposit on maturity is treated as a domestic rupee term deposit and interest is paid for the subsequent period at the rate applicable to a domestic term deposit of similar maturity. Bank has separate policy for settlement of claims in respect of deceased depositors. Refer the said policy for deposit related to deceased depositors.

In case the claimants of an NRE term deposit account of a deceased depositor are resident, the deposit on maturity shall be treated as a domestic rupee term deposit and interest shall be paid for the subsequent period at a rate applicable to a domestic term deposit of similar maturity.



Section 13. FOREIGN CURRENCY DEPOSITS

Manner of calculation of interest on FCNR(B) deposits

(a) Interest on the deposits accepted under the scheme is calculated on the basis of 360 days to a year.

(b) The interest on FCNR(B) deposits is calculated and paid at intervals of 180 days each and thereafter for the remaining actual number of days, Provided that the option to receive the interest on maturity with compounding effect shall vest with the depositor.

(c) The interest rates offered for FCNR(B) deposits in the following month will be determined based on the Overnight Alternative Reference Rate and SWAP rates for the respective currency as of the last working day of the preceding month. The interest rates ceiling on FCNR (B) deposit shall be as under.

Period of Deposit	Ceiling Rate upto 6.12.2024	Ceiling Rate from 6.12.2024 to 31.03.2025
1 year to less than 3 years	Overnight Alternative Reference Rate for the respective currency/ Swap plus 250 basis points	Overnight Alternative Reference Rate for the respective currency/ Swap plus 400 basis points
3 years and above upto and including 5 years	Overnight Alternative Reference Rate for the respective currency/ Swap plus 350 basis points	Overnight Alternative Reference Rate for the respective currency/ Swap plus 500 basis points

i) Tenor of deposits

The maturity period for term deposits under the FCNR(B) scheme shall be as under:

- One year and above but less than two years
- Two years and above but less than three years
- Three years and above but less than four years
- Four years and above but less than five years
- Five years only

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

ii) Size of deposits

Bank shall, at their discretion, decide the currency-wise minimum quantum on which differential rates of interest may be offered.

The overnight Alternative reference rate for the respective currency /SWAP rates quoted /, provided by Financial Benchmark India Pvt. Ltd. (FBIL), will serve as the reference for calculating the interest rates on FCNR(B) deposits. On that basis our Bank display FCNR (B) deposit rates on our web site on monthly basis and accordingly circulating to all branches.



- (1) The interest rates on all deposits, including where differential rates of interest are offered, shall be subject to the overall ceiling prescribed as Per prevailing RBI Master Directions.
- (2) RBI vide their notification ref no. RBI/2021-22 / 123 dated 11th November, 2021 had revised interest rate on FCNR B deposit using widely accepted "Overnight Alternative Reference rate (OARR) for the respective currency. Accordingly, FCNR (B) Rates shall be linked to prevailing (OARR) & Bank shall revise the rates on the 1st working day of the following month and shall publish the rates taking into consideration the Tenor of the Deposit linked to prevailing OARR. The bank will follow floating rate / negotiable rate policy on Bulk Sized FCNR (B) Deposits linked to prevailing OARR & subject to the prevailing Ceiling rates applicable as per RBI guidelines.
- (3) Bank shall not accept or renew FCNR(B) deposits over 5 years and
- (4) No Recurring deposits scheme shall be allowed under FCNR (B) Deposits.

Calculation of interest on renewal of FCNR (B) deposits –

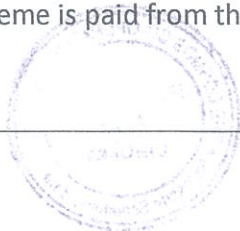
Interest calculation on renewal of FCNR(B) deposits is as under:

- (a) If the period from the date of maturity till the date of renewal (both days inclusive) does not exceed 14 days, the rate of interest payable on the amount of the deposit so renewed at the appropriate rate of interest for the period of renewal as prevailing on the date of maturity or on the date when the depositor seeks renewal, whichever is lower.
- (b) In all other cases of renewal, interest rates for the overdue period on the renewed amount is determined by treating it as a fresh term deposit.
- (c) If, after renewal, the deposit is withdrawn before completion of the minimum stipulated period under the scheme, the banks may, at their discretion, recover the interest paid for the overdue period i.e. period beyond the original date of maturity.

Interest payable on the deposit of a deceased FCNR(B) depositor –

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

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



(e) In case the claimants are residents, the maturity proceeds are converted into Indian Rupees on the date of maturity and interest is paid for the subsequent period at the rate applicable to a domestic term deposit of similar maturity.

Bank has separate policy for settlement of claims in respect of deceased depositors. Refer the said policy for deposit related to deceased depositors.

