



**THE ZOROASTRIAN CO-OPERATIVE BANK LTD.**

**CHEQUE COLLECTION POLICY**

**2018-19**

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## **CHEQUE COLLECTION POLICY**

### **INTRODUCTION**

Keeping in view the technological progress in payment and settlement systems and the qualitative changes in operational systems and processes that have been undertaken by a number of banks, the Reserve Bank of India had, with effect from 1st November 2004, withdrawn its earlier instructions to commercial banks on (i) Immediate Credit of local/outstation cheques, (ii) Time Frame for Collection of Local / Outstation Instruments and (iii) Interest Payment for Delayed Collection. The withdrawal of these mandatory guidelines was expected to enable market forces of competition to come into play to improve efficiencies in collection of cheques and other instruments. This collection policy of the Bank is a reflection of our on-going efforts to provide better service to our customers and set higher standards for performance. The policy is based on principles of transparency and fairness in the treatment of customers. The bank is committed to increasing the use of technology in order to provide quick collection services to its customers.

#### **This policy document covers the following aspects:**

- Collection of cheques and other instruments payable locally, at centers within India and abroad.
- The Bank's commitment regarding time norms for collection of instruments.
- The Bank's policy on dealing with collection instruments lost in transit.

### **ARRANGEMENTS FOR COLLECTION**

#### **LOCAL CHEQUES**

All cheques and other Negotiable Instruments payable locally would be presented through the clearing system prevailing at the center.

Cheques deposited at branch counters and in collection boxes within the branch premises before the specified cut-off time will be presented for clearing on the same day.

Cheques deposited after the cut-off time and in collection boxes outside the branch premises including off-site ATMs will be presented in the next clearing cycle.

As a policy, the Bank will give credit to the customer's account on the same day the clearing settlement takes place. Withdrawal of amounts so credited would be permitted as per the cheque return schedule of the clearinghouse.

Bank branches situated at centers where no clearing house exists, would present local cheques on drawee banks across the counter and it would be the Bank's endeavor to credit the proceeds at the earliest.

**OUTSTATION CHEQUES:**

Cheques drawn on branches of other banks at outstation centres will normally be collected through Bank's branches at those centres.

Where the Bank does not have a branch of its own, the instrument would directly be sent for collection to the drawee bank or collected through a correspondent bank.

The Bank would also use the National Clearing services offered by the Reserve Bank of India at centres where such collection services exist.

For Cheques drawn on Bank's own branches covered under CBS network at outstation centres, the Bank will provide same day credit to its customers.

The Bank would debit the customer's account with applicable service charge as per the tariff schedule notified by the Bank. Courier/postage charges and any out of pocket expenses will be levied on actual basis.

**SPEED CLEARING**

Speed Clearing refers to collection of outstation cheques through the local clearing. It facilitates collection of cheques drawn on outstation core banking enabled branches of banks, if they have a net worked branch locally.

With Speed Clearing, any outstation cheques and other instruments (except demand drafts, pay orders) drawn on CBS enabled branches of member banks are presented in local clearing at CTS centres.

The criteria for instruments to be eligible for speed clearing:

1. Cheque should be in CTS format
2. Drawee branch should be on CBS platform.
3. Drawee bank must participate in local clearing.
4. The Bank participates in outward as well as Inward Speed Clearing.

All outstation cheques drawn on the branches, eligible to be covered under the Speed Clearing Scheme of the Reserve Bank of India would be presented through the Speed Clearing and not be sent as outstation cheques for collection.

**CHEQUES PAYABLE IN FOREIGN COUNTRIES:**

The services of correspondent banks will be utilized in country/centres where the correspondent banks have presence.

**IMMEDIATE CREDIT OF LOCAL /OUTSTATION CHEQUES/ INSTRUMENTS:**

Branches/extension counters of the Bank will consider providing immediate credit for outstation cheques/instruments up to the aggregate value of Rs.7500.00 tendered for collection by individual account holders subject to satisfactory conduct of such accounts for a period not less than 6 months.

Immediate credit will be provided against such collection instruments at the specific request of the customer or as per prior arrangement.

The facility of immediate credit would also be made available in respect of local cheques at centres where no formal clearing house exists.

The facility of immediate credit will be offered on Savings Bank/Current/Cash Credit Accounts of the customers. For extending this facility, there will not be any separate stipulation of minimum balance in the account.

Under this policy, prepaid instruments like Demand Drafts, Interest/Dividend warrants shall be treated on par with cheques.

In the event of dishonor of cheque against which immediate credit was provided, interest shall be recoverable from the customer for the period and for the amount the customer has availed of the funds, at the rate applicable for overdraft limits sanctioned for individual customers.

For the purpose of this Policy, a satisfactorily conducted account shall be the one:

- Opened at least six months earlier and complying with KYC norms.
- Conduct of which has been satisfactory and Bank has not noticed any irregular dealings.
- Where no cheques/instruments for which immediate credit was afforded on an earlier occasion was returned unpaid for financial reasons.
- Where the bank has not experienced any difficulty in recovery of any amount advanced in the past including cheques returned after giving immediate credit.

Normal collection charges and out of pocket expenses will be charged while providing immediate credit against outstation instruments tendered for collection.

#### **CHARGING OF INTEREST ON CHEQUES RETURNED UNPAID WHERE INSTANT CREDIT WAS GIVEN:**

If a cheque sent for collection for which immediate credit was provided by the Bank is returned unpaid, the value of the cheque will be immediately debited to the account.

The customer will not be charged any interest from the date immediate credit was given to the date of return of the instrument unless the customer has made use of funds.

Interest where applicable would be charged on the notional overdrawn balances in the account had credit not been given initially.

If the proceeds of the cheque were credited to the Savings Bank Account and were not withdrawn, the amount so credited will not qualify for payment of interest when the cheque is returned unpaid.

If proceeds were credited to an overdraft/loan account, interest shall be recovered at the rate of 2% above the interest rate applicable to the overdraft/loan from the date of credit to the date of reversal of the entry if the cheque/instrument was returned unpaid.

#### **PURCHASE OF LOCAL/OUTSTATION CHEQUES:**

Bank may, at its discretion, and as permitted by the regulatory authorities purchase local/outstation cheque tendered for collection at the specific request of the customer or as per prior arrangement.

Besides satisfactory conduct of the account, the standing of the drawer of the cheque will also be a factor considered while purchasing the cheque.

### **TIME FRAME FOR COLLECTION OF LOCAL/OUTSTATION CHEQUES/ INSTRUMENTS:**

For local cheques presented in clearing credit will be afforded as on the date of settlement of funds in clearing and the account holder will be allowed to withdraw funds as per return clearing norms in vogue.

For cheques and other instruments sent for collection to centres within the country the following time norms shall be applied:

Cheques presented at any of the four major Metro Centres (New Delhi, Mumbai, Kolkata and Chennai) and payable at any of the other three centres: Maximum period of 7 (working) days.

State Capitals (other than those of North Eastern States and Sikkim): Maximum period of 10 (working) days.

In case of cheques sent for collection through Correspondent Banks, 10 (T-10) working days from the day of lodgement if day of lodgment is considered as T-0.

Cheques drawn on foreign countries: Such instruments are accepted for collection on the 'best of efforts' basis.

The Bank has entered into specific collection arrangement with its correspondent bank for speedy collection of such instrument. Bank would give credit to the party on credit of proceeds to the Bank's Account with the correspondent bank.

### **INTEREST PAYMENT FOR DELAYED COLLECTION:**

In all cases of delay in collection of outstation cheques and other instruments, the Bank will pay interest at saving bank rate for delayed collection of outstation cheques/instruments drawn on outstation branches of other (drawee) banks and sent for collection.

If the proceeds are not realized/credited to the customers' accounts or the unpaid instruments are not returned to customers within the period specified from the date of their lodgment, and if the delay is abnormal (i.e. above 30 days) Bank will pay interest at the rate as applicable for appropriate tenure of fixed deposit for the period of delay beyond the specified period for collection of outstation instruments.

### **CHEQUES / INSTRUMENTS LOST IN TRANSIT / IN CLEARING PROCESS OR AT PAYING BANK'S BRANCH:**

In the event a cheque or an instrument accepted for collection is lost in transit or in the clearing process or at the paying bank's branch, the bank shall immediately on coming to know of the loss, bring the same to the notice of the account holder so that the account holder can inform the drawer to record stop payment

Wherever necessary, the Bank would provide letters/certificates to the customer to obtain a duplicate instrument from the drawer of the cheque.

The bank will compensate the account holder for any reasonable loss suffered by him/her in the event the instrument is to be obtained from a bank/ institution who would charge a fee for issue of duplicate instrument, subject to the provisions contained in Customer Compensation Policy.



**THE ZOROASTRIAN CO-OPERATIVE BANK LIMITED**

**CLEAN NOTE POLICY**

**2018-19**

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Keeping in view the various regulatory/statutory and the Bank's own internal requirements, the Bank has laid down the Clean Note Policy for Financial Year 2018-19.

The Bank's Clean Note Policy clearly defines the procedure for Facility for Exchange of Notes and Coins and Detection and Impounding of Counterfeit Notes.

As such the Clean Note Policy is formulated and updated in line with Reserve Bank of India guidelines and is placed before the Board of Directors for approval.

## **I. Facility for Exchange of Notes and Coins**

With respect to the Facility for Exchange of Notes and Coins, the Bank shall adhere to the below mentioned instructions:

1. All branches to issue good quality notes and coins of all denominations on demand, as also exchange soiled / mutilated / defective notes, accept coins and notes for transactions or exchange. Branches should not refuse to accept small denomination notes and / or coins tendered at their counter.
2. Soiled notes should not be issued to the public as re-issuable notes and shall be deposited in currency chests / current accounts maintained with other Banks for onward transmission to RBI offices. In order to facilitate quicker exchange facilities, the definition of soiled note has been liberalized. A 'soiled note' means a note which has become dirty due to normal wear and tear and also includes a two piece note pasted together wherein both the pieces presented belong to the same note and form the entire note with no essential feature missing. Branches to accept these notes over the counters in payment of Government dues and for credit to accounts of the public maintained with banks.
3. Where the number of soiled notes presented by a person is upto 20 pieces with a maximum value of Rs. 5,000/- per day, the Bank should exchange them over the counter, free of charge. Where the number of soiled notes exceed 20 pieces or Rs. 5,000/- per day, the Bank to accept them against receipt for value to be credited against levy of service charges of a minimum of Rs 500/-.
4. **Mutilated Notes – Presentation and Passing:**  
A mutilated note is a note of which a portion is missing or which is composed of more than two pieces. Mutilated notes may be presented at any of the Bank branches. The notes so presented shall be accepted, exchanged and adjudicated by the branches in accordance with Reserve Bank of India (Note Refund) Rules 2009.
5. Notes which have turned extremely brittle or are badly burnt, charred or inseparably stuck up together and, therefore, cannot withstand normal handling, shall not be accepted by the Bank branches for exchange. Instead, the holders may be advised to tender these notes to the concerned Issue Office of the Reserve Bank of India.
6. The Branch Manager shall act as 'Prescribed Officer' to adjudicate the notes received at the branch for exchange in accordance with Reserve Bank of India, Rules, 2009.

**7. Exchange of mutilated and imperfect notes:**

- a. Where the number of notes presented by a person is up to 5 pieces, branches should normally adjudicate the notes and pay the exchange value over the counter. If the branches are not able to adjudicate the mutilated notes, the notes may be received against a receipt and sent to the linked currency chest branch of the currency chest Bank for adjudication. The probable date of payment should be informed to the tenderers on the receipt itself and the same should not exceed 30 days. Bank account details should be obtained from the tenderers for crediting the exchange value by electronic means.
  - b. Notes presented in bulk: Where the number of notes presented by a person is more than 5 pieces not exceeding Rs.5000 in value, branches to send such notes to nearby currency chest branch of Banks by insured post giving the customers Bank account details (a/c no, branch name, IFSC, etc.) or get them exchanged thereat in person. All other persons tendering mutilated notes whose value exceeds Rs.5000 should be advised to approach the nearby currency chest branch of Banks.
8. Mutilated / defective notes bearing 'PAY' / 'PAID' (or 'Reject') stamp of any RBI Issue Office or any Bank's Branch, if presented for payment at any of the Bank's branches shall be rejected under Rules 6(2) of Reserve Bank of India, Rules, 2009.
9. Any note with slogans and messages of political nature written across shall cease to be legal tender and claim on such notes shall be rejected by the Bank.

**10. Deliberately cut notes:**

The notes, which are found to be deliberately cut, torn, altered or tampered with, if presented for payment of exchange value should be rejected under Rule 6(3)(ii) of the Reserve Bank of India (Note Refund) Rules, 2009. Although it is not possible to precisely define deliberately cut notes, a close look at such notes will clearly reveal any deliberate fraudulent intention, as the manner in which such notes are mutilated will follow a broad uniformity in the shape/location of missing portions of the notes, especially when the notes are tendered in large numbers. The details of the case such as the name of the tenderer, the number of notes tendered and their denominations should be reported thereafter to the Deputy/General Manager, Issue Department, Reserve Bank of India. The matter should also be reported to local police in case a large number of such notes are tendered.

11. The Bank's Branches shall display at their branch notice boards indicating the availability of note exchange facility with the legend 'SOILED / MUTILATED NOTES ARE ACCEPTED AND EXCHANGED HERE' for information of general public.

12. Cashiers at branches to do away with stapling of note packets and shall band the packets with paper/polythene bands so that the life of the currency notes is increased.
13. Branch Managers / Cashiers to educate the members of public, not to write on the currency notes to provide unrestricted facility for exchange of soiled and mutilated notes.
14. Branch Managers / Cashiers to exclusively provide currency exchange and distribution of small coins to suck out the bad notes.
15. The coins of denomination of 25 paise and below, issued from time to time, cease to be legal tender for payments as well as account with effect from June 30, 2011 in terms of Gazette Notification No.2529 dated December 20, 2010 issued by the Government of India.
16. Pre-2005 bank notes if received, shall not be exchanged as legal tender across the counter, and the cashiers/Branch Managers shall guide such customers to exchange such notes at the Issue Office of Reserve Bank of India.
17. In line with the Demonetization of Rs 500 and Rs 1000 banknotes, a policy enacted by the Government of India on 8<sup>th</sup> November 2016, all Rs 500 and Rs 1000 banknotes of the Mahatma Gandhi Series cease to be legal tender in India from the midnight of 8<sup>th</sup> November 2016. The scheme for the facility of exchange of the above mentioned High Denomination Notes of Rs 500 and Rs 1000 stand closed with the completion of business hours on 30<sup>th</sup> December 30, 2016.

## **II. Detection and Impounding of Counterfeit Notes:**

With respect to the detection and impounding of counterfeit notes, the Bank shall adhere to the below mentioned instructions:

1. Banknotes tendered over the counter through bulk tenders shall be examined for authenticity through note counting machines. No credit to customer's account is to be given for counterfeit notes, if any, detected in the tender received over the counter or at the back-office / currency chest.

In no case, the counterfeit notes should be returned to the tenderer or destroyed by the bank branches. Failure of the banks to impound counterfeit notes detected at their end will be construed as willful involvement of the bank concerned, in circulating counterfeit notes and penalty will be imposed for violation of Directive No. 3158/09.39.00 (Policy)/2009-10 dated November 19, 2009 issued by the Reserve Bank.

2. **Impounding of counterfeit notes :**

Notes determined as counterfeit shall be stamped as "COUNTERFEIT NOTE" and impounded in the prescribed format (Annex I). Each such impounded note shall be recorded under authentication, in a separate register.

3. When a banknote tendered at the counter of a Bank branch is found to be counterfeit, an acknowledgement receipt in the prescribed format (Annex II) shall be issued to the tenderer, after stamping the note. The receipt, in running serial numbers, shall be authenticated by the cashier and tenderer. Notice to this effect shall be displayed prominently at the branches notice boards for information of the public. The receipt is to be issued even in cases where the tenderer is unwilling to countersign it.

4. **Detection of Counterfeit Notes - Reporting to Police and other bodies:**

The following procedure should be followed while reporting incidence of detection of counterfeit note to the Police:

- a. For cases of detection of counterfeit notes upto 4 pieces, in a single transaction, a consolidated report in the prescribed format (Annex III) should be sent by the Nodal Bank Officer to the police authorities or the Nodal Police Station, along with the suspect counterfeit notes, at the end of the month.
- b. For cases of detection of counterfeit notes of 5 or more pieces, in a single transaction, the counterfeit notes should be forwarded by the Nodal Bank Officer to the local police authorities or the Nodal Police Station for investigation by filing FIR in the prescribed format (Annex IV).

A copy of the monthly consolidated report / FIR shall be sent to the Forged Note Vigilance Cell constituted at the Head Office of the Bank.

- c. Acknowledgement of the police authorities concerned has to be obtained for note/s forwarded to them both as consolidated monthly statement and FIR. If the counterfeit notes are sent to the police by insured post, acknowledgement of receipt thereof by the police should be invariably obtained and kept on record. A proper follow-up of receipt of acknowledgement from the police authorities is necessary. In case, any difficulty is faced by the Branches due to reluctance of the police to receive monthly consolidate statement / file FIRs, the matter may be sorted out in consultation with the Nodal Officer of the police authority designated to coordinate matters relating to investigation of counterfeit banknotes cases. The list of Nodal Police Station may be obtained from the respective Regional Office of Reserve Bank.
5. Branches to monitor the patterns / trends of such detection and suspicious trends / patterns should be brought to the notice of RBI /Police authorities immediately.  
The data on detection of counterfeit Indian notes at branches should be included in the monthly Returns forwarded to the Reserve Bank Issue Offices as furnished in Annex VI.
6. The branches should re-align their cash management in such a manner so as to ensure that cash receipts in the denominations of Rs 100 and above are not put into re-circulation without the notes being machine processed for authenticity. In order to obviate complaints regarding receipt of counterfeit notes through ATMs, branches to take adequate safeguards/checks before loading ATMs with notes. Dispensation of counterfeit notes through the ATMs would be construed as an attempt to circulate the counterfeit notes by the Bank concerned.
7. Penalty at 100% of the notional value of counterfeit notes, in addition to the recovery of loss to the extent of the notional value of such notes, will be imposed under the following circumstances:
  - a) When counterfeit notes are detected in the soiled note remittance of the bank.
  - b) If counterfeit notes are detected in the currency chest balance of a bank during inspection by RBI.
8. Each Bank shall establish at its Head Office, a Forged Note Vigilance Cell to undertake the following functions:
  - i. Dissemination of instructions issued by the Reserve Bank on counterfeit notes to Bank's branches. Monitoring the implementation of these instructions. Compilation of data on detection of counterfeit notes, and its submission to Reserve Bank and FIU-IND as per extant instructions. Follow-up of cases of counterfeit notes, with police authorities / designated nodal officer.
  - ii. Sharing of the information thus compiled with Bank's Designated Nodal Officer and report to him / her all cases of acceptance / issue of counterfeit notes over the counters.

- iii. Conducting periodic surprise checks at branches where shortages/ defective /counterfeit notes etc. are detected.
- iv. Ensuring operation of Note Sorting Machines of appropriate capacity at all the branches and closely monitoring the detection of Counterfeit Notes and maintaining the record of the same. Ensuring that only properly sorted and machine examined banknotes are fed into the ATMs / issued over the counters and to put in place adequate safeguards, including surprise checks, both during the processing and in transit of notes.

Forged Note Vigilance Cell shall submit status report on a quarterly basis covering the aforesaid aspects to the Chief General Manager, Department of Currency Management, Reserve Bank of India, Central Office, Amar Building, Fourth Floor, Sir P. M. Road, Fort, Mumbai 400 001, and to the Issue office of the Regional office of Reserve Bank under whose jurisdiction the FNV Cell is functioning, within a fortnight from the conclusion of the quarter under report. The said report should be sent by mail. **No hard copy need be sent.**

In order to update the record of the addresses of the Forged Note Vigilance Cells, the Bank shall furnish by e-mail, in the prescribed format (Annex V), the address etc. particulars to the Reserve Bank every year, as on 1st July. **No hard copy need be sent.**

9. With regard to Master Circular on Detection and Impounding of Counterfeit Notes, the branches of the Bank shall display on their respective notice boards the name of designate Officer and single point of contact for all counterfeit note detection related activity. The name of the designated officer is as under:

<b>Name</b>	: Mr. Hanosh S. Santok
<b>Designation</b>	: General Manager – Nodal Officer
<b>Bank's Name</b>	: The Zoroastrian Co-operative Bank Limited
<b>Bank's Address</b>	: Nirlon House, 5 <sup>th</sup> Floor, Dr. A. B. Road, Worli, Mumbai: - 400 030
<b>Contact No.</b>	: 022-61727608
<b>Email ID</b>	: <a href="mailto:hsantok@zcbl.in">hsantok@zcbl.in</a>



**THE ZOROASTRIAN CO-OPERATIVE BANK LTD.**

**CUSTOMERS COMPENSATION POLICY**  
**FY 2018-2019**



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**CUSTOMER COMPENSATION POLICY****(FY 2018-19)****I. PREAMBLE:**

Zoroastrian Bank aims to offer high level of services to all its customers at all times. However, for reasons beyond the control of the Bank or inadvertently, if the Bank is unable to meet the service level to any of the customers, the interest of the customers has to be safeguarded. Accordingly, the Bank has formed the Customer Compensation Policy to mitigate such deficiencies in the customer service.

**II. OBJECTIVE:**

The objectives of this Policy is to establish a system whereby the Bank compensates the customer for any financial loss he/she might incur due to deficiency in services on the part of the Bank or any act of omission or commission directly attributable to the Bank. By ensuring that the customer is compensated without having to ask for it, the Bank expects to minimize instances when the customer has to approach the Banking Ombudsman or any other forum for redressal of their grievances.

**III. VALIDITY:**

The Customer Compensation Policy will be valid for Financial Year 2018-19. The Policy will be reviewed each year and modifications, if any, based on the directives and other guidelines issued by RBI or any other related authority would be incorporated in the Policy.

**IV. APPLICABILITY:**

This Customer Compensation Policy will be applicable to all the customers banking with or availing the services of the Bank. The Policy will also be applicable to all the staff at all the branches /Departments handling banking transactions and related activities.

**V. SCOPE:**

- The Policy is designed to cover deficiencies in services in areas relating to unauthorized debiting of account, payment of interest to customers for delayed collection of cheques/instruments, payment of cheques after acknowledgement of stop payment instructions, remittances within India, foreign exchange services, lending, card related transactions, Safe Deposit Lockers, etc.

- The Policy is based on the principles of transparency and fairness in the service to customers.
- The Policy covers only compensation for financial losses in real terms for specific value which the customer might incur due to deficiency in the services offered by the Bank and which can be measured directly.

Thus the commitments under this Policy are without prejudice to any right of the Bank to defend its position before any Court of Law or any forum duly constituted to adjudicate banker-customer disputes. The Policy does not cover and is not applicable in respect of claims made by the customer on account of opportunity losses or damages or claims pertaining to reputation loss.

## **VI. KEY ELEMENTS COVERED UNDER THE POLICY**

The Policy Document covers the following aspects:

- i. Unauthorized / Erroneous Debits
- ii. Reversal of erroneous debits arising on account of fraudulent transactions
- iii. ECS direct debits / Standing Instructions / other debits to accounts.
- iv. Debits towards Service Charges
- v. Changes in Terms and Conditions
- vi. Payment of Cheques after Stop Payment Instructions
- vii. Delay in clearance of Local Cheques
- viii. Delay in credit/return of NEFT / NECS/ECS transactions
- ix. Settlement of ATM failed transactions
- x. Debit Card transactions
- xi. Return of all securities / documents / title deeds of mortgaged Property and delay in satisfaction of the charge
- xii. Foreign Exchange Services
- xiii. Remittance in India/ Collection of cheques payable in India
- xiv. Cheque / Instruments lost in transit / in clearing process
- xv. Issuance of Duplicate Demand Draft
- xvi. Violation of the Code by the Bank's agents

**i. Unauthorized / Erroneous Debit**

- If the Bank has raised an unauthorized/erroneous direct debit to an account, the entry will be reversed immediately on being detected, with proper value date after verifying the position.
- If such debit has resulted in a financial loss to the customer by way of reduction in the minimum balance applicable for payment of interest on savings bank deposit or payment of additional interest to the Bank in a loan account, the Bank will compensate the customer to that extent.
- If the customer has suffered any financial loss incidental to return of a cheque or failure of direct debit instructions due to insufficiency of balance on account of the unauthorized/erroneous debit, the Bank will compensate the customer to the extent of such financial losses i.e. Refund of Cheque Return Charges plus an amount equivalent to interest calculated on the unauthorized erroneously debited amount at applicable savings rate. The customer should approach the Bank within a maximum period of 7 days from the date of the erroneous debit.
- In case verification of the entry reported to be erroneous by the customer does not involve a third party, the Bank will arrange to complete the process of verification within a maximum period of 7 working days from the date of reporting of the erroneous debit. In case, the verification involves a third party, the Bank will complete the verification process within a maximum period of one month from the date of reporting of the erroneous transaction by the customer.

**ii. Reversal of erroneous debits arising on account of fraudulent transactions:**

- In case of any fraud, if the Bank establishes the fact that an irregularity/fraud has been committed by its staff towards any constituent it will acknowledge its liability and will restore the amount and also pay compensation to the customer within one month of the detection of the fraud
- In cases where neither the Bank nor the customer is at fault, but the fault lies elsewhere in the system and the customer, by providing proper supporting documents establishes that a loss has been incurred, the Bank will restore the erroneously debited amount and will compensate the customer.

The compensation to be paid to the customer is exhaustively covered under **Point No. xi. – Liability of a Customer.**

**iii. ECS direct debits / Standing Instructions/other debits to accounts**

The Bank will undertake to carry out direct debit / ECS debits / Standing Instructions of customers within the prescribed time subject to the following:

- Customer having already provided valid and complete mandate to accept any debit received through ECS.
- Customer having already submitted a mandate for Standing Instructions
- Direct Debit / ECS received is complete and correct.
- Customer has sufficient balance in the account at the time of executing direct debits / standing instructions / ECS.

In case of failure to carry out the instructions or delayed compliance, subject to the aforesaid clauses, and for reasons directly attributable to the Bank, the Bank will compensate the customers on the following lines:

- **For direct debits / ECS debits** – the Bank will compensate the customer at the savings bank interest rate for the period between the due date of direct debit / ECS debit and the date of actual debit carried out by the Bank on the amount to be debited. The Bank will also reimburse the customer to the extent of any penal interest, late payment charges levied by the debit / ECS originating Bank, upon producing evidence of the same.
- **For Standing Instructions** – Bank shall compensate the customer to the extent of the financial loss not exceeding Rs.100/- per occasion subject to providing proper supporting documents for having incurred the loss. In addition, the service charges if any recovered for execution of the Standing Instruction shall be refunded.
- In the event the Bank fails to meet such commitments, the customer will be compensated to the extent of any financial loss the customer has incurred or would incur on account of delay in carrying out the instruction/failure to carry out the instructions.
- In case the customer has not kept adequate balance at the time of the transaction due to which the transaction has been rejected, any credits brought into the account subsequent to rejection of the transaction will not be counted for judging the loss and resultant compensation.

**iv. Debits towards Service Charges:**

The Bank would debit the customer's account with any applicable service charge as per the schedule of charges notified by the Bank and displayed on the Bank's website. In the event the Bank levies any charge in violation of the arrangement, the Bank will reverse the charges within 7 days of being pointed out by the customer, subject to scrutiny of the agreed terms and conditions. Any consequential financial loss by way of loss of savings bank interest on account of reduction in the minimum balance applicable for payment of interest on savings bank deposit or payment of additional interest to the Bank in a loan account or any charges levied for the balance falling below the minimum balance requirement or any charges levied for return of cheques due to shortfall in balance, will also be compensated to the customer.

**v. Changes in Terms and Conditions:**

Changes in the terms and conditions will be communicated to the customers. If any change is made in the fees/charges without any notice then the customers would be given 30 days to accept the change and if such change is to the disadvantage of the customer then the customer may within 60 days and without notice close the account and switch over without having to pay any extra charges or interest.

**vi. Payment of Cheques after Stop Payment Instructions:**

The instructions for Stop Payment will be accepted at the Home Branch. In case a cheque has been paid after a stop payment instruction is acknowledged by the Bank, the Bank shall reverse the transaction and give value-dated credit to protect the interests of the customer.

Such debits will be reversed within 2 working days of the customer intimating the transaction to the Bank. In such cases the Bank shall compensate the customer to the extent of direct financial loss, if any, by way of loss of savings account interest on account of reduction in the minimum balance applicable for payment of interest on savings bank deposit or payment of additional interest in a loan account or any charges levied for reason of balance falling below minimum balance requirement or any charges levied for return of cheques due to shortfall in balance.

**vii. Delay in Clearance of Local Cheques:**

The schedule of timings for daily cheque collection is displayed within the branches. If the cheque has been deposited as per the scheduled timings and yet there is a delay in realization of local cheque on account of error, negligence or fraud on the part of an employee of the Bank or any other fault in the Bank's internal systems, compensation at savings bank interest rate shall be paid to the customer for the corresponding period of delay. If the cheque is meant for credit to a CC/OD/Loan account, the interest charged by the bank in the CC/OD/Loan account for the delayed period will be compensated.

**viii. Delay in credit/return of NEFT/NECS/ECS transactions**

- **NECS / ECS-Credit**

- The Bank would be held liable to pay penal interest at the current RBI Repo Rate plus two per cent from the due date of credit till the date of actual credit for any delayed credit to the beneficiary's account. Penal interest shall be credited to the beneficiary's account even if no claim is lodged.

- **NEFT**

- In the event of any delay or loss on account of error, negligence or fraud on the part of an employee of the Bank in the completion of funds transfer pursuant to receipt of payment instruction leading to delayed payment to the beneficiary, the Bank shall pay compensation at current RBI LAF (Liquidity Adjustment Facility) Repo Rate plus two per cent for the period of delay for credit to the beneficiary's a/c.
- In the event of delay in return of the funds transfer instruction for any reason whatsoever, the Bank shall refund the amount together with interest at the current RBI LAF Repo Rate plus two per cent till the date of refund.
- During the NEFT operating hours, originating banks should endeavour to put through the requests for NEFT transactions received by them, either online or across the counters, preferably in the next available batch but, in any case, not exceeding two hours (from the business hours next day), from the time of receipt of the requests. In the likelihood of any delay / possible delay in adhering to this requirement, the originators / customers should be informed of the delay / possible delay and the reasons for the same.

- In terms of the RBI ECS (Credit Clearing) procedural guidelines which clearly stipulate that if a destination bank branch is not in a position to credit a particular transaction for reason like "Account Closed/ transferred"; "No such Accounts"; "Account description does not tally"; etc. it should report the same and forward it to the Service Branch/ Main Branch on the same settlement day.

**ix. Settlement of ATM failed transactions:**

The time limit for resolution of customer complaints for settlement of charge back raised by the issuer banks has been fixed to 7 working days from the date of receipt of the customer complaint. If the Bank fails to re-credit the customer's account within 7 working days of receipt of the complaint, then the issuing Bank would be liable for payment of compensation to the customer if the branch has failed to establish the proof of payment/disbursement by the ATM. The compensation to be paid to the customer is exhaustively covered under **Point No. xi. – Liability of a Customer.**

**x. Debit Card Transactions:**

In cases where a customer writes to the Bank within 24 hours from the occurrence of erroneous debits to his account due to skimming, duplication and phishing of his debit card and where neither the Bank is at fault, nor the customer is at fault but the fault lies elsewhere in the system, the Bank, after proper investigation and proper verification of the documents, will compensate the customer to a maximum amount of Rs.25,000/-.

**xi. Liability of a Customer**

**(a) Zero Liability of a Customer**

A customer's entitlement to zero liability shall arise where the unauthorised transaction occurs in the following events:

- (i) Contributory fraud/ negligence/deficiency on the part of the bank (irrespective of whether or not the transaction is reported by the customer).
- (ii) Third party breach where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, and the customer notifies the bank within three working days of receiving the communication from the bank regarding the unauthorised transaction.



**(b) Limited Liability of a Customer**

A customer shall be liable for the loss occurring due to unauthorised transactions in the following cases:

- (i) In cases where the loss is due to negligence by a customer, such as where he has shared the payment credentials, the customer will bear the entire loss until he reports the unauthorised transaction to the bank. Any loss occurring after the reporting of the unauthorised transaction shall be borne by the bank.
- (ii) In cases where the responsibility for the unauthorised electronic banking transaction lies neither with the bank nor with the customer, but lies elsewhere in the system and the customer notifies the bank of such a transaction within four to seven working days of receiving a communication of the transaction, the per transaction liability of the customer shall be limited to the transaction value or the amount mentioned in Table 1, whichever is lower.

Table 1

**Maximum Liability of a Customer is as under:**

Type of Account	Maximum liability (₹)
BSBD Accounts	5,000
All other SB accounts	10000
Pre-paid Payment Instruments and Gift Cards	
Current/Cash Credit/Overdraft Accounts of MSMEs	
Current Accounts/ Cash Credit/ Overdraft Accounts of Individuals with annual average balance (during 365 days preceding the incidence of fraud)/ limit up to Rs.25 lakh	10,000
Credit cards with limit upto Rs. 5 lakh	
All other Current/Cash Credit/Overdraft Accounts	25,000

Further, if the delay in reporting is beyond seven working days , the customer liability shall be Rs 25000/-. The Bank shall provide the details of customers' liability at the time of opening the accounts. The Bank shall also display the approved policy in public domain for wider dissemination.

The Bank shall also inform customers individually about the Bank's policy.

Overall liability of the customer in third party breaches, as detailed in, where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, is summarised in the below mentioned table.

Table 2

**Summary of Customer's Liability is as under:**

Time taken to report the fraudulent transaction from the date of receiving the communication	Customer's liability (₹)
Within 3 working days	Zero liability
Within 4 to 7 working days	The transaction value or the amount mentioned in Table 1, whichever is lower
Beyond 7 working days	Rs 25,000/-

The number of working days mentioned in Table 2 shall be counted as per the working schedule of the home branch of the customer excluding the date of receiving the communication.

On being notified by the customer, the bank shall credit the amount involved in the unauthorised electronic transaction to the customer's account within 10 working days from the date of such notification by the customer (without waiting for settlement of insurance claim, if any). The credit shall be value dated to be as of the date of the unauthorised transaction. The Bank may at its discretion decide to waive off any customer liability in case of unauthorised electronic banking transactions even in cases of customer negligence with the approval of the Board of Directors.

Further, the Bank will ensure that:

- i. a complaint is resolved and liability of the customer, if any, established and the customer is compensated within such time as may be specified in the Bank's Board approved policy, but not exceeding 90 days from the date of receipt of the complaint;
- ii. where it is unable to resolve the complaint or determine the customer liability, if any, within 90 days, the compensation as prescribed above is paid immediately to the customer; and

- iii. in case of debit card/Bank account, the customer does not suffer loss of interest, and in case of credit card, the customer does not bear any additional burden of interest.

The burden of proving customer liability in case of unauthorised electronic banking transactions shall lie on the Bank.

The instructions on Customer Liability shall be incorporated in the policy, and the policy will be prominently displayed at branches.

The Bank shall report cases of unauthorized electronic banking transactions to the Board of Directors or one of its Committees. The reporting shall, inter alia, include volume/number of cases and the aggregate value involved and distribution across various categories of cases viz., card present transactions, card not present transactions, internet banking, mobile banking, ATM transactions, etc.

The Board shall periodically review the unauthorised electronic banking transactions reported by customers or otherwise, as also the action taken thereon, the functioning of the grievance redressal mechanism and take appropriate measures to improve the systems and procedures. All such transactions shall be reviewed by the Bank's Internal Auditors.

**xii. Return of all securities / documents / title deeds of mortgaged property:**

- The Bank will return all the securities / documents / title deeds of the mortgaged property within 15 days of the repayment of all dues agreed to or contracted. If any right to set off is to be exercised for any other claim, the Bank will give due notice
- with full particulars about the other claims and retain the securities / documents / title to mortgaged property till the relevant claim is settled / paid.
- In case of any failure to comply with these and if it is directly attributable to the Bank, the Bank will compensate the customer to the extent of the financial loss not exceeding Rs. 100.00 per day subject to a maximum payment of Rs.1000/-
- In the event of loss of title deeds of the mortgaged property at the hands of the Bank, the compensation will cover out of pocket expenses for obtaining duplicate documents plus a lump sum amount @ of Rs. 100 per day subject to a maximum

payment of Rs.1000/-. In all such cases Bank will also extend all assistance for obtaining duplicate documents.

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- The Bank will also satisfy/facilitate satisfying any charge on any of the asset/s of the customer registered with statutory authorities like ROC, ROA, CERSAI, etc. within 30 days. In case of failure to do so, the Bank will compensate the customer with all penalties, additional costs and out of pocket expenses which may be incurred for delayed satisfaction of the charge.

**xiii Foreign Exchange Services:**

- The Bank will not compensate the customer for delays in collection of cheques designated in foreign currencies sent to foreign countries as the Bank will not be able to ensure timely credit from the overseas banks. The time for collection of instruments drawn on banks in foreign countries differs from country to country and even within a country, from place to place. The time norms for return of instruments cleared provisionally also vary from country to country. The Bank however, will consider upfront credit against such instruments by purchasing the cheque/instrument, provided the conduct of the account has been satisfactory in the past and to the extent it has been permitted by the regulator.
- However, the Bank will compensate the customer for undue delays in affording credit once the proceeds are credited to the Nostro Account of the Bank with its correspondent. Such compensation will be given for delays beyond one week from the date of credit to Nostro Account/due date after taking into account normal cooling period stipulated.
- The delays would be construed if the customer's account is not credited within 7 working days, excluding Saturday from the date of clear credit to the Bank's Nostro account i.e. after taking into account the prescribed cooling period for that currency with the correspondent.
- The compensation on account of delays in collection of instruments (if the period of delay is beyond prescribed collection period) in foreign currency would be paid as follows:-
  - In Indian rupee, at Savings Bank rate and
  - Compensation for any possible loss on account of adverse movement in foreign exchange rate.

**xiv. Remittance in India/Collection of cheques payable in India:**

The compensation and/or on interest payable on account of delays in collection of instruments, Cheques/Instruments lost in transit/in clearing process will be as indare elaborated in the Bank's Cheque Collection Policy.

**xv. Issuance of Duplicate Demand Draft**

The Bank will issue duplicate demand drafts in lieu of a lost demand draft, on the basis of a request from the purchaser, indemnity and confirmation from the beneficiary. The issuance of such duplicate drafts will be within a fortnight of the receipt of the necessary documents at the branch.

For any delay caused by the Bank in issuing a duplicate draft beyond the above stipulated period, the Bank will pay interest at the rate applicable for a fixed deposit of corresponding maturity in order to compensate the customer for such a delay.

**xvi. Violations of the Code by the Bank's Agents:**

In the event of receipt of any complaint from the customer that the Bank's representatives / couriers or DSAs have engaged in any improper conduct or acted in violation of the Code of Bank's Commitment to Customers which the Bank has adopted voluntarily,

The Bank shall take appropriate steps to investigate and redress the complaint and endeavor to communicate to the customers within 7 working days from the date of receipt of the complaint and where justified, may compensate the customer suitably for financial loss if any as decided by the Bank, subject to the customer providing proper supporting documents for having incurred the loss.

**VII. Disclaimer**

The Bank shall not be liable to compensate customers under this Policy if some unforeseen event including but not limited to civil commotion, sabotage, lockout, strike or other labour disturbances, accident, fires, natural disasters or other "Acts of God", war, damage to the Bank's or its correspondent bank(s) systems, communication channels etc, beyond the control of the Bank, prevents it from performing its obligations within the specified service delivery parameters.

**VIII. Customers' Responsibility**

The Bank will not be responsible for the loss to the customer, if the customer acts fraudulently and/or acts without reasonable care which has resulted into loss to him/her. The Bank will also not be responsible for the losses arising out of misuse of lost PIN, Cheque book, passbook, compromise of passwords/secure or confidential information, suffered by the customer until the time the Bank has been notified and has taken steps to prevent misuse.

**IX. Conclusion**

This Policy is based on the RBI directives issued from time to time and holds good for the Financial Year 2018-19. It explicitly covers compensation for financial losses which customers might incur due to deficiency in the services offered by the Bank. The Bank will have the right in defending its position before any forum duly constituted to adjudicate banker-customer disputes.



**THE ZOROASTRIAN CO-OPERATIVE BANK LTD.**

**DEPOSIT POLICY**

**2018-19**

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# DEPOSIT POLICY

**2018-2019**

## I. PREAMBLE

One of the important functions of the Bank is to accept deposits from the public for the purpose of lending.

Depositors are the major stakeholders of the Banking system. Depositors and their interests form the key area of the regulatory framework for banking in India and this has been enshrined in the Banking Regulation Act, 1949.

With liberalization in the financial system and deregulation of interest rates, banks are now free to formulate deposit products within the broad guidelines issued by RBI.

This Deposit Policy has been drawn up within the broad guidelines issued by the Reserve Bank of India vide its **Master Circular RBI/2014-15/29 UBD.BPD.(PCB). MC.No:13 /13.01.000/2014-15 July 1, 2015.**

## II. OBJECTIVES

This Policy document on deposits outlines the guiding principles based on which the Bank formulates the various deposit products offered by the Bank and the terms and conditions governing the conduct of the account.

The document 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 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.

## III. SCOPE OF THE POLICY

This core function, “acceptance of deposits” elucidated in the Policy adopting the principles of Corporate Governance, aims at creating substantial customer awareness.

The Policy aims to educate the employees and public in general about the various methods adopted by the Bank for handling deposit accounts under various circumstances. The ultimate objective is that the customer will get services they are rightfully entitled to receive without demand.

While adopting this Policy, the Bank reiterates its commitments to individual customers outlined in the Bankers' Fair Practice Code of the Indian Bank' Association. This document is a broad framework under which the rights of common depositors are recognized and all the guidelines under the Banking Codes and Standards Board of India for individual customers are taken note of.

Detailed operational instructions on various deposit schemes and related services will be issued from time to time.

#### **IV. APPLICABILITY OF THE POLICY**

The Policy is applicable to all customers of the Bank and outlines the principles for identification of all customers across the Bank within the framework specified by Reserve Bank of India (RBI). It is intended to be read, understood and practiced by all the employees who directly or indirectly service the customers.

#### **V. VALIDITY OF THE POLICY**

The present Policy will be valid for Financial Year 2018-19.

The Policy will be reviewed and modifications, if any, will be reported to the Board and will be incorporated in the Policy before circulating it to the branches in line with the guidelines and policies received from the Reserve Bank of India and Indian Banks Association.

#### **VI. TYPES OF DEPOSIT ACCOUNTS**

While various deposit products offered by the Bank are assigned different names, the deposit products can be categorized broadly into two types, Demand Deposits and Time Deposits.

##### **(A) DEMAND DEPOSITS**

Demand deposits are further categorized into Savings Deposits and Current Deposits. The Bank will provide various products to suit the needs of the customers, under Savings and Current Deposit accounts which are mentioned below.