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

Bank (Authorized Dealers) may, at its discretion, on receipt of the request from the depositor, allow FCNR(B) deposits of persons of Indian nationality / origin who return to India for permanent settlement to continue till maturity at the contracted rate of interest subject to the conditions that:

- (a) The rate of interest as applicable to FCNR(B) deposits will continue.
- (b) Such deposits shall be treated as resident deposits from the date of return of the account holder to India.
- (c) The FCNR(B) deposits on maturity shall be converted into Resident Rupee Deposit Account or RFC Account (if eligible) at the option of the account holder.
- (d) The rate of interest on the new deposit (Rupee account or RFC Account) will be the relevant rate applicable for such deposit account.

Conversion of FCNR(B) Accounts of Returning Indians into RFC Accounts / Resident Rupee Accounts

Payment of interest Subject to the conditions given in section 4 of these Directions, a scheduled cooperative bank (Authorized Dealer) will pay interest at the time of conversion of FCNR(B) Account into RFC/ Resident Rupee Account even if the deposit has not completed the minimum maturity period, Provided that the rate of interest is not exceeding the rate payable on savings bank deposits held under RFC Account Scheme.

Premature withdrawal of deposits –

- (a) Bank (Authorized Dealers) may, on request from the depositor, permit premature withdrawal of deposits under the FCNR (B) Scheme.
- (b) If the premature withdrawal of FCNR (B) deposits takes place before completion of the minimum stipulated period, then no interest will be paid.

Penalty on premature withdrawal of deposits –

There is a comprehensive policy on penalties for premature withdrawal of FCNR(B) term deposits approved by the Board of Directors or any Committee of the Board to which powers have been delegated, subject to the following:

- (a) The components of penalty is clearly brought to the notice of the depositors at the time of acceptance of the deposits. If not, the exchange loss arising out of premature withdrawal is borne by the banks



(b) Penalty is levied on premature withdrawal of FCNR(B) deposits,

- i) When the depositors return to India for permanent settlement.
- ii) For conversion of FCNR (B) deposits into NRE deposits or vice-versa.

(c) In case of splitting of the amount of term deposit at the request from the claimant/s, no penalty for premature withdrawal of the term deposit will be levied if the period and aggregate amount of the deposit do not undergo any change.

(d) Cosmos cooperative bank (Authorized Dealers), at its discretion, levy penalty to recover the swap cost in the case of premature withdrawal of FCNR(B) deposits.

(e) No penalties shall be levied in the case of premature conversion of balances held in FCNR(B) deposits into RFC Accounts by Non-Resident Indians on their return to India.

i) To allow Pre-mature withdrawal for all NRE / NRO deposits up-to & including Rs.1.00 Cr with 1% penalty deducted on the contracted rate (or) Interest rate applicable to be paid corresponding to the amount and period for which the deposit remained with the bank which-ever is Lower.

ii) For Bulk, deposit (above 1 Cr), no pre-mature withdrawal shall be allowed upto 1 year from the date of deposit. No interest shall be paid on Bulk deposits if withdrawn within 1st year of the deposit.

iii) After completion of 1 year in case of Bulk deposits (above 1 cr), pre-matured withdrawal shall be allowed with 1% penalty deducted on the contracted rate (or) Interest rate applicable to be paid corresponding to the amount and period for which the deposit remained with the bank which-ever is Lower.

Penalties for premature withdrawal shall be levied for conversion of NRE deposit into FCNR (B) deposit and vice versa.

Resident Foreign Currency Accounts Scheme - A bank (Authorized Dealer) has the freedom to determine interest on deposits of money accepted by it or renewed by it under the Resident Foreign Currency Account Scheme, in accordance with the comprehensive policy on interest rates on deposits duly approved by the Board of Directors or any Committee of the Board to which powers have been delegated.

Interest on floating rate deposits - Interest on floating rate deposits shall be paid within the ceiling of swap rates for the respective currency/ maturity and in case of fixed rate deposits , interest shall be paid within ceiling of Overnight Alternative Reference Rate for the respective currency / maturity.

Prohibitions & Exemptions - Detailed prohibitions & exemptions are mentioned in the Comprehensive Deposit Policy. Kindly refer section 30 of Comprehensive Deposit Policy for details.

Banks 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.

(b) Offer prize / lottery / free trips (in India and / or abroad), etc., or any other initiative having



element of chance for mobilizing 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 mobilization.

(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 co-operative 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 favoring 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) Open a savings deposit account in the name of Government departments / bodies depending upon budgetary allocations for performance of their functions / Municipal Corporations or Municipal Committees / Panchayat Samitis / State Housing Boards / Water and Sewerage / Drainage Boards / State Text Book Publishing Corporations / Societies / Metropolitan Development Authority / State / District Level Housing Cooperative Societies, etc. or any political party or any trading / business or professional concern, whether such concern is a proprietary or a partnership firm or a company or an association and entities other than individuals, Karta of HUF and organizations / agencies.

Administration.

Upon approval of the latest version of this policy, earlier version stands revoked.

This policy will continue to be in force till the reviewed policy comes into place.