**(i) Savings Account Products :**

Currently, the Bank will provide the following Schemes for various segments of customers under the savings bank category:

- a) Regular Savings Account
- b) NRE Savings Account
- c) Little Wonders Savings Account
- d) Gen Y Savings Account
- e) Salary Savings Account
- f) SB Educare
- g) No Frills account (presently restricted to accounts of salaried persons)

**(ii) Current Account Products:**

Currently, the Bank is providing only Regular Current Account in this category:

**(iii) Sweep In Sweep Out facility:**

The Bank will offer this product to enable the customer to earn a higher rate of interest on large idle credit balance in Current Accounts and Savings Bank Accounts. After registering for Sweep in Sweep Out facility the customer will be able to earn higher rate of interest on the excess funds i.e. over and above the minimum balance, lying in Current and Savings Accounts.

This facility will be offered only to all Current Account and Savings Account holders.

The excess balance over the minimum balance stipulated in these accounts will be transferred to a Term Deposit in multiples of the units opted for by the constituent. In case of requirement of funds the term deposit will be broken into units and the required funds will be transferred to the Current Account or savings account as the case may be. The rest of the term deposit will continue to earn interest.

If the amount for Sweep deposit is withdrawn within 15 days of sweep in, then no interest either at Term deposit rate or at Savings rate will be paid to the customer.

**(B) TERM DEPOSITS**

Presently, the Bank is offering the following types of TERM Deposits:

- (i) Short Term Deposits – 7 to 14 days;- Presently the Bank is not accepting deposits in this maturity brackets.
- (ii) Short Term Deposits – For periods ranging from 15 to 90 days
- (iii) Fixed Deposit (FD), with option of payment of interest on monthly, quarterly, half-yearly, yearly or on due date option.
- (iv) Deposit Reinvestment Certificate (DRC) wherein interest on the deposit is reinvested on a quarterly cumulative basis and repaid on due date along with the principal amount.
- (v) Recurring Deposit (RD), wherein a fixed amount is invested on a monthly basis for a fixed period for a fixed maturity value.
- (vi) Fixed Deposits and DRCs under Section 80 C of the Income Tax Act
- (vii) In addition to the above, Bank will also launch special period specific products, from time to time depending upon market conditions. The salient features of various deposit schemes (under demand/time deposits) are given more precisely on the website.

**VII. PRODUCT APPROVAL PROCESS:**

New deposit products will be introduced and existing products will be modified by the Bank after a thorough study is made of the product, study of similar products available in the market and customer expectation for such products.

The views and opinions of customers received through branches will be taken into account while designing new products and modifying existing products. While formulating new products, the guidelines issued by Reserve Bank of India and Indian Banks' Association will be taken into account.

All new products and modifications of existing products will be approved by the Board of Directors before being implemented.

## VIII. OPENING OF DEPOSIT ACCOUNTS

### (i) Account Opening and Operation of Deposit Accounts

- a) The Bank has a Centralized Cell in Mumbai for opening of Savings and Current Accounts. The Bank, before opening any deposit account, will carry out due diligence as required under "Know Your Customer" (KYC) and Anti-money Laundering guidelines issued by RBI, Government of India and or such other policy norms or procedures adopted by the Bank. If the decision to open an account of a prospective constituent 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.
- b) The account opening forms and other required information will be provided to the prospective constituent by the Bank. The same will contain details of information to be furnished and documents to be produced for verification and / or for record by the constituent. The Bank official opening the account will also explain the procedural formalities and provide necessary clarifications sought by the prospective constituent when he / she approaches the Bank for opening a deposit account.
- c) For deposit products like Savings Bank Accounts and Current Accounts, the Bank will normally stipulate certain minimum balances to be maintained as part of the terms and conditions governing operation of such accounts. Failure to maintain minimum balance in the account will attract charges as specified by the Bank from time to time. The minimum balance charges will be applied after the completion of a quarter from the date of opening of the account. Similarly, the Bank will also specify charges for issue of cheque books, additional statement of accounts, duplicate pass book, folio charges, etc. All such details, regarding terms and conditions for operation of the accounts and schedule of charges for various services will be given to the prospective constituent while opening the account. This data will also be available with the Bank on the Customer Information Desk and also on the website.
- d) Savings Bank Accounts will be opened for eligible person / persons and certain organizations / agencies (as advised by Reserve Bank of India from time to time) Current Accounts will be opened for Individuals / Proprietary Concerns / Partnership firms / Private and Public Limited Companies / HUFs / Specified Associates / Societies / Trusts, etc. Term Deposits Accounts will be opened for Individuals / Proprietary Concerns / Partnership firms / Private and Public Limited Companies / HUFs / Specified Associates / Societies / Trusts, etc.

- e) The due diligence process, while opening a deposit account will involve verifying and establishing the identity of the person, verification of address, satisfying about his occupation and source of income, obtaining introduction (wherever required) of the prospective constituent from a person acceptable to the Bank and obtaining recent photographs of the person/s opening / operating the account.
- f) Deposit accounts will be opened for an individual in his own name or for more than one individual in their joint names. Savings Bank and Term Deposit Accounts will also be opened for a minor jointly with the natural guardian or with the mother as the guardian.
- g) The Customer should inform any change of address or change in profile to the Bank with supporting KYC documents to make necessary modifications in the system.
- h) All account opening formalities will be completed by the customer in the Bank's premises and only where it is absolutely necessary the Bank will depute an officer to obtain the account opening form duly filled and signed and to verify the KYC documents.
- i) When a depositor wishes to withdraw from his account through a withdrawal slip, the Bank will insist on his passbook for verification.
- j) Cheques, Dividend warrants in the same name as that mentioned in the account only will be accepted for the credit of saving / current account.

The Bank will follow all the prescribed KYC guidelines. A detailed check list of all the essential documents will be made available at the branches and displayed on the website. Similarly the various service charges associated with the savings and current accounts will be displayed at the branches and on the website.

(ii) **Introduction not mandatory for opening accounts**

Before implementation of the system of document-based verification of identity, as laid down in the PML Act / Rules, introduction from an existing customer of the Bank was considered necessary for opening of Bank accounts.

Since introduction is not necessary for opening of accounts under PML Act and Rules or Reserve Bank's extant KYC instructions, the Bank will not insist on introduction for opening bank accounts of customers.

**(iii) Photographs of Account Holders****Mandatory Obtaining of Photographs**

The Bank will obtain photographs of the depositors / accountholders who are authorized to operate the accounts at the time of opening of all new accounts. The customers' photographs should be recent and the cost of photographs to be affixed on the account opening forms will be borne by the customers.

Only one set of photographs will be obtained and separate photographs will not be obtained for each category of deposit. The applications for different types of deposit accounts will be properly referenced.

Photographs of all the account holder/s viz. Savings Bank and Current accounts will be obtained. In case of other deposits viz. Fixed, Recurring, Cumulative etc. photographs of all depositors in whose names the deposit confirmation advice stands will be obtained, except in the case of deposits in the name of minors, where the guardian's photographs will be obtained. Fresh photographs will be required to be obtained from minor customers on their becoming major.

The Bank will also obtain photographs of 'Pardanashin' women.

The Bank will also obtain photographs of Non-Resident (External)(NRE), account holders.

For operations in the accounts, the Bank will not ordinarily insist on the presence of the account holder unless the circumstances so warrant. Photographs will not be a substitute for specimen signatures. However, in the case of illiterate account holders, blind account holders, etc. where thumb impressions are obtained, the customers will have to be personally present for conducting the transactions.

**(iv) Address of Account Holders**

The Bank will not allow itself to be utilized by unscrupulous persons for the purpose of tax evasion. Therefore, the Bank will obtain full and complete address of depositors and record these in the system and the account opening forms so that the parties could be traced without difficulty, in case of need. Independent confirmation of the address of the account holder will be obtained in all cases. Where necessary, the branch head or a senior official will visit the residence / office / place of business of the prospective constituent and attach a visit report to the account opening form confirming

(v) **Other Safeguards**

**a) Permanent Account Number (PAN) / General Index Register (GIR) Number**

PAN Card will be obtained, as far as possible, in case of Savings Accounts and Term Deposits. However, in case the prospective customer is not able to submit the same, the KYC documents should be accompanied by Form 60. In case of current accounts, the PAN Card has to be compulsorily obtained. In case of non-submission of PAN Card for Deposit Accounts, tax deducted at source (TDS) on interest paid will be at a rate different from that for an account where PAN is submitted.

**b) Authorization**

The opening of new accounts will be authorized only by the Branch Manager or by the Officer-in-Charge of the Deposit Accounts Section at the concerned branches.

**c) Completion of Formalities**

The Bank will ensure that as far as possible, all account opening formalities are undertaken at the Bank's premises and no document is allowed to be taken out for execution. However in some exigencies when the customer cannot visit the Bank, an officer from the Bank will visit the customer's place as per the convenience of the customer and perform the account opening formalities in person.

**d) Opening of Current Accounts – Need for discipline**

Keeping in view the importance of credit discipline for reduction in Non-Performing Assets (NPAs) level of the Bank, the Bank will insist on a declaration from the account holder to the effect that he is not enjoying any credit facility with any other bank or obtain a declaration giving particulars of credit facilities enjoyed by him with any other bank (s).

The Bank will ascertain all the details and will also inform the concerned lending bank(s). The Bank will obtain a No-objection Certificate from such bank. However, in case no response is received from the existing bankers after a minimum period of a fortnight, the Bank may open current accounts of prospective constituents.



Further, where the due diligence is carried out on the request of a prospective constituent who is a corporate customer or a large borrower enjoying credit facilities from more than one bank, the Bank will inform the consortium leader, if under consortium, and the concerned bank, if under multiple banking arrangement.

**e) Accounts of Proprietary Concerns**

In the case of proprietary concerns, at the time of opening of the account, the Bank will verify, in addition to the identity of the individual proprietors, the identity of the proprietary concern also. Apart from following the extant guidelines on customer identification procedure as applicable to the proprietor, the Bank will call for and verify all the relevant documents as under:

- Copy of License under Shops & Establishment Act
- Copy of MVAT/CST/GST Registration Certificate
- Copy of Service Tax/Sales Tax/Professional Tax Registration Certificate
- License issued by the Registering Authority like Certificate of Membership/Practice issued by Institute of Chartered Accountants of India, Institute of Costs and Works Accountants of India, Institute of Company Secretaries, Indian Medical Council, Food and Drugs Control Authority, etc.

**f) Accounts of Partnership Firms:**

The Bank will open such accounts in the name of the firm and not the names of partners. The Bank will obtain all the relevant documents like Partnership Deed and Partnership Declaration Letter / partnership mandate wherein the names of partners, addresses of partners, authority to open / operate account, draw / accept bills, mortgage / sell firm's properties is mentioned.

KYC documents will also be obtained from all the partners. Minors will not sign in the capacity of a partner of the firm as well as in individual capacity.

The Bank will ensure that in order that the firm is bound by the act of the partner, the capacity of the partner will be mentioned as 'for and on behalf of the firm' while signing. The Liability of a partner would thereby arise for any bill drawn or transaction carried out in the recognized trading name of the firm and incidental to the business of the firm, although the particular partner's name does not appear on the face of the instrument and although he is a sleeping or a secret partner.

The Bank will also take care that the Account opening form also states the persons who will operate the account (jointly or singly) and care will be taken to ensure the same. The Bank will accept the Authority to operate the account in favour of a third party, who is not a partner. However, the same should be given by all the partners along with a Power of Attorney duly executed in his favour.

Particulars of a minor partner will be properly recorded in the special instruction field of the account master, especially the date of attaining majority so that whenever a transaction is effected the message would pop-up to alert the Bank. On the said date, a letter stating that he is joining the firm, along with his KYC documents and the copy of the Public Notice will be obtained from him.

The Authority given to partners for operating the account can be withdrawn or revoked by any partner singly, whether he has the authority to operate the account or not. It can be done by giving notice to the banker. Once this authority is withdrawn, it will be restored only when all of the partners sign again giving fresh mandate for operation of the account, or all the future cheques are signed by all the partners. In case any other partner raises some legal contentions, the Bank will make reference to the empanelled advocate, giving all the relevant facts and copies of the relevant correspondence.

Cheques payable to the firm or endorsed to the firm will not be credited in the personal account of any partner as that would amount to diversion of the funds of the firm. But a cheque in the personal name of any partner can be credited to the firm's account.

The Bank will accept any of the partners' notice for stop payment of a cheque.

In case of reconstitution of the firm the Bank will allow opening of fresh accounts, by freezing the existing accounts. However, the Bank will consider the balances of both the accounts – frozen account and the subsequently opened account on reconstitution of the firm to arrive at a consolidated balance of the Partnership firm.

Cheques signed by insolvent, in sane and deceased partner will not be paid. An insolvent ceases to be a partner from the date of order of adjudication and firm is not liable for his actions. A cheque issued by a deceased partner, prior to his death, but presented after the Bank is in receipt of a notice to that effect, will not be paid. In the event of lunacy of one of the partners, the cheques will not be paid.

When a partner retires, any cheque issued by the retiring partner will be paid from the new account only after obtaining proper letter from all the partners including the retiring partners.

The Bank will insist that the documents be signed in individual as well as joint capacity. The Liability would end only when all debts are discharged or on change in the constitution of the firm as informed to the banker.

All the partners will have to sign in the event of the firm giving guarantee.

Circumstances wherein the acts have to be taken by all the partners jointly (implied authority of the partner) does not cover the following instances:

- Submission of a dispute to arbitration
- Opening an account in his own name for firm's business
- Promise or relinquish claim of the firm
- Withdrawal of suit filed on behalf of the firm
- Admit any liability in a suit against the firm
- Acquire immovable property belonging to the firm
- Transfer immovable property belonging to the firm
- Enter into partnership on behalf of the firm

In the event of dissolution of the firm, the Bank will adopt the following procedure:

- When account is in credit, the remaining partners will be allowed to operate the account normally for winding up or alternatively the remaining partners should open a new account or ask for continuation of the account on the basis of fresh mandate. If they decide to close the account, the balance lying in the account will be paid to the remaining partners and the legal heirs of the deceased partner.
- If the account is in debit, the Bank will stop operations (particularly withdrawals). The Bank will adopt the following procedure for disposal of Debit Balance in Partnership Firm Accounts:
  - Death, Insolvency, Lunacy – Stop operations. Balance confirmation will be obtained from legal heirs in case of death to make them liable.
  - Admission – will obtain balance confirmation letter, signatures. Record date of admission before allowing operations.

- Retirement – Balance confirmation will be obtained in case it is decided to permit loan facility to the firm with remaining partners.

#### Disposal of Credit Balance in Partnership Firm Account:

- Death, insanity where the account is not to be continued in future – Balance will be paid to remaining partners and legal heirs (in case of death) or guardian (in case of being insane).
- Death, insanity where business and bank account are to be continued –fresh mandate will be obtained from the remaining partners.
- Admission – Operations will be continued after obtaining signatures of new partner and recording the date of admission.
- Retirement – Name of the retiring partner will be deleted with the consent of the remaining partners and account will be continued.
- Insolvency – Operations will be stopped and subsequently allowed jointly with official receiver or assignee for winding up affairs of the firm.

#### **g) Accounts of Multi Level Marketing Firms**

In view of RBI's directives to exercise caution in respect of certain firms posing as Multi Level Marketing agencies for consumer goods and services who have been actually mobilizing large amounts of deposits from the public with promise of high returns, to facilitate what was essentially a deposit taking activity and the funds used apparently for illegal or highly risky activities, the Bank in addition to the regular KYC documentation, will thoroughly scrutinize the request for issuance of more than two cheque books in case of saving accounts and more than four cheque books in case of current accounts. Further such accounts will be continuously monitored by the Bank to identify the possible misuse of the cheque books.

#### **h) Transfer of Accounts within the Bank:**

If the customer wants to transfer his account from one branch of our bank to another then such request will be accepted. The account at the new branch will be made operational within 3 working days of receiving the request. The customer will be intimated as soon as the account is made operational at the new branch.

The Bank will adopt the following procedure:

- The customer will open a new account in the branch of his choice.
- For opening of new account, a self-declaration from the account holder will be obtained about his / her current address subject to submitting proof of address within a period of six months.

- The account closure form can be submitted at the branch where the account is or at the branch where the new account is opened.
- The branch accepting the request will forward the request to the old branch, which will close the account and transfer the proceeds to the credit of the new account opened as requested by the customer.

**i) Procedure for Account Closure:**

If the customer decides to close his / her current / savings account the Bank will do so within three working days of receiving his / her instructions, subject to the completion of all the formalities by the customer and submission of all the required documents.

The Bank will adopt the following procedure at the time of account closure:

- The exit interview will be taken by Branch Managers or by the Officer –in Charge at the branches in case of all valued customers (HNIs).
- In case of other accounts, the Branch Manager will nominate the Senior Official who will be handling the said exercise.
- Proper Application signed by all the account holders will be obtained from the customer requesting for closure of account/s.
- The Official taking the “Exit Interview” will write the gist of the interview on the said form and it will be signed by the respective official.
- Account Closed Register will be maintained date wise.
- The above said forms will be counter checked by the Audit Department officials at the time of internal inspection and same will be reported in the internal inspection report.

**IX. INTEREST PAYMENTS**

**(i) Interest Payments in Savings Account:**

Interest on saving accounts will be paid at half yearly rests or at other rests decided by the Bank, within the general guidelines specified by Reserve Bank of India from time to time.

In case of Savings Deposits, interest will be calculated on the minimum closing balance to the credit of the deposit account on a daily basis and credited to the account only when it is Rs 1/- or more.

Presently, interest will be credited on half yearly basis on 30<sup>th</sup> September and 31<sup>st</sup> March every year.

Bank pays interest to its NRE as per the rates decided by the Bank but in no case the interest rates offered on NRE deposit holders will be higher than those offered on comparable domestic rupee deposits.

**(ii) Interest Payments for Term Deposit Accounts:**

As per Reserve Bank of India directives, the interest will be calculated at quarterly intervals (30<sup>th</sup> June, 30<sup>th</sup> September, 31<sup>st</sup> December and 31<sup>st</sup> March), on term deposits and paid at the rate contracted depending upon the period of the deposits. In case of Monthly Deposit Scheme, the interest will be calculated for the quarter and paid monthly at discounted value. The interest on term deposits will be calculated by the Bank in accordance with the formulae and conventions advised by the RBI and Indian Banks' Association. The Bank will accept term deposit under Quarterly payout, Monthly payout and Half yearly payout.

In case of deposits repayable at less than 3 months or where the terminal quarter is incomplete, interest will be paid proportionately for the actual number of days reckoning the year at 365 days.

The extant rates of interest are given on the Bank's Website. Bank offers uniform rates on deposits other than bulk deposits. However incase of bulk deposits, the Bank will offer different rate of interest other than the rate of interest offered to non-bulk deposits accepted on the same date and for the same maturity period depending upon the size of each deposit. The rate of interest applicable on such deposit will be offered by Treasury Department depending upon market conditions on a day to day basis.

The Bank will treat deposits of Rs15.00 lakhs and above (per deposit receipt) as bulk deposit for the said purpose. (The definition of bulk deposit may undergo change as per Bank's policy in this regard)

Payment of Interest on monthly / quarterly / half yearly basis will be done by credit to the account with the Bank understanding instructions / or by Pay Order.

Payment by DD / PO will be done at a cost to the depositor.

**(iii) Rounding off of Transactions-**

All transactions including payment of interest on Deposits/charging of interest on Advances will be rounded off to the nearest Rupee; i.e., fraction of 50 paise and above will rounded off to the next higher rupee and fraction of less than 50 paise shall be ignored.

**(iv) Payment of interest on Term Deposit maturing on Sunday / Holiday / Non- Business Working Day-**

In respect of a Term Deposits maturing for payment on a Sunday or a holiday or a Non-Business working day interest will be paid at the originally contracted rate on the deposit amount for the Sunday / holiday / non-business working day, intervening between the date of the expiry of the specified term of the Deposit and the date of payment of the proceeds of the Deposit on the succeeding working day.

**(v) Display of Rate of Interests offered on Term Deposit for varioustime period: –**

The rate of interest on deposits will be prominently displayed in the branch premises and on Bank's website also. Changes, if any, with regard to the deposit schemes and other related services will be prominently displayed from time to time.

**(vi) Deduction of tax at Source:**

The Bank, under statutory obligation will 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 branch will issue a tax deduction certificate (TDS Certificate) for the amount of tax deducted. The depositor, if entitled to exemption from TDS can submit a declaration in the prescribed format at the beginning of every financial year (in the month of April before 24<sup>th</sup> April). Besides, the Bank under statutory obligation will also charge / deduct Service Tax as well as Transaction Tax as specified / notified by the Govt. of India, from time to time.

**X. KYC GUIDELINES FOR TERM DEPOSITS WHEREIN ALL DEPOSIT RECEIPTS ARE CLOSED**

At present, our SWIFTCORE system does not have the facility of closing a term deposit account. Whenever a deposit matures, it can be closed but the account to which the deposit receipt is attached remains live.

Even if all the deposit receipts under the term deposit account get closed the account continues to be shown as operative.

Since the term deposit account is already open any application received for new Deposit amount is accepted on an Application cum deposit slip without any KYC document.

To mitigate the said risk, the Bank will ensure that the following procedure is adopted:

- (i) Whenever an existing customer, who is already having a term deposit account (deposit receipt) approaches the Bank for depositing additional amounts (deposit receipt) a separate application as per the format provided will be obtained along with the Application cum deposit slip.
- (ii) As mentioned in the said form, KYC documents available on record will be verified and if they are more than the prescribed period as per the risk categorization, a fresh set of KYC documents will be obtained and brought on record.
- (iii) The Bank will block all term deposit accounts wherein no live deposit receipt is pending and whenever the new deposit receipt is issued only it will be able to remove the block after ensuring that fresh KYC documents are obtained.
- (iv) The Bank will conduct this exercise of blocking the accounts on monthly basis.

#### **XI. ADDITION OR DELETION OF THE NAMES OF JOINT ACCOUNT HOLDERS:**

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

#### **XII. CUSTOMER INFORMATION:**

As per RBI guidelines, the customer information collected from the customers while opening the account will not be used for cross selling other services or products of the Bank. Prior consent of the account holder will be obtained before using the customer information for marketing.

The Account opening form for all accounts seeks such permission.

#### **XIII. SECRECY OF CUSTOMERS' ACCOUNTS:**

The Bank will not disclose details / particulars of the customers' accounts to a third person or party without the expressed or implied consent from the customer. However, there are some exceptions, viz. disclosure of information under compulsion of law, where there is a Bank's duty to the public to disclose the information and where interest of the Bank requires disclosure of information.



#### **XIV. PREMATURE WITHDRAWAL OF TERM DEPOSITS:**

The Bank on request from the depositor, at its discretion will allow withdrawal of term deposit before completion of the period of the deposit agreed upon at the time of placing the deposit. The Bank will inform the applicable penal interest rates for premature withdrawal of term deposits, to make depositors aware of the applicable rate along with the deposit rate. Currently, the bank is displaying the latest deposit rates with applicable penal charges for premature withdrawal of deposit on the website.

As provided in the Master Circular of RBI the Bank will follow the practice of disallowing premature withdrawal of large deposits held by entities other than Individuals and HUF subject to the following norms:

- a) Where the large deposit as per the Bank is Rs.5.00crore and above
- b) The clause of disallowing premature withdrawal is mentioned on the face of the Deposit Receipt.

If fixed/term deposit accounts are opened with operating instructions 'Either or Survivor', the signature of both the depositors will not be insisted on for payment of the amount of the deposits on maturity. However, the signature of both the depositors will be obtained, incase the deposit is to be paid before maturity.

If the operating instruction is 'Either or Survivor' and one of the depositors expires before the maturity, pre-payment of the fixed / term deposit will be allowed without the concurrence of the legal heir of the deceased joint deposit holder, only if there is a joint mandate from the joint depositors to this effect. Such premature withdrawal will not attract any penal charge. A specific mandate will be obtained from both the parties when both of them are alive.

In case the mandate is 'Former or Survivor', the 'Former' alone will be allowed to operate / withdraw the matured amount of the fixed / term deposit, when both the depositors are alive. However, the signature of both the depositors will 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' will be allowed to withdraw the deposit on maturity without the concurrence of the legal heirs of the deceased joint deposit holder provided such a joint mandate has been obtained from the joint depositors to this effect.

Such premature withdrawal will not attract any penal charge. Premature withdrawal will however require the consent of both the parties, when both of them are alive.

While accepting deposit receipt for closure, the Bank will get clear instructions from the customer for mentioning the date on which the deposit receipt is to be closed on its reverse side with the signature of the depositor.

If the customer submits the deposit receipt prior to the maturity date & desires to have it closed on the maturity date, then such instructions of the customer will be entered / updated in the TD maturity disposal instructions Master in Swiftcore for auto renewal / auto closure of the same.

The Bank will allow closure of a RD only after 30 days from the date of payment of last installment although the date of payment of last installment of the RD falls prior to the same, since otherwise such transaction would be considered as a premature closure.

The Bank will charge RD penalty for each delayed installment @1.50% (flat rate) of the installment amount through the Swiftcore system.

#### **XV. RENEWAL OF OVERDUE TERM DEPOSITS:**

When a term deposit is renewed on maturity, interest rate for the period specified by the depositor as applicable on the date of maturity will be applied on the renewed amount. If a request for renewal is received after the date of maturity, such overdue deposits will be renewed with effect from the date of maturity at the interest rate applicable as on the date of maturity, provided such request is received within 15 days from the date of maturity.

In respect of overdue deposits renewed after 15 days from the date of maturity, interest for the overdue period will be paid at the rates applicable to Savings Bank deposit rate or any other rate as decided by the Bank from time to time.

As a matter of courtesy and to maintain good customer relations, the bank will be sending maturity intimation through letters and SMS, (where the customer has registered his / her mobile number with the Bank) to all the Term Deposit holders 15 days in advance. However, it is expected that the depositor will take necessary care to renew the deposit on due date to avoid loss of interest.

#### **XVI. AUTO RENEWAL OF MATURED TERM DEPOSITS:**

Under the auto renewal process the matured deposit will be renewed for the same period as that of the original deposit at the rate applicable on the date of maturity. Deposit Receipts with higher maturity period will not be eligible for auto-renewal. 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 15 days from the date of maturity such deposit will 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 deposit receipt created under auto renewal process and desires to keep the same in different products or get the payment of such renewed deposit receipt.

At the time of opening the Term Deposit, the Bank will obtain a joint mandate from all the deposit holders for auto renewal, premature closure of deposit under the signature of one of the deposit holders or for raising a loan or Overdraft facility by pledge of the Term Deposit, under the signature of any one or more of the deposit holder/s.

The auto renewal process is not applicable to certain type of deposits i.e. NRE Deposits marked for lien.

**(i) Treatment for Auto renewed deposit receipt**

**a) Renewal for a different tenure / rate of interest of the Autorenewed deposit receipt in a different / same product & such instructions are received within 15 days.**

If the customer approaches the Bank for premature closure of auto renewed deposit receipt within 15 days & requests for keeping the deposit with modified terms, then the deposit confirmation advice will be closed and a new deposit confirmation advice will be opened from the date of maturity of the original deposit receipt, at the rate prevailing on the date of maturity (i.e. as of effect to be given).

**b) Customer approaches the Bank for changing terms and conditions of deposit receipt already auto renewed on the 15<sup>th</sup> day from the maturity date:**

In case the customer has approached the Bank on the 15<sup>th</sup> day after the date of maturity of the earlier deposit receipt, the Bank will close the auto renewed deposit receipt. The SwiftCore system will not pay out any interest since the closure of the auto renewed deposit receipt is within the minimum period of 15 days.

The new deposit receipt will be created from the 15<sup>th</sup> day i.e. day the customer has approached the Bank. The interest rate on the day the customer has approached the Bank will be made applicable for the new deposit receipt (i.e. deposit receipt will not be renewed with “As of Effect”). The customer will not receive any interest for the 15 days for which the deposit was kept with us.

- c) **Renewal for a different tenure / rate of interest of Auto product & such instructions are received after 15 days from the date of maturity i.e. the date on which the deposit receipt is auto renewed. Customer approaches the Bank for modification in terms and conditions after 15 days:**

The Auto Renewed Deposit receipt will be closed by charging penalty (presently 1%) on the interest applicable for the period for which the deposit remained with the Bank. The new deposit receipt will be created from the day the customer has approached the Bank. The interest rate on the day the customer has approached the Bank for the desired period will be made applicable for the new deposit receipt.

**(ii) Premature Closure of Auto Renewed Deposit Receipt:**

- a) **Premature closure of Auto Renewed Deposit Receipt for withdrawal of the same & such instructions are received within 15 days**

If the customer approaches the Bank for premature closure & withdrawal of the same within 15 days from the date on which the SwiftCore system has auto renewed the deposit receipt the Bank will close the auto renewed deposit receipt. SwiftCore system will not pay out any interest (Applicable or Savings interest) since the closure of auto renewed deposit receipt is within the minimum period of 15 days.

- b) **Premature closure of Auto Renewed Deposit Receipt, and the customer desires withdrawal of the same & such instructions are received on / after 15 days.**

The Auto Renewed Deposit Receipt will be prematurely closed by charging penalty (presently 1%) on the interest applicable for the period for which the deposit remained with the Bank. If such a request has been received on the 15<sup>th</sup> day from the date of auto renewal of the deposit receipt, then no interest (applicable on savings interest) will be paid to the customer up to 15 days.

- c) **Premature closure of deposit receipt (not under Auto Renewal) & reinvesting for the purposes of better rate of interest:**

If the deposit receipt is prematurely closed or re-invested, the Bank will charge penal interest @ 1 % on all deposits regardless of the residual period of deposit.

**XVII. ADVANCES AGAINST DEPOSITS:**

The Bank will accept the request of the depositor / s for loan / overdraft facility against term deposits [unless prohibited under the respective deposit scheme] duly discharged by the depositor / s on execution of necessary security documents.

The Bank will provide loans against deposits standing in the name of minors, however, a suitable declaration stating that the loan is for the benefit of the minor, is to be furnished by the guardian.

The Bank will extend advance against term deposits subject to margin and interest spread stipulated from time to time.

The Bank will grant an advance against term deposit at a margin at its discretion irrespective of the amount of the deposit and at an interestspread of 1% over and above the applicable term deposit rateirrespective of the amount of advance and type of deposit (cumulative or non-cumulative), except in the case of DRCs, where the interest spread will be 2%. In exceptional cases the competent authorities may be authorized to decide on the margin and interest spread for advance against deposits.

**XVIII. INSURANCE COVER FOR DEPOSITS:**

All deposits of our Bank will be covered under the insurance scheme offered by Deposit Insurance and Credit Guarantee Corporation ofIndia (DICGC) subject to certain limits and conditions. The details of the insurance cover in force will be made available to the depositor as and when requested.

**XIX. STOP PAYMENT FACILITY:**

The Bank will accept stop payment instructions for the cheques issued by the account holders. Such instructions should be submitted in writing by the account holder. Before accepting the stop payment instruction it should be ensured that the cheque is not already paid and also that the stop payment instruction is signed by an authorized person. If the cheque is already paid, the stop payment instruction will not be accepted. As soon as the stop payment instruction is received and accepted, an acknowledgement indicating the date and time of receipt of the instruction should be issued to the customer, Charges, as specified from time to time, will be recovered by the Bank from the account holder.

**XX. FINANCIAL INCLUSION:**

With a view to achieving the objective of greater financial inclusion, RBI has advised all Banks to make available a Basic Savings Bank Deposit Account that would make such accounts accessible to vast sections of the population from the unbanked areas.

The Bank has accordingly introduced the Basic Savings Deposit Account -“No frills Savings Account scheme” for the benefit of unbanked segment of the Society. This type of Account is meant to satisfy the banking needs of the unbanked, especially those who are coming under weaker sections of society.

This new Savings Account will have the following minimum common facilities:

- i. The Basic Savings Bank Deposit Account will be considered as a normal banking service available to all.
- ii. This account will not have the requirement of any minimum balance
- iii. The services available in the account will include deposit and withdrawal of cash at bank branches as well as ATMs; receipt / credit of money through electronic payment channels or by means of deposit / collection of cheques drawn by Central / State Government agencies and department
- iv. While there will be no limit on the number of deposits that can be made in a month, account holders will be allowed a maximum of four withdrawals in a month, including ATM withdrawal
- v. Facility of ATM card.

The above facilities will be provided without any charges. Further, no charge will be levied for non-operation / activation of the in-operative “No Frills Savings Bank Deposit Account”.

Holders of “No Frills Savings Bank Deposit Account” will not be eligible for opening any other savings bank deposit account in the Bank. If a customer has any other existing savings bank deposit account in the Bank, he / she will be required to close it within 30 days from the date of opening a “No Frills Savings Bank Deposit Account”.

Since the RBI has permitted Urban Co-operative Banks to evolve other requirements including pricing structure for additional value-added services beyond the stipulated basic minimum services on reasonable and transparent basis and applied in a non-discriminatory manner, the Bank has added these features to the basic requirements while developing this product. The Bank has issued detailed circular instructions on this subject. Presently this scheme is restricted to opening of accounts by salaried persons.

Full KYC norms are applicable to this Scheme.

### **Aadhaar Payment Bridge System:**

Aadhaar Payment Bridge System [APBS] is the payment system used to support direct cash transfer of Government subsidy. The Government, in co-ordination with the National Payments Corporation of India (NPCI) had rolled out direct cash transfer welfare schemes through member Banks.

Our Bank has now been now enrolled under the Aadhaar Payment Bridge System [APBS] with NPCI and the name of our Bank is displayed on NPCI site for NACH and APBS credit.

## **XXI. OPENING OF NRE ACCOUNTS:**

Banks registered in States that have entered into a Memorandum of Understanding (MOU) with Reserve Bank of India (Reserve Bank) for supervisory and regulatory co-ordination and those registered under the Multi State Co-operative Societies Act, 2002 and complying with the various norms as mentioned in the Act are eligible for authorization to maintain NRE accounts.

Accordingly, the Bank will allow opening banking accounts of Non Resident Indians under the directives / regulations / notifications of the Foreign Exchange Management Act (FEMA) 1999.

The Bank will offer the following types of accounts for the NRIs:

- NRE Account

## **XXII. RESTRICTIONS ON OPENING OF CERTAIN TYPES OF DEPOSIT ACCOUNTS**

### **(i) Deposit schemes with lock-in period**

In the Finance Bill of 2006, the Government had announced Tax benefits to Bank Term Deposits which are of 5 year tenure u/s 80C of IT Act, 1961. The Bank is opening Fixed Deposit Accounts (FIT) with interest payable at monthly, quarterly, half-yearly and yearly intervals and also DRCs under the cumulative option which is as per the prescribed sections of the IT Act, 1961 i.e. has a lock-in period of five years. The maximum amount than be deposited under the scheme is Rs.1,50,000/- p.a.

### **(ii) Minor's Account with Mother as Guardian**

As minors cannot enter into a contract, they are allowed to open accounts with guardians. As per the Hindu Minority and Guardianship Act, 1956, the father alone can be the natural guardian of a Hindu minor. However, the Reserve Bank of India has addressed the practical problems arising out of such compulsion and all banks are allowed to open accounts of minors with mothers as the guardian.

Accordingly the Bank will accept such accounts and is offering a special savings account – ‘Little Wonders’ and ‘Gen-Y’ for minors.

**(iii) Opening of Bank Accounts in the Names of Minors**

In order to promote the objective of financial inclusion, RBI has given certain relaxations in opening and operations of minors' accounts which are given below.

- a) Savings / fixed / recurring bank deposit account can be opened by a minor of any age through his / her natural or legally appointed guardian.
- b) Minors above the age of 10 years will be allowed to open and operate savings bank account independently, if they so desire. The Bank, keeping in mind the risk management systems, has fixed limits in terms of age and amount up to which the minors will be allowed to operate their deposit accounts independently. The Bank has also prescribed the minimum documents required for opening of accounts by minors.
- c) On attaining majority, the erstwhile minor will confirm the balance in his / her account and if the account is operated by the natural / legal guardian, fresh operating instructions and specimen signature of the erstwhile minor will be obtained and kept on record for all operational purposes.
- d) The Bank will offer free additional banking facilities like internet banking, mobile banking, etc., keeping the safeguards that minor accounts will not be allowed to be overdrawn and will always remain in credit.

**XXIII. NOMINATION FACILITIES**

- (i) Within the provision of Sections 45 ZA to 45 ZF of the Banking Regulation Act, 1949 the Bank is offering the nomination facility to all eligible constituents.
- (ii) The Rules The Co-operative Bank (Nomination) Rules, 1985 provide for:
  - a) Nomination forms for deposit accounts, articles kept in safe custody and the contents of safety lockers,
  - b) Forms for cancellation and variation of the nomination,
  - c) Registration of nominations and cancellation and variation of nominations, and matters related to the above.
- (iii) General Guidelines:
  - a) Bank will strictly comply with the provisions of Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) and Co-operative Bank (Nomination) Rules, 1985.
  - b) Nomination facility will be made available by the Bank to all types of deposit accounts, irrespective of the nomenclature used by the Bank.



- c) The nomination facility will be offered in respect of the following banking facilities – Savings Account, Current Account (Proprietary Concern only), Term Deposit Account (in individual and in proprietary name), Safe Custody and Safe Deposit Lockers.
- The said nomination will be made only in respect of a deposit, which is held in the individual/s capacity of the depositor and not in any representative capacity as the holder of an office or otherwise.
  - Where the nominee is a minor, the depositor or, as the case may be, all the depositors together, while making the nomination, appoint another individual who is not a minor, to receive the amount of the deposit on behalf of the nominee in the event of the death of the depositor or, as the case may be, all the depositors during the minority of the nominee.
  - In the case of a deposit made in the name of a minor, the nomination will be made by a person-lawfully entitled to act on behalf of the minor.
- d) The Bank will generally insist that the person opening a deposit account makes a nomination. In case the person opening an account declines to fill in the nomination form, the Bank will explain the advantages of nomination facility to the customer. If the person opening the account still does not want to nominate, the Bank will ask him to give a specific letter to the effect that he does not want to make a nomination. In case the person opening the account declines to give such a letter, the Bank will record the fact on the account opening form and proceed with opening of the account if otherwise found eligible.
- e) Under no circumstances, the Bank will refuse to open an account solely on the ground that the person opening the account refused to nominate.
- f) This procedure will be adopted in respect of deposit accounts in the name of Sole Proprietary concerns also.
- g) The nomination facility on Term Deposit will be made account-wise and not deposit receipt-wise.
- h) The Nomination facility will be available for saving bank accounts opened for credit of pension also. However, Co-operative Societies (Nomination) Rules, 1985, are distinct from the Arrears of Pension (Nomination) Rules, 1983, and the nomination exercised by the pensioner under the latter Rules for receipt of arrears of pension will not be valid for the purpose of deposit accounts held by the pensioners with the Bank for which a separate nomination is necessary in terms of the Co-operative Societies (Nomination) Rules, 1985, in case a pensioner desires to avail of nomination facility.

- i) A stamp of “Nomination Registered” will be put on the passbook of Savings Bank Account and on deposit receipt informing the customer that the nominee mentioned by the customer has been registered. The nomination given by the customer will be displayed in the Customer Master in the Swiftcore system.
- j) The Bank will acknowledge the nomination registered by way of a written acknowledgement of receipt of the instructions given by the account holder irrespective of whether the same is demanded by the customer or not.
- k) The Bank will inform the account holder about the importance of nomination facility thereby giving adequate publicity to the same.

## **XXIV. OPERATIONS IN ACCOUNTS**

### **(i) Joint Accounts**

#### **Precautions in Opening Joint Accounts**

While there are no restrictions on the number of account holders in a joint account, the Bank will examine every request for opening joint accounts very carefully. In particular, the purpose, nature of business handled by the parties and other relevant aspects relating to the business, and the financial position of the account holders, will be looked into before opening such accounts. Care will also be exercised when the number of account holders is large.

### **(ii) Monitoring Operations in New Accounts**

- a) The Bank will take extra efforts to monitor operations in new accounts and while the primary responsibility for monitoring newly opened accounts will rest with the Officer In-charge of the concerned Department / Section, Branch Managers or the Managers of Deposit Accounts Department at larger branches. Bank will take precautions for the first six months from the date of opening of such accounts by keeping a close watch so as to guard against fraudulent or doubtful transaction taking place by providing necessary MIS to the branches.
- b) The AML software will be loaded at all the branches which will generate alerts on exceptional transactions which need to be attended to by the branches on a day to day basis. If any transaction of suspicious nature is revealed, the Bank will enquire about the transaction from the account holder, and if no convincing explanation is forthcoming, these will be reported to the appropriate authorities.

- c) Caution will be exercised whenever cheques/ drafts for large amounts are presented for collection, or large funds are received through RTGS / NEFT for credit of new accounts immediately / within a short period after opening of the account. The actual amount cannot be quantified and will differ from case to case depending on the profile of the customer. In such cases, the genuineness of the instruments and the account holder will be thoroughly verified by the Bank. If necessary the paying bank will also check with the collecting bank about the genuineness of any large value cheques / drafts issued. Demand Drafts (DDs) / Cheques for large amounts presented for collection will be verified under ultra violet lamps to safeguard against chemical alterations.
- d) The account payee cheques payable to third parties will not be collected.
- e) The Bank will accept account payee cheques / drafts / pay orders / bankers cheque drawn for an amount not exceeding Rs 50,000/- only in the account of the members of a Co-operative Credit Society.
- f) Care will be exercised in collection of cheques for large amounts.
- g) The transactions put through in joint accounts will be scrutinised by the Bank periodically and action taken, if required in the matter. Care will be exercised to ensure that the joint accounts are not used for benami transactions.

**(iii) Monitoring Operations in all Accounts**

- a) As per RBI guidelines, a system of close monitoring of cash withdrawals for large amounts is put in place. Where third party cheques, drafts, etc. are deposited in the existing and newly opened accounts followed by cash withdrawals for large amounts, the Bank will keep a proper vigil over the requests of their clients for such cash withdrawals for large amounts.
- b) The other important areas in the payment of cheques wherein due caution will be exercised by the Bank are verification of drawer's signature, custody of specimen signature cards, supervision over issue of cheque books and control over custody of blank cheque books/leaves.
- c) In addition, due care will be exercised in regard to issue and custody of tokens, movement of cheques tendered across the counter and custody of all instruments after they are paid by the Bank.
- d) Depositors / customers will be asked by the Bank to surrender unused cheque books before closing / transferring the accounts.

**(iv) Issue of Cheque Books**

Fresh cheque books will be issued only against production of duly signed requisition slips from the previous cheque book issued to the party. In case the cheque book is issued against requisition letter, the drawer will be asked to come personally to the Bank or cheque book will be sent to him under registered post directly without being delivered to the bearer. The Bank will issue only Personalised Cheque book to the customer. In case cheque book sent by courier / registered post is returned undelivered, the same will be delivered to the account holder only, after verifying the facts about the reasons for non-delivery.

**Guidelines for issuance of Cheque Book through the branch:**

- a) Only one cheque book will be issued at the time of opening of the account.
- b) There will be a ceiling on the maximum number of cheque books to be issued at a time.
  - Savings Accounts – 2 Cheque books
  - Current Accounts – 5 Cheque books
  - In case the customer has requested for more cheque books at the branch over and above the prescribed limit, the same will be issued with the approval of the Branch Manager.
- c) The next cheque book/s will be issued only after the majority of the cheque leaves of the earlier cheque book are utilized.
- d) The Cheque book will be sent at the address registered with the home branch of the customer at the time of account opening.
- e) The branch can issue multiple cheque books at a time, subject to limits and for valid reasons for requirement of multiple cheque books.
- f) A proper record of the requests received from the customers will be maintained.
- g) If there is a change in address, the same will be informed by the customer to the home branch with valid and acceptable KYC documents.
- h) The signature of the account holder on the requisition slips will be strictly verified by the Bank.
- i) If the account holder does not collect the cheque book within one month's time, a letter will be sent to the account holder to collect the same and it will be clearly mentioned that the cheque book will be destroyed if the same is not collected within ten days from the date of the letter.
- j) The customer can submit their cheque book requisition slip at non-home branch.

**Guidelines for issue of cheque book through Internet Banking:**

The Bank is in the process of indenting cheque books through internet banking channel, where the customer can place the request for a cheque book through Internet Banking. The customer will enter his Login Id and Password provided by the Bank to place the request for cheque book on Internet. The ceiling for maximum number of cheque books will be the same as that issued at the branch (as per guidelines mentioned on the previous page).

**Guidelines for issuance of Continuous Stationery for Cheque book:**

The Bank also provides continuous stationery cheques which are mostly ordered by the HNI customers. These are a form of personalized cheque books. There are different size and parts for which the printer charges different rates.

(v) **Unclaimed Deposits and Inoperative/ Dormant Accounts**

In view of the increase in the amount of unclaimed deposits with Bank year after year and the inherent risk associated with such deposits, the Bank will play a more proactive role in finding the whereabouts of the account holders whose accounts have remained inoperative. The Bank will follow the instructions detailed below while dealing with inoperative / dormant accounts:

- a) A savings as well as current account will be treated as inoperative / dormant if there are no customer induced transactions in the account for over a period of two years.
- b) The Bank will carry out an annual review of accounts in which there are no operations (i.e. no credit or debit other than crediting of periodic interest or debiting of service charges) for more than one year.

The Bank will approach the customers and inform them inwriting that there has been no operation in their accounts and ascertain the reasons for the same. In case the non-operation in the account is due to shifting of the customers from the locality, they will be asked to provide the details of the new bank accounts to which the balance in the existing account could be transferred.

- c) If the letters are returned undelivered, the Bank will immediately put them on enquiry to find out the whereabouts of the customers or their legal heirs in case they are deceased.

- d) In case the whereabouts of the customers are not traceable, the Bank will consider contacting the persons who had introduced the account holder. The Bank will also consider contacting the employer / or any other person whose details are available with them. The Bank will also consider contacting the account holder telephonically in case his telephone number / Mobile Phone number has been furnished while opening the account. In case of Non Resident accounts, Bank will also contact the account holders through email and obtain their confirmation of the details of the account.
- e) In case a reply is given by the account holder giving the reasons for not operating the account, the Bank will continue classifying the same as an operative account for one more year within which period the account holder will be requested to operate the account. However, in case the account holder still does not operate the same during the extended period, the Bank will classify the same as inoperative account after the expiry of the extended period.
- f) For the purpose of classifying an account as 'inoperative' both the type of transactions i.e. debit as well as credit transactions initiated at the instance of customers as well as third party will be considered. However, the service charges debited or interest credited by the Bank will not be considered in these transactions. There may be instances where the customer has given a mandate for crediting the interest in Fixed Deposit account to the Savings Bank account and there are no other operations in the Savings Bank account. Since the interest on Fixed Deposit account is credited in the Savings Bank accounts as per the mandate of the customer, the same will be treated as a customer initiated transaction and the account will be treated as operative account as long as the interest on Fixed Deposit account is credited to the Savings Bank account. The Savings Bank account will be treated as inoperative only after two years from the date of the last credit entry of the interest on Fixed Deposit account.
- g) The segregation of the inoperative accounts will be from the point of view of reducing the risk of frauds etc. However, the customer should not be inconvenienced in any way, just because his account has been rendered inoperative. The classification is there only to bring to the attention of dealing staff the increased risk in the account. The transaction will be monitored at a higher level both from the point of view of preventing frauds and making a Suspicious Transactions Report. However, the entire process will remain unnoticeable by the customer.
- h) Operation in such accounts will be allowed after due diligence as per risk category of the customer. Due diligence would mean ensuring genuineness of the transaction, verification of the signature and identity etc.
- i) There will not be any charge for activation of in operative account.

- j) The Bank will also ensure that the amounts lying in inoperative accounts ledger are properly audited by the internal auditors / statutory auditors of the Bank.
  - k) Interest on savings bank accounts will be credited on regular basis whether the account is operative or not.
  - l) If a term deposit matures and proceeds are unpaid, the amount left unclaimed with the Bank will attract savings bank rate of interest. (simple rate)
  - m) The Bank will not levy penal charges for non-maintenance of minimum balance in inoperative accounts.
- (vi) **The Depositor Education and Awareness Funds Scheme, 2014:**

Reserve Bank of India has established a new Scheme “The Depositor Education Awareness Fund (DEAF)” in pursuant to the amendment of the Banking Regulation Act, 1949. As per the Scheme banks shall calculate the cumulative balances in all accounts along with interest accrued, as on the day prior to the effective date i.e. May 23, 2014 and such amounts should be transferred to the DEAF on June 30, 2014. The Bank shall transfer the credit balances in any deposit account maintained with the Bank which have not been operated or have remained unclaimed for ten years or more to the “Depositor Education Awareness Fund” on the last working day of the subsequent month.

**The applicable categories under this Scheme are given below:**

- a) Savings Bank Deposit Accounts
- b) Fixed or Term Deposit Accounts
- c) Cumulative/Recurring Deposit Accounts
- d) Current Deposit Accounts
- e) Other Deposit Accounts in any form or with any name
- f) Credit Balance in Cash Credit/Overdraft Accounts
- g) Credit balances Loan Accounts after due appropriation by the banks
- h) Margin money against issue of Letters of Credit/Guarantees etc., or any security deposit
- i) Outstanding telegraphic transfer, mail transfers, demand drafts, pay orders, bankers cheques, sundry deposit accounts, vostro accounts, inter-bank clearing adjustments, unadjusted NEFT credit balances and other such transitory accounts, un-reconciled credit balances on account of ATM transactions etc
- j) Undrawn balance amounts remaining in any prepaid card issued by banks but not amounts outstanding against traveller’s cheques or other similar instruments, which have no maturity period.

- k) Rupee proceeds of foreign currency deposits held by banks after conversion of foreign currency to rupees in accordance with extant foreign exchange regulations  
 l) Other amounts as may be specified by the Reserve Bank from time to time.

(vii) **Use of electronic mode of payment for large value transactions**

- a) Recognizing the importance of ensuring the safety and security of the payment systems, the Bank has put in place three modes of electronic payments i.e. Real Time Gross Settlement (RTGS) System, National Electronic Fund Transfer (NEFT) System and Electronic Clearing Service (ECS).
- b) As per RBI guidelines, the Bank will ensure that large value payments of Rs.10 lakh and above between RBI regulated entities / market such as Bank, Primary Dealers, NBFCs, Money Market, Government Securities Market and Foreign Exchange Market will be mandatorily routed through the electronic payment mechanism.
- c) In the case of RTGS/NEFT through Internet Banking, the Bank has stipulated certain limits on the amount of transactions which are periodically revised. Presently the limits are as detailed below:

**Saving Account**

	Particular Existing Limit per day	New Maximum Limit per day	Combined limit per day
<b>NEFT</b>	Rs 0.50 Lakhs	Rs 3.00 Lakhs	Rs 3.00 Lakhs
<b>RTGS</b>	Nil	Rs 3.00 Lakhs	

**Current /Overdraft facility Account**

	Particular Existing Limit per day	New Maximum Limit per day	Combined limit per day
<b>NEFT</b>	Rs 2.00 Lakhs	Rs 20.00 Lakhs	Rs 20.00 Lakhs
<b>RTGS</b>	Rs 3.00 Lakhs	Rs 20.00 Lakhs	

(viii) **Accounts Of Illiterate / Blind Persons**

The Bank will open deposit accounts, other than Current Accounts, of illiterate persons. The accounts of such persons will be opened provided he / she calls on the Bank personally along with a witness who is known to both the depositor and the Bank.



At the time of withdrawal / repayment of the deposit amount and / or interest, the account holder should affix his / her thumb impression or mark in the presence of the authorized officer who will 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 will explain the terms and conditions governing the account to the illiterate / blind person. Subject to fulfillment of these terms and conditions visually impaired customers can issue post dated cheques of predetermined amounts to financial institutions, can avail lockers and ATM cards.

(ix) **Operation of Bank Accounts by Old / Sick / Incapacitated Customers**

The old / sick / incapacitated account holder falls in the following two categories:

- a) An account holder who is too ill to sign a cheque / cannot be physically present at the branch to withdraw money from his bank account but can put his / her thumb impression on the cheque / withdrawal form, and
- b) An account holder who is not only unable to be physically present in the bank but is also not able to put his / her thumb impression on the cheque / withdrawal form due to certain physical defect / incapacity.

The Bank will follow the procedure given below for operation in the accounts of old / sick / incapacitated customers:

- a) Wherever thumb or toe impression of the sick / old / incapacitated account holder is obtained, it will be identified by two independent witnesses known to the Bank, one of whom will be a responsible bank official.
- b) Where the customer cannot even put his / her thumb impression and also will not be able to be physically present in the branch, a mark will be obtained on the cheque / withdrawal form which will be identified by two independent witnesses, one of whom will be a responsible bank official.
- c) In such cases, the customer will be asked to indicate to the branch 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 branch will be asked to furnish his signature to the branch.

- d) In the case of a person who has lost both his hands, the signature can be by means of a mark. This mark can be placed by the person in any manner. It could be the toe impression. It can be by means of a 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.
  - e) The National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999, allows appointment of legal guardians for persons with disability by the Local Level Committees set up under the Act. Hence a legal guardian so appointed can open and operate the bank account as long as he remains the legal guardian. Further provisions of the Mental Health Act, 1987 also allow appointment of Guardian by District Courts and Collector of District.
  - f) The Bank will therefore rely upon the Guardianship Certificate issued either by the District Court and Collector of District under Mental Health Act or by the Local Level Committees under The National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 for the purposes of opening / operating bank accounts.
- (x) **Receipt of Foreign Contributions by various Associations / Organizations in India under Foreign Contribution (Regulation) Act, 1976**
- a) The Foreign Contribution (Regulation) Act, states that the associations having a definite cultural, economic, educational, religious and social program and receiving foreign contribution should get themselves registered with the Ministry of Home Affairs, Government of India and receive foreign contribution only through one of the branches of the bank as an association will specify in its application for registration with the Ministry of Home Affairs.
  - b) The Act also states that every association if not registered with the Central Government, should obtain prior permission of the Central Government before accepting any foreign contributions.
  - c) There are also certain organizations of a political nature, not being political parties specified by the Central Government under Section 5(1) of the Act. These organizations require prior permission of the Central Government for accepting any foreign contribution.

In this regard, Bank will take the following precautions:

Bank will afford credit of the proceeds of cheques / drafts representing foreign contribution only if the association is registered with the Ministry of Home Affairs, Government of India.

Bank will insist on production of a communication from the Ministry of Home Affairs conveying prior permission of the Central Government for acceptance of specific amount of foreign contribution in case the association is not registered under the Foreign Contribution (Regulation) Act, 1976.

Bank will not afford credit to the account of such associations as are not registered with the Ministry of Home Affairs separately for the purpose of accepting foreign contribution under the Foreign Contribution (Regulation) Act, 1976.

Bank will not afford credit to the account of such associations as have been directed to receive foreign contributions only after obtaining prior permission of the Central Government.

Bank will not allow the credit of the proceeds of the cheques / demand drafts etc. to the organizations of a political nature, not being political parties (including their branches and units) unless a letter containing the prior permission of the Central Government under the Foreign Contribution (Regulation) Act, 1976 is produced by such organizations.

Bank will note the registration number as conveyed by the Ministry of Home Affairs to the various associations in the relevant records particularly the pages of the ledgers in which the foreign contribution accounts of associations are maintained to ensure that no unwanted harassment is caused to such associations.

In case any cheque / demand draft has been tendered to the Bank for realization of its proceeds and credit to the account of the association / organization by an association or organization which is not registered or which requires prior permission, as the case may be, the Bank will approach the Ministry of Home Affairs for further instructions. In no case the Bank will credit the account of association / organization of apolitical nature, not being a political party, as specified by the Central Government and of an unregistered association, unless the association / organization produces a letter of the Ministry of Home Affairs conveying permission of the Central Government to accept the foreign contribution.

Where prior permission has been granted, such permission is to accept only the specific amount of the foreign contribution which would be mentioned in the relevant letter. The Ministry of Home Affairs is invariably endorsing a copy of the order of registration or prior permission for each association / organization to the concerned branch of the bank through which the foreign contributions are to be received for credit to the Associations / Organizations deposit account.

- d) The Ministry of Home Affairs (MHA), Government of India has developed software for submission of online reports of receipt of foreign contribution by banks. MHA has advised that submitting reports online through software would be optional till October 31, 2013. However, from November 1, 2013 onwards, online submission of report would be compulsory. In accordance with RBI's directive, the Bank will access <http://mha1.nic.in/fcra.htm> website for all the details on FCRA reporting and the userguide will be accessed at [http://mha1.nic.in/pdfs/USERGuideBank\\_270813.pdf](http://mha1.nic.in/pdfs/USERGuideBank_270813.pdf) Non-adherence to these instructions will tantamount to violation of the provisions of the said Act. Even non-submission of the prescribed Return in time to the Government of India would be viewed very seriously and therefore the Bank will comply with the above directives.

## **XXV. ISSUE OF DUPLICATE DEPOSIT RECEIPTS IN LIEU OF DEPOSIT RECEIPTS LOST OR DESTROYED**

In case of deposits lost or destroyed, the Bank will facilitate issuing a duplicate deposit receipt as per the following procedure:

- On receipt of intimation of the deposit receipt being lost or destroyed, the depositor/s will be asked to submit a request for issue of duplicate deposit receipt giving their complete details of the lost/destroyed deposit receipt
- The Bank is not entitled to withhold payment of money, should a deposit receipt be lost or destroyed, but the depositor/s will be asked to submit an Indemnity in the prescribed format, duly stamped according to the local law, before payment is made or duplicate is issued. The depositor/s should be properly identified before making the payment or issuing a duplicate.
- After obtaining the request and Indemnity for issuing a duplicate deposit receipt, a letter / note be placed before the competent authority seeking approval for the payment or issuing a duplicate deposit receipt.
- After obtaining approval from the competent authority as above, proper noting should be made in the computer system about cancellation of the lost/destroyed deposit receipt and the number of the duplicate deposit receipt should be incorporated in the data.
- A notation "Duplicate Deposit Receipt" should be made in bold and visible manner on the face of the duplicate deposit receipt.
- All request letters and indemnities obtained for issue of duplicate deposit receipts should be carefully preserved.
- At a future date, in case the depositor/s approach for encashment of the deposit with the original deposit receipt, the Bank will insist for surrender of the duplicate deposit receipt also before making the payment.

- In case of deposit accounts in joint names, all depositors should jointly make the application and should also sign the Indemnity.
- In case of deposit receipts standing in the names of Trusts, Co-operative Societies, partnership firms, Limited companies etc., care should be exercised and proper enquiries should be made before issuing a duplicate receipt or making payment in respect of lost/destroyed deposit receipts.

## **XXVI. SETTLEMENT OF CLAIMS IN RESPECT OF DECEASED DEPOSITORS**

The Bank will facilitate expeditious and hassle-free settlement of claims on the death of a depositor, as per the following guidelines;

### **(i) Process for Settlement of Claims**

- a) 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 unless the Bank is in receipt of a restraint from a court of law against making the payment to the nominee.
- b) The above procedure will be followed even in respect of a joint account where a nomination is registered with the Bank.
- c) In a joint deposit account, when one of the joint account holders dies, the Bank will 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 at the time of account opening 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 in production of legal papers by the heirs of the deceased.
- d) 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 the deceased person against joint application and indemnity (on stamp paper of Rs 200/-) 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.
- e) Sureties or Guarantors shall not be insisted upon where the amount involved in the settlement of death claim is upto Rs 10,000/-. However, where the amount is exceeding Rs 10,000/- then 2 guarantors / sureties (other than the co-heirs) will be obtained.

- f) The claimant need not be admitted as a nominal member where the amount involved in the settlement of death claim is upto Rs 10,000/-. However, where the amount is exceeding Rs 10,000/- the claimant as well as guarantors / sureties will be admitted as nominal members of the Bank. In addition to the above all other documents such as Deposit Pass Books and cheque books, Deposit Receipts, copy of the Death Certificate duly verified from the original, Death claim application in our prescribed format, Affidavit duly executed by the claimant/s, verification / identification of the claimant and sureties etc. will be obtained irrespective of any amount involved in the settlement of the death claim.

**(ii) Procedure for Settling Pending Death Claims and Time Limit for Settlement of Claims**

The Bank will settle the claims in respect of deceased depositors and release payments to survivor(s) / nominee(s) 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 claim(s), to the Bank's satisfaction.

**(iii) Procedure for Settling Pending Death Claims in respect of lost/destroyed deposit receipts.**

The procedure and precautions stipulated hereinabove for issue/payment of lost/destroyed deposit receipts should be strictly followed for settling death claims pertaining to lost/destroyed deposit receipts.

**(iv) Interest Payable on Term Deposit in Deceased Account**

- a) In the event of death of the depositor before or after the date of maturity of the deposit and the amount of the deposit is claimed after the date of maturity, the Bank will pay interest at the contracted rate till the date of maturity. From the date of maturity to the date of payment, the Bank will pay interest at savings deposit rate for the period for which the deposit remained with the Bank beyond the date of maturity. In the event of the death of the depositor/s, if the nominee chooses to have a premature withdrawal of the deposit amount then there will not be levy of penal interest.
- b) In case of NRE deposits when the claimants are residents, the deposit on maturity will be treated as Domestic Rupee deposit and interest will be paid for the subsequent period at a rate applicable to the domestic deposit of a similar maturity.

(v) **Settlement Of Claims In Respect Of Missing Persons**

The system which will be followed at Bank in case a claim is received from a nominee / legal heirs for settlement of claim in respect of missing persons is as under:

The settlement of claims in respect of missing persons is governed by the provisions of Section 107 / 108 of the Indian Evidence Act, 1872. Section 107 deals with presumption of continuance and Section 108 deals with presumption of death. As per the provisions of Section 108 of the Indian Evidence Act, presumption of death can be raised only after a lapse of seven years from the date of his/her being reported missing. As such, the nominee / legal heirs have to raise an express presumption of death of the subscriber under Section 107/108 of the Indian Evidence Act before a competent court. If the court presumes that he/she is dead, then the claim in respect of a missing person can be settled on the basis of the same.

## **XXVII. REDRESSAL OF COMPLAINTS AND GRIEVANCES**

Depositors having any complaint / grievance with regard to services rendered by the Bank have a right to approach the authority (ies) designated by the Bank for handling customer complaints /grievances.

The details of the internal set up for redressal of complaints /grievances will be displayed in the branch premises. The Bank has set in place a structure for redressal of complaints both in terms of the authorities as well as the time norms for resolving the complaints.

These details have been spelt out in the Grievance Redressal Policy of the Bank which is displayed on the Bank's website and available with the Branch Manager for ready reference.

### **Failed ATM transaction in Deposit Accounts:**

As per RBI guidelines, all failed ATM transactions in deposit accounts should be settled within 7 working days from the date of receipt of the customer complaints. Failure to re-credit the customer's account within 7 working days from the date of receipt of complaint will be liable for payment of compensation to the customer @ Rs 100/- per day by the issuing bank provided the claim is lodged with the Bank within 30 days of the transaction and our Bank is a Card issuing Bank. The Bank has taken cognizance of the above and accordingly the following steps have been taken to implement the same.

- a) Notice informing the said guidelines of RBI are prominently displayed at all the ATMs
- b) Chargeback Claim Form is kept at the branches and at the ATMs for the customers to apply to claim for wrong debit in his/her account.
- c) All Branches have been informed by a circular about the RBI guidelines on failed ATM transactions and the procedure to be followed after the customer has applied for charge back claim.

## **XXVIII. DEPOSIT MOBILISATION**

### **(i) Deposit Collection Agents**

The Bank will not pay any brokerage on deposits in any form to any individual, firm, company, association, institution or any other person. The Bank will not employ/engage any outside persons through firms/ companies for collection of deposits including Non-Resident deposits or for selling any other deposit linked products on payment of fees / commission in any form or manner, except to the extent permitted vide Reserve Bank's Interest Rate Directives.

### **(ii) Acceptance of Deposits by Unincorporated Bodies / Private Ltd. Companies with 'Bank Guarantee'**

The Bank will not accept any deposits at the instance of private financiers or unincorporated bodies under any arrangement, wherein the deposit confirmation advice can be issued in favour of the clients of private financiers. It also will not accept / allow authority by power of attorney, nomination otherwise for such clients receiving such deposits at maturity.

### **(iii) Deposit Collection Schemes floated by Private Organisations**

The Bank will not be associated directly or indirectly with lottery schemes of organizations of any description as per the Chits and Money Circulation Schemes (Banning) Act, 1978 (No. 43 of 1978).



## **XXIX. SAFE DEPOSIT LOCKERS / SAFE CUSTODY ARTICLES:**

### **(i) Safe Deposit Lockers and KYC guidelines pertaining to lockers**

While allotting Safe Deposit Lockers, the Bank will carry out customer due diligence for both new and existing customers atleast to the level, which is prescribed for customers classified by the Bank as medium risk.

Similarly if the customer is classified in a higher risk category, customer due diligence as per KYC norms applicable to such higher risk category will be carried out.

Where the lockers have remained inoperative for more than three years, (in case of medium risk category) or one year (in case of higher risk category), the Bank will immediately contact the locker-hirer and advise him to either operate the locker or surrender it. This exercise will be carried out even if the locker hirer is paying the rent regularly.

The Bank will ask the locker hirer to give in writing, the reasons why he / she has not operated the locker. In case the locker-hirer has some genuine reasons as in the case of NRIs or persons who are out of town due to a transferable job etc, the Bank may allow the locker hirer to continue with the locker. In case the locker-hirer does not respond nor operate the locker, the Bank will consider break opening the lockers after giving due notice to him / her.

The Bank has incorporated a clause in the locker Agreement that in case the Locker remains inoperative for more than one year, the Bank will have the right to cancel the allotment of the locker and break open the locker, even if the rent is paid regularly. The clause for setting off the expenses against the security deposit is also included in the Agreement.

As the Bank will find it difficult to identify high risk and medium risk customers (locker holder) the Bank will break open the lockers in the normal course if the locker remains inoperative for more than 3 years and only in cases where the Bank can identify the locker holder as high risk, the Bank will break open the locker if it remains inoperative for more than one year.

### **(ii) Access to the safe deposit lockers / safe custody articles**

To deal with the requests from the nominee(s) of the deceased locker-hirer / depositors of the safe-custody articles or by the survivor(s) of the deceased for access to the contents of the locker / safe custody article on the death of a locker hirer / depositor of the article, the Bank will apply all rules as applicable to deposit accounts to safe deposit lockers.

As per the extant guidelines, when a constituent approaches the Bank for availing of the locker facility, the Bank will obtain the document of Memorandum of Letting of locker bearing appropriate stamp duty. All locker holders' signatures will be obtained on that and then the counter foil will be given to the customer for his record.

At the time of surrender of a locker either by the locker holder or his nominee, the Bank will insist on submission of unstamped copy of the Memorandum of Letting of Locker by the customer. In some instances, it is observed that the customer, after a gap of many years has misplaced the counter foil and therefore has to put up with inconvenience at the time of surrendering the locker. In order to prevent the customer from undergoing any hardships, the Bank will not insist on the Memorandum of Letting of Locker from the customer at the time of surrendering of the locker. Instead the Bank will obtain an indemnity on Rs 200/- stamp paper. All other formalities required to be followed while surrendering of locker either by locker holder /nominee will continue as it is.

### **XXX. GREATER CO-ORDINATION BETWEEN BANKING SYSTEM AND INCOME TAX AUTHORITIES:**

**(i) Co-ordination with Officers of Central Board of Direct Taxes**

Bank will extend necessary help / co-ordination to the tax officials whenever required.



**ZOROASTRIAN BANK**

The Zoroastrian Co-operative Bank Ltd.  
 (Multi-State Scheduled Bank)  
 The Bank that is Big on Tradition & Trust

**ANNEXURE-1**

Application for Deceased claim  
 (To be used for cases other than Nomination / joint account with survivor clause)

From

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

To

The Branch Manager  
 The Zoroastrian Co-op. Bank Ltd.,  
 \_\_\_\_\_ Branch

Dear Sir,

Re: Deceased Account  
 Late Shri/Smt.....  
 Account No(s).....

I/We advise the demise of Shri/Smt. \_\_\_\_\_ on \_\_\_\_\_. He/She holds the above account(s) at your branch. The account(s) is/are in the name of: \_\_\_\_\_.

I/We lodge my/our claim for the balances with accrued interest lying to the credit of the above named deceased who died intestate. I / we am / are the legal heirs of the above named deceased and lodge my/our claim for payment as per the bank's rules and discretion. The relevant information about the deceased and the legal heirs are as under.

1. Names in full of the parents of the deceased:

Father: \_\_\_\_\_  
 Mother: \_\_\_\_\_

2. Religion of the deceased: \_\_\_\_\_

3. Details of living (i) Husband (ii) Wife (iii) Children (iv) Father (v) Mother (vi) Brothers (vii) Sisters (viii) Grand Children. If Hindu Joint Family, the name and address of the Karta and Co-parceners with their respective ages.

Full Name/Address	Occupation	Relationship with Deceased	Age
(i) _____	_____	_____	_____
(ii) _____	_____	_____	_____
(iii) _____	_____	_____	_____
(iv) _____	_____	_____	_____
(v) _____	_____	_____	_____
(vi) _____	_____	_____	_____

4. Name or Names of the : \_\_\_\_\_  
 Guardian/s of the minor  
 Children of the Depositor



**ZOROASTRIAN BANK**

**The Zoroastrian Co-operative Bank Ltd.**  
**(Multi-State Scheduled Bank)**  
*The Bank that is Big on Tradition & Trust*

(a) Whether Natural : \_\_\_\_\_  
Guardian

(b) Whether Guardian : \_\_\_\_\_  
appointed by a Court  
of Law in India. If so,  
attach a certified copy  
or duly attested copy of  
such Order

(c) In whose custody the : \_\_\_\_\_  
Minor/Minors is / are?

5. Claimant/s name/s :  
and address in full

- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_
- (iii) \_\_\_\_\_

I/We submit the following documents. Please return the original death certificate to us after verification:

- 1. Death Certificate (Original + 1 photocopy) issued by: \_\_\_\_\_
- 2. Letter of Indemnity

We request you to pay the balance amount lying to the credit of the above named deceased to .....on my/our behalf.

I/We hereby solemnly affirm that the above statements are true and correct to the best of my/our knowledge and belief.

Place:

Yours faithfully,

Date :

Signature of Claimant(s)

(i) Name of Claimant

Address

Signature



## ZOROASTRIAN BANK

The Zoroastrian Co-operative Bank Ltd.  
(Multi-State Scheduled Bank)  
The Bank that is Big on Tradition & Trust

ANNEXURE-2

### TESTAMENTARY SUCCESSION DECLARATION FORM

I/we, (1) \_\_\_\_\_, S/o. \_\_\_\_\_, aged \_\_\_\_\_ years, residing at \_\_\_\_\_  
\_\_\_\_\_ (2) \_\_\_\_\_,  
S/o. \_\_\_\_\_, aged \_\_\_\_\_ years, residing at \_\_\_\_\_  
\_\_\_\_\_ (3) \_\_\_\_\_,  
S/o. \_\_\_\_\_, aged \_\_\_\_\_ years, residing at \_\_\_\_\_  
\_\_\_\_\_

(legal heirs of late \_\_\_\_\_) do hereby declare and state as follows:-

Sri/Smt. \_\_\_\_\_ who had executed a Will dated \_\_\_\_\_ died on \_\_\_\_\_  
\_\_\_\_\_. We hereby declare that as per the Will the said \_\_\_\_\_ has  
bequeathed his/her bank deposits/gold pledged with the Bank/articles kept in safe deposit lockers/safe custody in  
favour of Sri/Smt. \_\_\_\_\_. We further confirm that the Will dated \_\_\_\_\_ is the  
last Will executed by the deceased and that no other Will or Codicil or any other documents has been executed by  
the deceased account holder/depositor in the matter of his assets in the form of Bank Deposits/accounts/assets lying  
with the Bank to his/her credit.

We further declare that the above information is true and we know that we may be liable in damages to the Bank in  
case it turns out that the information given by us as stated above is incorrect or false or both. We are further aware  
that on account of the Bank relying or depending on the information furnished above, if the Bank is making any  
payment/release assets, we are liable to reimburse on demand all amounts so paid and also all costs, charges,  
expenses, claims etc, incurred by the Bank.

The liability if any arising on account of our giving this letter shall also be binding on our legal heirs, executors,  
administrators and assigns.

Signature

Place:

Date :



**ZOROASTRIAN BANK**

The Zoroastrian Co-operative Bank Ltd.  
(Multi-State Scheduled Bank)  
The Bank that is Big on Tradition & Trust

**ANNEXURE-3**

**Indemnity format  
(from legal heirs only)**

**(To be duly stamped as per the Stamp  
Act applicable to the State)**

**LETTER OF INDEMNITY WITH RESPECT TO PAYMENT OF BALANCE IN THE DECEASED  
CONSTITUENT’S ACCOUNT WITHOUT PRODUCTION OF LEGAL REPRESENTATION**

To

The Branch Manager  
The Zoroastrian Co-op. Bank Ltd.,  
\_\_\_\_\_ Branch.

IN CONSIDERATION of your paying or agreeing to pay me/us,

Insert here the 1) \_\_\_\_\_  
Name(s) of 2) \_\_\_\_\_  
Claimants 3) \_\_\_\_\_  
4) \_\_\_\_\_

The sum of Rupees \_\_\_\_\_ standing at the credit of Savings  
Bank/Current/R.D. Account No. etc. \_\_\_\_\_ with your bank in the name of Shri/Smt./Kum.  
\_\_\_\_\_ since deceased, without production of Letters of Administration or a Succession Certificate to  
his/her estate or a Certificate from the Controller of Estate Duly to the effect that estate duly has been paid or will be  
paid or none is due I/we do hereby for myself/ourselves and my/our heirs, legal representatives executors and  
administrators, jointly and severally UNDERTAKE AND AGREE to indemnify you and your successors and assign  
against all claims, demands, proceedings, losses, damages, charges and expenses which may be raised against or  
incurred by you by reasons or in consequence of your having agreed to pay/or paying me/us the said sum as  
aforesaid.

SIGNED AND DELIVERED

By the above named on this \_\_\_\_\_ Day of \_\_\_\_\_ two thousand  
\_\_\_\_\_

SIGNED AND DELIVERED by  
the above named

1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_  
4. \_\_\_\_\_ 5. \_\_\_\_\_ 6. \_\_\_\_\_

(heirs /claimants of the deceased)



## ZOROASTRIAN BANK

The Zoroastrian Co-operative Bank Ltd.  
(Multi-State Scheduled Bank)  
The Bank that is Big on Tradition & Trust

### ANNEXURE-4

#### AFFIDAVIT

We, (1) \_\_\_\_\_, Son/Wife/Daughter of \_\_\_\_\_, aged \_\_\_\_ years, occupation \_\_\_\_\_, and resident of \_\_\_\_\_, (2) \_\_\_\_\_, Son/Wife/Daughter of \_\_\_\_\_, aged \_\_\_\_ years, occupation \_\_\_\_\_, and resident of \_\_\_\_\_, (3) \_\_\_\_\_, Son/Wife/Daughter of \_\_\_\_\_, aged \_\_\_\_ years, occupation \_\_\_\_\_, and resident of \_\_\_\_\_, do solemnly affirm and state as follows:-

We hereby solemnly affirm and declare that Sri \_\_\_\_\_, Son/Wife/Daughter of \_\_\_\_\_ who was residing at \_\_\_\_\_ expired on \_\_\_\_\_ and we are his/her only legal heirs entitled to succeed to the estate of deceased.

We also confirm and declare that to the best of our knowledge and belief the said late \_\_\_\_\_ died intestate, i.e. without executing any Will.

#### DEPONENTS

Solemnly affirmed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_, and the deponents signed before me.

#### NOTARY



## ZOROASTRIAN BANK

The Zoroastrian Co-operative Bank Ltd.  
(Multi-State Scheduled Bank)  
The Bank that is Big on Tradition & Trust

ANNEXURE-5

(To be duly stamped as per the Stamp Act applicable to the State)

### INDEMNITY BOND TO BE OBTAINED FROM LEGAL HEIRS OF DECEASED AND TWO SURETIES WHERE THE CLAIM AMOUNT/VALUE EXCEEDS Rs.50000/-.

Know all men by these presents that I/We (1) \_\_\_\_\_ S/o. \_\_\_\_\_, aged about \_\_\_\_\_ years, residing at \_\_\_\_\_ (2) Sri \_\_\_\_\_, S/o. \_\_\_\_\_, aged about \_\_\_\_\_ years, residing at \_\_\_\_\_ (3) Sri \_\_\_\_\_, S/o. \_\_\_\_\_, aged about \_\_\_\_\_ years, residing at \_\_\_\_\_ (hereinafter called 'legal heirs of deceased' which expression unless repugnant to the context or meaning thereof shall include his/her/their heirs, successors, representatives etc.) and (1) \_\_\_\_\_ S/o. \_\_\_\_\_, aged about \_\_\_\_\_ years, residing at \_\_\_\_\_ (2) Sri \_\_\_\_\_, S/o. \_\_\_\_\_, aged about \_\_\_\_\_ years, residing at \_\_\_\_\_ (hereinafter referred to as "Sureties" which expression unless repugnant to the context or meaning thereof shall include his/her/their heirs, successors, representatives etc.) are held and firmly bound to The Zoroastrian Co-op. Bank Ltd., their successors, assigns etc. (hereinafter called the "Bank") in the sum of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) to be paid by the Bank for which payment to be well and truly made.

Whereas Sri/Smt. \_\_\_\_\_ had \_\_\_\_\_ account with total balance of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) / had pledged gold worth Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) / had Safe Deposit Lockers/Deposited articles in Safe Custody containing articles with approximate value of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) with \_\_\_\_\_ Branch of The Zoroastrian Co-op. Bank Ltd. and whereas the said Sri/Smt. \_\_\_\_\_ died on \_\_\_\_\_ leaving behind the legal heirs mentioned above, and whereas the said legal heirs had filed claim application with The Zoroastrian Co-op. Bank Ltd. for payment/for release of gold/articles.

Whereas the Bank has agreed to pay the amounts to the legal heirs without producing succession certificate/letter of administration on the condition that the Bank should be indemnified by all the legal heirs and two sureties against all loss that may be caused to it as a result of payment of the amount to the legal heirs without regular legal representation in the form of succession certificate/letter of administration.

Whereas the Bank has agreed to accept the Bond of the legal heirs and the sureties herein named as sufficient indemnity, now in consideration of the premises, the Executants herein have entered into this Bond.

Now the condition of the above written Bond is that the Bank is now and shall from time to time, and at all times, hereafter be kept safe and saved harmless and indemnified by all of us jointly and severally in respect of the payment of claim to the legal heirs of the deceased Sri/Smt. \_\_\_\_\_ as aforesaid and against all actions, losses, suits, charges, and expenses and demands whatsoever arising out of and in respect of the said payment.





**ZOROASTRIAN BANK**

**The Zoroastrian Co-operative Bank Ltd.**  
**(Multi-State Scheduled Bank)**  
*The Bank that is Big on Tradition & Trust*

IN WITNESS whereof we \_\_\_\_\_

\_\_\_\_\_ have hereunto set our respective  
hands this \_\_\_\_\_ day of \_\_\_\_\_ 20

Place :

Date :

Signatures of the Executants.

Witnesses:

1. Signature :

Name :

Address :

2. Signature :

Name :

Address :



**ZOROASTRIAN BANK**

The Zoroastrian Co-operative Bank Ltd.  
(Multi-State Scheduled Bank)  
The Bank that is Big on Tradition & Trust

*ANNEXURE-6*

**RECEIPT**

Received with thanks from The Zoroastrian Co-op. Bank Ltd. \_\_\_\_\_ branch, a sum of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) by Banker's Cheque No. \_\_\_\_\_ dated \_\_\_\_\_ in favour of \_\_\_\_\_ in full and final settlement of my/our claim as successor on the balance in \_\_\_\_\_ Account(s) No(s). \_\_\_\_\_ standing in the name of the deceased Shri/Smt/Kum. \_\_\_\_\_. I/We do not have any other claim from the Bank henceforth.

Place:

Date:



(Signature of all the legal heirs @

Over a revenue stamp



## ZOROASTRIAN BANK

The Zoroastrian Co-operative Bank Ltd.  
(Multi-State Scheduled Bank)  
The Bank that is Big on Tradition & Trust

ANNEXURE-7

### LETTER OF AUTHORITY

Date: \_\_\_\_\_

From:

- 1.
- 2.
- 3.

To

The Manager,  
The Zoroastrian Co-op. Bank Ltd.,  
\_\_\_\_\_ Branch.

Dear Sir,

**Sub: Claim in the matter of Assets of late Sri/Smt.** \_\_\_\_\_

I/We, the undersigned, who is/are legal heir(s) of the late \_\_\_\_\_  
do hereby authorize Sri/Smt. \_\_\_\_\_ Son/Daughter of  
\_\_\_\_\_ residing at \_\_\_\_\_ who is/are also one of the  
legal heirs of the said deceased, to receive the sum of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_  
\_\_\_\_\_ only), being the amount payable to me/us in my/our capacity as legal  
heir/s of late \_\_\_\_\_ as detailed below:-

Sl. No.	Name and Account Number of the Deposit/SDC/SCA/Gold loan	Total Amount of Deposit/ Value of Articles etc.	Nature of Security.

- 1.
- 2.
- 3.
- 4.



**ZOROASTRIAN BANK**

**The Zoroastrian Co-operative Bank Ltd.**  
**(Multi-State Scheduled Bank)**  
*The Bank that is Big on Tradition & Trust*

The payment so made by the Bank shall be fully and completely binding on me/us and shall discharge the Bank from any claim whatsoever from me/us and my/our legal heirs, successors-in-title, assigns, administrators, executors or any other person claiming through me/us or in trust for me/us.

Yours faithfully,

- 1.
- 2.
- 3.
- 4.

The executant(s) signed before me.

Signature :

Name and Address of Attesting authority.



**ZOROASTRIAN BANK**

The Zoroastrian Co-operative Bank Ltd.  
(Multi-State Scheduled Bank)  
*The Bank that is Big on Tradition & Trust*

**ANNEXURE-8**

**DECLARATION in case funds are settled in favor of a Minor**

I,----- father/mother and natural guardian of ----- hereby certify that the proceeds of your Banker's Cheque No.----- dated----- favoring ----- issued by you in settlement of the balance in account number ----- of Late-----will be utilized for the benefit of the minor only.

Signature \_\_\_\_\_

Name \_\_\_\_\_

Father/Mother & Natural Guardian



## ZOROASTRIAN BANK

The Zoroastrian Co-operative Bank Ltd.  
(Multi-State Scheduled Bank)  
The Bank that is Big on Tradition & Trust

### ANNEXURE-9

**Form of Inventory of Contents of  
Safe Deposit Locker Hired from The Zoroastrian Co-operative Bank Ltd.  
(To be used where there is no nomination or survivorship clause)**

The following inventory of contents of Safe Deposit Locker No. \_\_\_\_\_ located in the Safe Deposit Vault of The Zoroastrian Co-op. Bank Ltd., \_\_\_\_\_ Branch at \_\_\_\_\_

\* hired by Shri/Smt. \_\_\_\_\_ (deceased) in his/her sole name

\* hired by Shri/Smt. (i) \_\_\_\_\_ (deceased) jointly with

(ii) \_\_\_\_\_

(iii) \_\_\_\_\_

was taken on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

Sr. No.	Description of Articles in Safe Deposit Locker	Other Identifying Particulars, if any

For the purpose of inventory, access to the locker was given to the legal heir(s) / a person mandated by the legal heirs and the surviving hirers

- who produced the key to the locker.
  - by breaking open the locker under his/her/their instructions.
- (delete whichever is not applicable)

The above inventory was taken in the presence of:

Legal heirs to deceased joint hirer(s)/person mandated by legal heirs

1. Shri/Smt. \_\_\_\_\_

Address \_\_\_\_\_ (Signature)

Shri/Smt. \_\_\_\_\_

Address \_\_\_\_\_ (Signature)

and



**ZOROASTRIAN BANK**

The Zoroastrian Co-operative Bank Ltd.  
 (Multi-State Scheduled Bank)  
 The Bank that is Big on Tradition & Trust

Shri/Smt. \_\_\_\_\_

Survivors of joint hirers (Signature)

Address \_\_\_\_\_

Shri/Smt. \_\_\_\_\_

Survivors of joint hirer(s) (Signature)

Address \_\_\_\_\_

2. Witness(es) with name, address and signature:

Shri/Smt. \_\_\_\_\_

(Signature)

Address: \_\_\_\_\_

Shri/Smt. \_\_\_\_\_

(Signature)

Address : \_\_\_\_\_

**ACKNOWLEDGEMENT**

\* I, Shri/Smt. \_\_\_\_\_ legal heir/mandate holder

\* We, Shri Smt. \_\_\_\_\_

\_\_\_\_\_ legal heirs and

Shri/Smt. \_\_\_\_\_

\_\_\_\_\_ surviving hirers

hereby acknowledge the receipt of the contents of the safety locker comprised in and set out in the above inventory together with a copy of the said inventory.

Shri/Smt. \_\_\_\_\_

(Legal heir/Mandate Holder)

Shri/Smt. \_\_\_\_\_ Signature \_\_\_\_\_

Shri/Smt. \_\_\_\_\_ Signature \_\_\_\_\_

Shri/Smt. \_\_\_\_\_ Signature \_\_\_\_\_

Date : \_\_\_\_\_ Place : \_\_\_\_\_.

(\* Delete whichever is not applicable)



**ZOROASTRIAN BANK**

The Zoroastrian Co-operative Bank Ltd.  
(Multi-State Scheduled Bank)  
The Bank that is Big on Tradition & Trust

*ANNEXURE-10*

**FORMAT OF LETTER TO THE NOMINEE**

THE ZOROASTRIAN CO-OP. BANK LTD.  
BR. \_\_\_\_\_

Ref.No: \_\_\_\_\_ Date: \_\_\_\_\_

To

Sri/Smt. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Dear Sir,

**SUB: \_\_\_\_\_ DEPOSIT A/C.No. \_\_\_\_\_ WITH US.**

We are sorry to learn that Sri/Smt. \_\_\_\_\_ expired on \_\_\_\_\_. We find that you have been nominated by the said deceased as nominee to his/her aforesaid account.

With a view to settle the claim, we request you to call on us to enable us to guide you regarding the formalities to be complied with for this purpose.

Assuring you of our best services always,

Yours faithfully,

BRANCH MANAGER





**ZOROASTRIAN BANK**

The Zoroastrian Co-operative Bank Ltd.  
 (Multi-State Scheduled Bank)  
 The Bank that is Big on Tradition & Trust

*ANNEXURE-11*

**APPLICATION FOR DECEASED CLAIM**

**(To be used when account has nomination or is a joint account with survivor clause)**

From

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

To

The Branch Manager,  
 The Zoroastrian Co-op. Bank Ltd.  
 \_\_\_\_\_ Branch

**Dear Sir,**

**Re: Deceased Account  
 Late Shri/Smt.....  
 Account No(s).....**

I/We advise the demise of Shri/Smt. \_\_\_\_\_ on \_\_\_\_\_. He/She holds the above account(s) at your branch. The account is in the name(s) of: \_\_\_\_\_

**A. In case of Nomination**

I,.....son/daughter of Shri.....residing at ..... am

(ii)the registered nominee in the above account(s).

(iii)the person authorized to receive payment on behalf of Master / Miss ..... who is the nominee in the above account(s) and is a minor as on the date of this claim.

Please settle the balance in the account in the name of the nominee. I receive the payment as trustee of the legal heirs of the deceased.

**B. In the case of joint account**

I/We Request you to delete the name of deceased person and continue the account in my /our name(s) with same mode of operations.

I/We submit photocopy of the following document(s) together with originals. Please return the original to us after verification.



**ZOROASTRIAN BANK**

**The Zoroastrian Co-operative Bank Ltd.**  
**(Multi-State Scheduled Bank)**

*The Bank that is Big on Tradition & Trust*

Death Certificate issued by \_\_\_\_\_

Identity proof (required in nomination cases) \_\_\_\_\_

Place:

Yours faithfully,

Date:

(Claimant(s))



## ZOROASTRIAN BANK

The Zoroastrian Co-operative Bank Ltd.  
(Multi-State Scheduled Bank)  
The Bank that is Big on Tradition & Trust

ANNEXURE-12

### RECEIPT

(TO BE OBTAINED FROM THE NOMINEE)

I, Sri/Smt. \_\_\_\_\_, S/o. / D/o. \_\_\_\_\_ aged \_\_\_\_\_ years, the nominee/guardian of the minor nominee \_\_\_\_\_ hereby acknowledge receipt of a sum of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) from The Zoroastrian Co-op. Bank Ltd., \_\_\_\_\_ Branch, being the amount payable in the accounts mentioned hereunder of the late \_\_\_\_\_ as his/her nominee in full and final settlement of the claims \* by substitution of my name to the deposit account.

\_\_\_\_\_

Deposit A/c.No. / Assets.

Amount / Value in Rs.

\_\_\_\_\_

I hereby confirm that I have no further claim against the Bank in respect of accounts/assets of the said deceased as nominee and the Bank is fully discharged from all liability and obligation to me or to any person claiming for or through me including the legal heirs of the deceased depositor(s).

Date:

Revenue Stamp

WITNESSES: (If nominee affixes  
Thump impression)

(Signature with name and  
address of the nominee /  
Guardian of the minor nominee)

- 1.
- 2.

\* Strike out if not applicable.



## ZOROASTRIAN BANK

The Zoroastrian Co-operative Bank Ltd.  
(Multi-State Scheduled Bank)  
The Bank that is Big on Tradition & Trust

ANNEXURE-13

**Form of Inventory of Contents of  
Safe Deposit Locker Hired from The Zoroastrian Co-operative Bank Ltd.  
{Section 45ZE (4) of the Banking Regulation Act, 1949}  
(To be used where there is nomination or survivorship clause)**

The following inventory of contents of Safe Deposit Locker No. \_\_\_\_\_ located in the Safe Deposit Vault of The Zoroastrian Co-op. Bank Ltd., \_\_\_\_\_ Branch at \_\_\_\_\_

\* hired by Shri/Smt. \_\_\_\_\_ (deceased) in his/her sole name

\* hired by Shri/Smt. (i) \_\_\_\_\_ (deceased) jointly with

(ii) \_\_\_\_\_

(iii) \_\_\_\_\_

was taken on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

Sr. No.	Description of Articles in Safe Deposit Locker	Other Identifying Particulars, if any

For the purpose of inventory, access to the locker was given to the Nominee/ and the surviving hirers

- who produced the key to the locker.
  - by breaking open the locker under his/her/their instructions.
- (delete whichever is not applicable)

The above inventory was taken in the presence of:

1. Shri/Smt. \_\_\_\_\_ (Nominee) \_\_\_\_\_

Address \_\_\_\_\_ (Signature)

Shri/Smt. \_\_\_\_\_ (Nominee) \_\_\_\_\_

Address \_\_\_\_\_ (Signature)

and

Shri/Smt. \_\_\_\_\_

Survivors of joint hirers (Signature)

Address \_\_\_\_\_

Shri/Smt. \_\_\_\_\_

Survivors of joint hirer(s) (Signature)

Address \_\_\_\_\_



**ZOROASTRIAN BANK**

The Zoroastrian Co-operative Bank Ltd.  
(Multi-State Scheduled Bank)  
The Bank that is Big on Tradition & Trust

2. Witness(es) with name, address and signature:

Shri/Smt. \_\_\_\_\_  
(Signature)

Address: \_\_\_\_\_

Shri/Smt. \_\_\_\_\_  
(Signature)

Address : \_\_\_\_\_

**ACKNOWLEDGEMENT**

\* I, Shri/Smt. \_\_\_\_\_ (Nominee)

\* We, Shri Smt. \_\_\_\_\_ (Nominee),

Shri/Smt. \_\_\_\_\_ and Shri/Smt. \_\_\_\_\_ the survivors of the joint hirers, hereby acknowledge the receipt of the contents of the Safe Deposit Locker comprised in and set out in the above inventory together with a copy of the said inventory.

Shri/Smt. \_\_\_\_\_ (Nominee) Shri/Smt. \_\_\_\_\_  
(Survivor)

Signature \_\_\_\_\_ Signature \_\_\_\_\_

Place \_\_\_\_\_ Date \_\_\_\_\_

(Survivor) Shri/Smt. \_\_\_\_\_

Signature \_\_\_\_\_

Date: \_\_\_\_\_

Place : \_\_\_\_\_

**NOTE:**

It is made clear that access to locker is given to survivor(s)/nominee(s) only as a trustee of the legal heirs of deceased locker hirer on the condition that such access if given to survivor(s)/nominee(s) shall not affect the right or claim which any person may have against the survivor(s)/nominee(s) to whom the access is given.



## ZOROASTRIAN BANK

The Zoroastrian Co-operative Bank Ltd.  
(Multi-State Scheduled Bank)  
The Bank that is Big on Tradition & Trust

ANNEXURE-14

**Form of Inventory of articles left in  
Safe Custody with The Zoroastrian Co-operative Bank Ltd.  
{Section 45ZC (3) of the Banking Regulation Act, 1949}  
(To be used where there is nomination or survivorship clause)**

The following inventory of articles left in Safe Custody with \_\_\_\_\_ Branch of The Zoroastrian Co-op. Bank Ltd., by \_\_\_\_\_ (deceased) under an agreement/receipt dated \_\_\_\_\_ was taken on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

Sr. No.	Description of Articles in Safe Custody	Other Identifying Particulars, if any

The above inventory was taken in the presence of:

1. Shri/Smt. \_\_\_\_\_ (Nominee) \_\_\_\_\_

Shri/Smt. \_\_\_\_\_

(Appointed on behalf of minor nominee)

Address \_\_\_\_\_

Address \_\_\_\_\_

Signature \_\_\_\_\_

Signature \_\_\_\_\_

I, Shri/Smt. \_\_\_\_\_ (Nominee/ appointed on behalf of minor Nominee) hereby acknowledge receipt of the articles comprised and set out in the above inventory together with a copy of the said inventory.

Shri/Smt. \_\_\_\_\_ (Nominee)

Signature \_\_\_\_\_

Date: \_\_\_\_\_ Place : \_\_\_\_\_

Shri/Smt. \_\_\_\_\_

(Appointed on behalf of minor Nominee)

Signature \_\_\_\_\_

Date : \_\_\_\_\_ Place: \_\_\_\_\_



## ZOROASTRIAN BANK

The Zoroastrian Co-operative Bank Ltd.  
(Multi-State Scheduled Bank)

*The Bank that is Big on Tradition & Trust*

Note:

It is made clear that access to safe custody articles is given to survivor(s)/nominee(s) only as a trustee of the legal heirs of deceased depositor of safe custody articles on the condition that such access if given to survivor(s)/nominee(s) shall not affect the right or claim which any person may have against the survivor(s)/nominee(s) to whom the access is given.

### ACKNOWLEDGEMENT

\* I, Shri/Smt. \_\_\_\_\_ (Nominee)

hereby acknowledge the receipt of the articles comprised in and set out in the above inventory together with a copy of the said inventory.

Shri/Smt. \_\_\_\_\_ (Nominee)

Signature \_\_\_\_\_

Place \_\_\_\_\_ Date \_\_\_\_\_



## ZOROASTRIAN BANK

The Zoroastrian Co-operative Bank Ltd.  
(Multi-State Scheduled Bank)  
The Bank that is Big on Tradition & Trust

ANNEXURE-15

**Form of Inventory of Contents of  
Safe Custody with The South Indian Bank Ltd.  
(To be used where there is no nomination or survivorship clause)**

The following inventory of articles left in Safe Custody with \_\_\_\_\_ Branch of The Zoroastrian Co-op. Bank Ltd., by Shri/Smt. \_\_\_\_\_ (deceased) under an agreement/receipt dated \_\_\_\_\_ was taken on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

Sr. No.	Description of Articles in Safe Custody	Other Identifying Particulars, if any

The above inventory was taken in the presence of:

Legal heirs or a person mandated by legal heirs

1. Shri/Smt. \_\_\_\_\_

Address \_\_\_\_\_ (Signature)

2. Shri/Smt. \_\_\_\_\_

Address \_\_\_\_\_ (Signature)

2. Witness(es) with name, address and signature:

Shri/Smt. \_\_\_\_\_

(Signature)

Address: \_\_\_\_\_

Shri/Smt. \_\_\_\_\_

(Signature)

Address : \_\_\_\_\_

---





**ZOROASTRIAN BANK**

**The Zoroastrian Co-operative Bank Ltd.**  
**(Multi-State Scheduled Bank)**

*The Bank that is Big on Tradition & Trust*

**ACKNOWLEDGEMENT**

\* I, Shri/Smt. \_\_\_\_\_ legal heir/mandate holder

\* We, Shri Smt. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ legal heirs and

Shri/Smt. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ surviving hirers

hereby acknowledge the receipt of the articles comprised and set out in the above inventory together with a copy of the said inventory.

Shri/Smt. \_\_\_\_\_

(Legal heir/Mandate Holder)

Shri/Smt. \_\_\_\_\_ Signature \_\_\_\_\_

Shri/Smt. \_\_\_\_\_ Signature \_\_\_\_\_

Shri/Smt. \_\_\_\_\_ Signature \_\_\_\_\_

Date : \_\_\_\_\_ Place : \_\_\_\_\_.

(\* Delete whichever is not applicable)



## ZOROASTRIAN BANK

The Zoroastrian Co-operative Bank Ltd.

(Multi-State Scheduled Bank)

The Bank that is Big on Tradition & Trust

### FORM SC I

#### Nomination under Section 45ZC of the Banking Regulation Act, 1949 and Rule 3(1) of the Banking Companies (Nomination) Rules, 1985 in respect of articles left in safe custody with banking company

I, ... .. (name and address) ... ..  
 ... ..nominate the following person to whom, in the event of my / minor's death the articles left in safe custody, particulars whereof are given below, may be returned by The Zoroastrian Co-operative Bank Ltd. Br. ....

Articles			Nominee				
Nature of Article	Distinguishing Mark or No	Additional details, if any	Name	Address	Relationship with depositor if any	Age	If nominee is a minor, date of birth.

\*\* 2. As the nominee is a minor on this date, I appoint Shri / Smt / Kum..... (name, address and age) ... ..  
 ... ..to receive the said articles on behalf of the nominee, in the event, of my/minor's death during the minority of the nominee.

Place:

Date:  
depositor

\*Signature / Thump impression of

Name (s), Signature(s) and address(es) of witness(es) @

\*Where articles are left in safe custody in the name of a minor, the nomination should be signed by a person lawfully entitled to act on behalf of the minor.

\*\* Strike out if nominee is not a minor.

@ Thumb impression shall be attested by two witnesses.



**ZOROASTRIAN BANK**

The Zoroastrian Co-operative Bank Ltd.  
(Multi-State Scheduled Bank)  
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**FORM SC 2**

**Cancellation of Nomination under Section 45 ZC of the Banking Regulation Act, 1949 and Rule 3(4) of the Banking Companies (Nomination) Rules, 1985 in respect of articles left in safe custody with banking company**

I, .....  
.....  
..... (name and address) hereby cancel the  
nomination made by me in favour of (name and  
address) .....  
.....  
..... in respect of (give details of  
articles) .....  
..... left by me  
in safe custody with The Zoroastrian Co-operative Bank Ltd. Br. .... (name and address  
of branch office / in which articles are left in safe custody).

Place:

Date:  
depositor

\*Signature / Thumb impression of

Name (s), Signature(s) and address(es) of witness(es) @

\* Where articles are left in safe custody in the name of a minor, the cancellation of nomination should be signed by a person lawfully entitled to act on behalf of the minor.

@ Thumb impression shall be attested by two witnesses.



**ZOROASTRIAN BANK**

The Zoroastrian Co-operative Bank Ltd.  
 (Multi-State Scheduled Bank)  
 The Bank that is Big on Tradition & Trust

**FORM SC 3**

**Variation of Nomination under Section 45 ZC of the Banking Regulation Act 1949 and Rule 3(5) of the Banking Companies (Nomination) Rules, 1985 in respect of articles left in safe custody with Banking company.**

I, ..... (name and address) .....  
 .....  
 ..... cancel the nomination made by me in favour of (name and address) .....  
 .....  
 .....and hereby nominate the following person to whom in the event of my / minor's death, the articles left in safe custody, particulars where of are given below may be returned by The Zoroastrian Co-operative Bank Ltd ,Br. ....

Articles			Nominee				
Nature of Article	Distinguishing Mark or No	Additional details ,if any	Name	Address	Relationship with depositor if any	Age	If nominee is a minor, date of birth.

\*\* 2. As the nominee is a minor on this date, I appoint Shri / Smt / Kum ..... ( name, address and age) .....  
 .....to receive the said articles on behalf of the nominee, in the event of my / minor's death during the minority of the nominee.

Place:

Date:  
depositor

\*Signature / Thump impression of

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**ZOROASTRIAN BANK**

**The Zoroastrian Co-operative Bank Ltd.**  
(Multi-State Scheduled Bank)  
*The Bank that is Big on Tradition & Trust*

Name (s), Signature(s) and address(es) of witness(es) @

\*Where articles are left in safe custody in the name of a minor, the variation of nomination should be signed by a person lawfully entitled to act on behalf of the minor.

\*\* Strike out if nominee is not a minor.

@ Thump impression shall be attested by two witnesses.



**ZOROASTRIAN BANK**

The Zoroastrian Co-operative Bank Ltd.  
 (Multi-State Scheduled Bank)  
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**FORM SL 1**

**Nomination under Section 45 ZE of the Banking Regulation Act and Rule 4(1) of the Banking Companies (Nomination) Rules, 1985, by sole hirer in respect of safety locker.**

I, . . . . . (name and address) . . . . .  
 . . . . .  
 . . . . . nominate the following person to whom in the event of my/minor’s death, The Zoroastrian Co-operative Bank Limited, Br. . . . . may give access to the locker and liberty to remove the contents of the locker, particulars whereof are given below:

Locker			Nominee			
Nature of	Distinguishing mark or No.	Additional details, if any	Name	Address	Relationship with hirer, if any	Age

Place:

Date:  
 hirer

\*Signature / Thump impression of

Name (s), Signature(s) and address(es) of witness(es) @

\* Where the locker is hired solely in the name of a minor, the nomination should be signed by a person lawfully entitled to act on behalf of the minor.

@ Thump impression shall be attested by two witnesses.



## ZOROASTRIAN BANK

The Zoroastrian Co-operative Bank Ltd.  
(Multi-State Scheduled Bank)

The Bank that is Big on Tradition & Trust

### FORM SL 1A

**Nomination under sections 45ZE of the Banking Regulation Act, 1949 and Rule 4(2) of the Banking Companies (Nomination) Rules, 1985 by joint hirer in respect of safety locker**

\_\_\_\_\_

We, \_\_\_\_\_ [names and addresses] \_\_\_\_\_

nominate the following person(s) to whom in the event of the death of one or more of us The Zoroastrian Co-operative Bank Ltd, \_\_\_\_\_ branch may give access to locker and liberty to remove contents of the locker, particulars whereof are given below, jointly with survivors of us

\_\_\_\_\_

Locker			Nominee			
Nature of	Distinguishing mark or No.	Additional details, if any	Name	Address	Relationship with hirer, if any	Age

Place:

Date:  
hirer

\*Signature / Thump impression of

Name (s), Signature(s) and address(es) of witness(es) @

\* Where the locker is hired solely in the name of a minor, the nomination should be signed by a person lawfully entitled to act on behalf of the minor.

@ Thump impression shall be attested by two witnesses.



**ZOROASTRIAN BANK**

The Zoroastrian Co-operative Bank Ltd.  
(Multi-State Scheduled Bank)

The Bank that is Big on Tradition & Trust

**FORM SL 2**

**Cancellation of nomination under Section 45 ZE and 52 of the Banking Regulation Act,1949 and Rule 4(5) of the Banking Companies (Nomination) Rules, 1985 in respect of Safety Locker.**

I/ We . . . . . (name(s) and address(es) . . . . .  
 . . . . . hereby cancel the nomination(s) made by me/us in favour of (name(s) and address(es) . . . . .  
 . . . . . in respect of the safety locker, the particulars whereof are given below.

Locker			Nominee/s			
Nature of	Distinguishing mark or No	Additional details , if any	Name	Address	Relationship with hirer/s if any	Age

Place:

Date:  
hirer

\*Signature / Thump impression of

Witness/es:@

Name/s:

address/es :

Signature:

Note:

\* Where the locker is hired solely in the name of a minor, the cancellation of nomination should be signed by a person lawfully entitled to act on behalf of the minor.



@ Thumb impression should be attested by two witnesses.



**ZOROASTRIAN BANK**

The Zoroastrian Co-operative Bank Ltd.  
(Multi-State Scheduled Bank)  
The Bank that is Big on Tradition & Trust

**FORM SL 3**

**Variation of nomination under Sections 45 ZE and 52 of the Banking Regulation Act, 1949 and Rule 4(5) of the Banking Companies (Nomination) Rules, 1985 by sole hirer in respect of safety locker**

I, \_\_\_\_\_ (name \_\_\_\_\_ and address) \_\_\_\_\_  
\_\_\_\_\_ cancel the nomination made  
by \_\_\_\_\_ me \_\_\_\_\_ in \_\_\_\_\_ favour \_\_\_\_\_ of \_\_\_\_\_ (name \_\_\_\_\_ and address) \_\_\_\_\_  
\_\_\_\_\_ and hereby  
nominate the following person to whom in the event of my/minor's death, The Zoroastrian Co-op. Bank Limited \_\_\_\_\_ Br. may give access to the locker and liberty to remove the contents of the locker, particulars whereof are given below:

Locker						
Nature of	Distinguishing mark or No	Additional details, if any	Name	Address	Relationship with hirer/s if any	Age

Place :

Date :

Name(s), signature(s) and address(es) of witness(es) @  
impression(s) of hirer(s)

\* Signature(s) / Thumb

\*Where the locker is hired solely in the name of a minor, the nomination should be signed by a person lawfully entitled to act on behalf of the minor.

@ Thumb impression shall be attested by two witnesses.



**ZOROASTRIAN BANK**

The Zoroastrian Co-operative Bank Ltd.  
 (Multi-State Scheduled Bank)  
 The Bank that is Big on Tradition & Trust

**FORM SL 3A**

Variation of nomination under sections 45ZE and 52 and Rule 4(7) of the Banking Companies (Nomination) Rules, 1985 of the Banking Regulation Act, 1949 by joint hirers in respect of safety locker

\_\_\_\_\_ We, \_\_\_\_\_ [names and addresses]

\_\_\_\_\_ cancel the nomination(s) made by us in favour of

\_\_\_\_\_ [name(s) and address(es)] and hereby nominate the following person[s] to whom in the event of the death of one or more of us The Zoroastrian Co-operative Bank Ltd, ..... Branch may give access to the locker and liberty to remove the contents of the locker, particulars whereof are given below, jointly with the survivor or survivors of us.

Locker			Nominess (s)			
Nature of	Distingui shing mark or number	additional details, if any	Name	Address	Relationship with hirers, if any	Age

Place:

Date :  
 impression of hirers

Signature/Thumb

Name[s], signature[s] and

address[es] of witness[es] @ \_\_\_\_\_

@thumb impression[s] shall be attested by two witnesses.



**ZOROASTRIAN BANK**

The Zoroastrian Co-operative Bank Ltd.  
(Multi-State Scheduled Bank)  
The Bank that is Big on Tradition & Trust

**NOMINATION FORM-DA1**

*Nomination under section 45 ZA of the Banking Regulation Act, 1949 and Rule 2(1) of Banking Companies (Nomination) Rules, 1985 in respect of bank deposits*

I/We ..... [name(s) and address(es)] nominate the following person to whom in the event of my/our/minor's death the amount of the deposit in the account, particulars where of are given below, may be returned by .....(name address of branch/office in which deposit is held).

Nature of deposit	Account No.	Additional details if any	
Name & Address of nominee	Relationship with depositor, if any	Age	Date of birth of Nominee(if minor)*

\* As the nominee is a minor on this date, I/We appoint Shri/Smt./Kum.:..... ( name, address and age) to receive the amount of the deposit in the account on behalf of the nominee in the event of my/our/minor's death during the minority of the nominee

**Witnesses**

Name and address	Name and address
Signature	Signature
Place and date	Place and date

.....

\*\*Siganture (s) –to be signed by all the joint account holders

\*Not applicable if nominee is not a minor

\*\* Where deposit is made in the name of a minor , the nomination should be signed by a person lawfully entitled to act on behalf of minor

---

**FOR OFFICE USE ONLY**

Nomination Serial No.....

Date

Signature(s) of Bank officials

.....

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**ZOROASTRIAN BANK**

The Zoroastrian Co-operative Bank Ltd.  
(Multi-State Scheduled Bank)  
The Bank that is Big on Tradition & Trust

**ACKNOWLEDGEMENT**

Name	Customer ID
------	-------------

Received Nomination Form DA1 for A/c Nos.....

Signature & Date Receipt Stamp

**NOMINATION CANCELLATION FORM DA 2**

*Cancellation of nomination under section 45ZA of the Banking Regulation Act, 1949 and Rule 2(5) of the Banking Companies (Nomination) Rules, 1985 in respect of bank deposits*

I/We .....

[names(s) and address(es)] hereby cancel the nomination made by me/us in favour of Shri/Smt/Kum/Mast ..... (name and address) in respect of Following deposits.

Nature of deposit	Account No.	Additional details if any

.....

\*Signature(s)- to be signed by all joint account holders

\*Where deposit is made in the name of minor, the cancellation of nomination should be signed by a person lawfully entitled to act on behalf of the minor. + Thumb impression (s) shall be attested by two witnesses.

-----

**FOR OFFICE USE ONLY**

Nomination cancelled Serial No.....
-------------------------------------

Date

Signature(s) of Bank officials

.....



**ZOROASTRIAN BANK**

The Zoroastrian Co-operative Bank Ltd.  
 (Multi-State Scheduled Bank)  
 The Bank that is Big on Tradition & Trust

**ACKNOWLEDGEMENT**

Name	Customer ID
------	-------------

Received Nomination Cancellation Form DA2 for A/c.....

Signature & Date Receipt Stamp

**NOMINATION VARIATION FORM DA 3**

*Variation of nomination under section 45ZA of the Banking Regulation Act, 1949 and Rule 2(2) of the Banking Companies (Nomination) Rules, 1985 in respect of bank deposits*

I/We.....  
 .....

[names(s) and address(es)] cancel the nomination made by me/us in favour of Mr./Mrs .....

(name and address) and hereby nominate the following person to whom in the event of my/our/minor's death the amount of the deposit, particulars whereof are given below may be returned by The Zoroastrian Co-operative bank Ltd, ..... (name and address of branch/office in which deposit is held).

Nature of deposit	Account No.	Additional details if any	
		Age	Date of birth of Nominee(if minor)*
Name & Address of nominee	Relationship with depositor, if any		

\* As the nominee is a minor on this date, I/We appoint Shri/Smt./Kum.:.....  
 ( name, address and age) to receive the amount of the deposit on behalf of the nominee in the event of  
 my/our/minor's death during the minority of the nominee



**ZOROASTRIAN BANK**

The Zoroastrian Co-operative Bank Ltd.  
 (Multi-State Scheduled Bank)  
 The Bank that is Big on Tradition & Trust

**Witnesses**

Name and address	Name and address
Signature	Signature
Place and date	Place and date

.....  
 \*\*Signature (s) –to be signed by all the joint account holders  
 \*Not applicable if nominee is not a minor  
 \*\* Where deposit is made in the name of a minor , the nomination should be signed by a person lawfully entitled to  
 act on behalf of minor

**FOR OFFICE USE ONLY**

Nomination Serial No.....
---------------------------

Date  
 .....  
 Signature(s) of Bank officials  
 .....

**ACKNOWLEDGEMENT**

Name	Customer ID
------	-------------

Received Nomination Variation Form DA3 for A/c Nos .....

Signature & Date Receipt Stamp



**THE ZOROASTRIAN CO-OPERATIVE BANK LTD.**

**FAIR PRACTICE CODE**

**2018-19**

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**FAIR PRACTICE CODE**

**APPLICATION AND PROCESSING OF LOANS**

- The Bank will give the applicant information, explaining the key features of the Retail loan products.
- Along with the application form the Bank will provide all the information about fees/ charges payable for processing, the amount of such fees refundable in the case of non acceptance of application, costs on documentation for the loan, pre-payment options etc to the prospective borrower, for Retail Loan products.
- The Bank will advise applicant about what information/ documentation is required with respect to the identity, address, employment, etc. and any other document that is stipulated by statutory authorities, in order to comply with legal and regulatory requirements.
- The Bank shall give acknowledgement for receipt of all loan applications.
- The applicant would be informed about the time frame within which loan application would be disposed off.
- The Bank will verify the loan applications within a reasonable period of time.
- In case of rejection of the application, the Bank will convey in writing to the applicant the main reason/ reasons for rejection of the loan applications.

**LOAN APPRAISAL:**

- The Bank will ensure proper assessment of credit application of the borrowers.
- The Bank will convey to the borrower the credit limit along with the terms and conditions thereof.
- The Bank will keep the borrower's acceptance of terms and conditions on record.
- The Bank will provide the copy of the loan agreement along with a copy of all enclosures quoted in the loan agreement to the borrower.
- Borrower would be made aware that deviation in facilities are solely at the discretion of the Bank:



- Drawings beyond the sanctioned limits
- Honoring cheques issued for the purpose other than specifically agreed to in the credit sanction
- Allowing drawings in the account on its classification as a non-performing asset
- Allowing drawings in the account on account of non-compliance with the terms of sanction.
- In the case of lending under consortium arrangement, the Bank and other participating lenders would evolve procedures to complete joint appraisal of proposals in a time bound manner to the extent feasible, and communicate their decisions on financing or otherwise within a reasonable time.

#### **DISBURSEMENT OF LOANS:**

- The Bank will ensure timely disbursement of loans.
- The Bank will give notice of any change in the terms and conditions including interest rates, service charges etc.
- The Bank will ensure that changes in interest rates and charges are affected only prospectively.

#### **GUARANTEE:**

The Bank will inform the person, before accepting him as guarantor about:

- His liability as guarantor
- The amount of liability he will be committing to the bank
- Circumstances in which he will have to pay up the liability
- Whether the Bank has recourse to his monies in the bank if he fails to pay up as a guarantor
- Whether his liabilities as a guarantor are limited to a specific quantum or are they unlimited.
- Time and circumstances in which his liabilities as a guarantor will be discharged as also the manner in which the Bank will notify him about this.

#### **POST DISBURSEMENT SUPERVISION:**

- Borrower would be made aware of the time schedule for submission of stock statements, financial accounts, etc to the Bank and the penalties, in case of default by the borrower.
- Borrower would be made aware of the stock audit, credit rating, etc to be completed by the external agencies and the details of cost to be borne by him.
- The Bank will give notice to the borrowers before taking a decision to recall/ accelerate repayment or performance under the agreement or seeking additional securities.

- The Bank will release all securities on receiving payment of loan or realization of loan subject to any legitimate right or lien for any other claim the Bank may have against borrowers. If such right of set off is to be exercised, the Bank will give notice about the same to the borrower with full particulars about the remaining claims.
- The Bank will facilitate satisfaction of charges on the assets of the borrower registered with statutory authorities like ROC, ROA, CERSAI, within the stipulated time limit

**GENERAL:**

- The Bank will refrain from interference in the day to day affairs of the borrowers except for what is provided in the terms and conditions of the loan sanction documents (unless new information, not earlier disclosed by the borrower, has come to the notice of the lender)
- The Bank will not discriminate on grounds of sex, caste and religion in the matter of lending.
- In the matter of recovery of loans, the Bank will not resort to undue harassment such as persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.

In case of receipt of request for transfer of borrowal account, the Bank will convey consent or otherwise within 21 days from the date of receipt of request.

**GRIEVANCE REDRESSAL MECHANISM:**

The Bank has prepared separate document for redressal of grievances, wherein clear procedure for resolving disputes is explained.



**THE ZOROASTRIAN CO-OPERATIVE BANK LTD.**

**GRIEVANCES REDRESSAL POLICY**

**2018-19**

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## **GRIEVANCES REDRESSAL POLICY**

### **1. PREAMBLE**

“Prompt and efficient customer service has become the key to the success of any organization”. This is applicable specifically to banks, as banks are in the service industry. Today’s customer is more demanding and at the same time knowledgeable and very well aware of his/her rights. It is thus of vital importance that the employees of the Bank keep themselves upgraded about the new initiatives taken within the Bank as well as in the banking industry and extend all the services in a prompt, courteous and helpful manner.

A well attended query or enquiry results in satisfaction of the customer, which moulds the psyche of the customer to become a loyal customer of any organization. However an unattended query or enquiry results in customer dissatisfaction leading to customer grievance. Customer grievances, if not attended promptly, can be escalated in the form of complaints to higher levels like the consumer court / the Ombudsman/BCSBI (Banking Codes and Standards Board of India), thereby affecting the reputation of the Bank.

Every employee is expected to understand the importance of attending to customer grievance as a part of customer service, look at every query or enquiry as a business opportunity and try to convert it into business, and simultaneously gain customer loyalty.

### **2. BACKGROUND**

The Bank realizes that quick and effective handling of complaints as well as prompt corrective & preventive actions to improve processes are essential to provide excellent customer service to all segments of customers.

To achieve this, the Bank has a clearly documented Policy for Redressal of Customer Grievances.

This Policy has been suitably revised in line with RBI’s guidelines enumerated in the Master Circular on Customer Service in Banks dated 1st July 2014, and is being tabled for the approval of the Board.

Through this Policy, the Bank will ensure that a suitable mechanism exists for receiving and addressing complaints from its customers / constituents with specific emphasis on resolving such complaints fairly and expeditiously regardless of sources of the complaints.

### **3. OBJECTIVES OF THE POLICY**

The Bank's Policy on Grievance Redressal is prepared to fulfill the following objectives:

- To ensure that the customers are treated fairly at all times.
- To ensure that complaints raised by customers are dealt with courteously and promptly.
- To ensure that customers are fully informed of the avenues available to them to escalate their complaints/ grievances within the organization and their rights to alternative remedies, if they are not fully satisfied with the response of the Bank to their complaints.
- To ensure that the Bank treats all complaints efficiently and fairly, as inefficient handling can damage the Bank's reputation and business.
- To ensure that the Bank employees work in good faith and without prejudice to the interests of the customer.

### **4. SCOPE OF THE POLICY**

The Policy will cover resolution of all complaints raised by customers on account of system intricacies, procedures, gaps in customer service, service charges etc. Redressal machinery is also applicable to complaints raised on account of credit information of customers.

The grievance redressal mechanism given in the Policy will be available for issues concerning the Bank's policies/products/services and its employees and the Bank will ensure that the customer issues are resolved expeditiously and effectively.

### **5. OWNERSHIP OF THE POLICY**

The ownership of the Customer Grievance Redressal Policy rests with Retail Banking Department. The Policy will be updated, every year or at other intervals as required, by the - Retail Banking after the issuance of the Master Circular by RBI and also if any major modifications are proposed by the Regulators/Board.

### **6. VALIDITY**

This Policy will be valid for the Financial Year 2018-19 and will be reviewed subsequently by the Retail Banking Department. Modifications, if any, warranted by changes in Government/RBI/IBA directives will be incorporated after approval of the Board.

## **7. KEY ELEMENTS OF THE POLICY**

The Policy Document covers the following aspects:

1. Internal machinery to handle customer complaints /grievances
2. Appointment of Nodal Officer to handle complaints and grievances
3. Mandatory display requirements
4. Resolution of grievances
5. Time frame
6. Interactions with customers
7. Registration of complaints

### **7.1 INTERNAL MACHINERY TO HANDLE CUSTOMER COMPLAINTS/ GRIEVANCES:**

The internal machinery developed by the Bank to handle customer complaints/ grievances will be as stated below:

#### **7.1.1. BRANCH LEVEL**

As customers normally deal with the branches, it is likely that the complaints are lodged at the branch office. The Branch Manager will thus be responsible for attending to complaints/grievances in respect of customer service at the branch level. He will be responsible for ensuring the satisfactory closure of all complaints received at the branches. A register of all complaints received will be maintained.

In case the Branch Manager is not in a position to resolve the complaint completely or the customer is not satisfied with the resolution provided by the Branch Manager, then the customer will be provided with alternate channels to report the matter. Thus the Branch Manager will make provisions for:

- Appropriate arrangements for receiving complaints and suggestions.
- Making available the name, address and contact number of the Nodal Officer.
- Making available the contact details of the Banking Ombudsman of the area.
- A suitable Board with the details as above be displayed at the Branch

The Branch Manager will try to resolve the complaints within specified time frames. As per the Policy, the complaints received at the Branch level should be resolved within 7 days.

Communication of the Bank's stand on any issue to the customer is a vital requirement, as therefore if complaints received require some time for examination of issues involved this will be invariably conveyed to the customer.

If the Branch Manager feels that it is not possible at his/her level to solve the problem he/she will refer the case to the competent authority at the Corporate Office for guidance and necessary action under advice to the customer.

### **7.1.2. NODAL OFFICER LEVEL/CORPORATE OFFICE LEVEL**

The Nodal Officer/Competent Authority at the Corporate Office will consider unresolved complaints/grievances referred to it by branches. All complaints received at the Corporate Office will be forwarded to the Nodal Officer.

The Nodal Officer, after discussing the issue with the functional heads, will try to resolve the complaint to the satisfaction of the customer. At times the Nodal Officer may interact with the customer and resolve the issue.

In case the customer is still not satisfied then the Nodal Officer will place the issue before the Managing Director and CEO for guidance.

## **7.2 APPOINTMENT OF NODAL OFFICER TO HANDLE COMPLAINTS AND GRIEVANCES**

Based on instructions of IBA, our Bank has already put in place the internal machinery to handle customer complaints/grievances. The Nodal Officer has been appointed for the Bank to handle complaints and provide appropriate solutions.

### **7.2.1 ROLE OF THE NODAL OFFICER (NO) TO HANDLE COMPLAINTS AND GRIEVANCES**

The Nodal Officer will evaluate the feedback on quality of customer service received from the branches. The NO will also review comments/feed-back on customer service and implementation of commitments to Customers.

The Nodal Officer will be responsible to ensure that all regulatory instructions regarding customer service are followed by the Bank. Towards this, the Nodal Officer will obtain necessary feedback from Branch Managers/ Functional Heads.



The Nodal Officer will also consider unresolved complaints/grievances referred to it by the Branch Managers/Functional Heads responsible for redressal and offer his advice.

The Nodal Officer will submit a report on his/her performance to the Board/ at quarterly intervals. All complaints remaining unresolved for more than 30 days from the date of receipt of complaints from the customer will be reported to the Board by the Nodal Officer.

### **7.3 MANDATORY DISPLAY REQUIREMENTS**

“May I help you” internal signage will be displayed at the counter nearest to the entrance of the branch. This counter will be invariably manned by an experienced official who will be well versed with the Bank’s various procedures, schemes, circulars, etc and will be able to guide the customer properly

The Banking Codes and Standard Board of India also insist on display of this information as per RBI’s specifications. Accordingly, a Comprehensive Notice Board in the specified standardized format will be provided and will be displayed at all our branches. The information contained in Comprehensive Notice Board is given as under:

1. The appropriate arrangement for receiving complaints and suggestions-Complaint register and suggestion box are provided at branches.
2. The name, address and contact number of the Nodal Officer are displayed at branch.
3. Contact details of the Banking Ombudsman of the area are displayed at the branch.
4. Information that the complaint form is made available on the Website.
5. Information that the Fair Practice Code and various other Codes related to customer education are also made available on the Banks website.

### **7.4 RESOLUTION OF GRIEVANCES**

This process is described elaborately under point No. 7.9 of this Policy.

## **7.5 TIME FRAMES**

Complaints are seen in the right perspective by the Bank as they indirectly reveal a weak spot in the working of the Bank. Complaints received will be studied in detail for resolution.

Communication of the Bank's stand on any issue to the customer is a vital requirement. Complaints received that would require some time for examination of issues involved will invariably be acknowledged promptly.

A specific time schedule will be set for handling complaints and disposing them at all levels including branches and Corporate Office. Branch Managers will make all efforts to resolve the complaint within the specified time frames.

- The complaints received at the Branch level will be resolved within 7 days.
- If the Branch Head is unable to satisfy the customer, he will refer such complaints to the Nodal Officer. The Branch will ensure to refer the case to the Nodal Officer within 10 days from the date of receipt of the complaint at the Branch Office. The Nodal Officer will consider unresolved complaints/grievances referred to it by Branches. The Nodal Officer, after discussing the issue with the functional heads will try to resolve the complaint to the satisfaction of the customer. At times the Nodal Officer will interact with the customer and try to resolve the issue. In case the customer is still not satisfied, then the Nodal Officer will place the issue before the Board of Directors for their guidance.
- All complaints remaining unresolved for more than 30 days from the date of receipt of the complaint from the customer will be reported to the Board by the Nodal Officer.
- As per the Banking Ombudsman Scheme, if the customer's complaint is not attended to properly by any Bank / branch or the complaint is not accepted by the Bank / branch or the complaint is not resolved within 30 days the customer can approach the Banking Ombudsman with his complaint or explore other legal avenues available for grievance redressal.

In case of reviewing a request from a person concerning the amendment of any record or information pertaining to him, the Bank will take a decision in the matter and notify the Credit Information Company/ Central Information Commission of such amendment within 30 days of the receipt of the request.

## **7.6 INTERACTION WITH CUSTOMERS**

The Bank recognizes that customers' expectations/requirements/grievances can be better appreciated through personal interaction with customers by the Bank's staff.

Structured customer meets, will be held once in a quarter by the Branches so as to pass on the message to the customers that the Bank cares for them and values their feedback/suggestions for improvement in customer service. The Branch Manager will maintain rapport with the customers through visits and meeting the customers at branches.

Many of the complaints arise on account of lack of awareness among customers about the Bank's services and such interactions will help the customers appreciate banking services better. The feedback from customers will be valuable inputs for the Bank for revising its products and services to meet customer requirements.

## **7.7 TRAINING TO OPERATING STAFF ON HANDLING COMPLAINTS**

The Bank will provide comprehensive training to its employees. In such training programs specifically meant for handling customer complaints and grievances the guidelines given by Government/RBI/IBA on grievance redressal will be enunciated. The guiding principles of the Bank's approach to grievance redressal will also be explained. Online tests will also be conducted to keep the staff updated on the various products and services. Amendments and circular instructions will be issued which will help the staff to attend to customer queries promptly.

The entire grievance redressal mechanism will be built around the following principles:

1. **Transparency:** The customer will be provided with information regarding the channels they can access to service their requirements and resolve their issues. In addition, the turn-around time for issues to be redressed including investigation and resolution will be communicated transparently.
2. **Accessibility:** The Bank will enable the customers to avail of services through multiple published channels.
3. **Escalation:** Information on the process of escalation of complaints to the next level in case the customer is not satisfied with the resolution provided by the current level in the Bank will be made available in the branches/Bank's Website.

4. **Customer Education:** The Bank shall endeavor to make continuous efforts to educate its customers to enable them to make informed choices regarding banking products and reduce errors in banking transactions.
5. **Review:** The Bank will have forums at various levels to review customer grievances and enhance the quality of customer service. The quality of Customer Service rendered by the Bank is examined periodically and a note placed before the Board every six months.
6. The Policy document will be made available at all branches. The concerned employees will be made aware about the complaint handling process.

## 7.8 REGISTRATION OF COMPLAINTS

The Bank will have forum at various levels for the registration of customer grievances and for enhancing the quality of customer service. On the basis of this approach the following avenues will be open for the customers:

1. **Customer Service Centre:** Customers can contact our Customer Service Centre officials over the phone for redressal of issues or send an email letter to the mail ids/addresses displayed in the posters at the branches/website. On making a complaint vide a telephone/mail/post, Customer Service Centre will issue a complaint/grievance reference number. A copy of the complaint will also be marked to the Nodal Officer.
2. **Branch:** The customer can speak to the branch officials/Branch Manager for resolution of their issues or make a written complaint. Alternatively the customers can drop their complaint /feedback in the boxes made available at the branch.
3. **Nodal Officer** In case the customer is not happy or feels that his/her grievance is not suitably redressed at the Branch Office, he can write directly to the Nodal Officer. The Nodal Officer's name and address will be displayed at the branches.
4. **Bank's Website:** Customers can log in a complaint by writing to the "Feedback" section in the Home Page of the Bank's Website. The complaint form will be uploaded in this section. Customers can also write to the business heads of the respective products, as updated on the Bank's Website, in case they are not satisfied with the resolution provided through various channels.
5. **Chairman's Office /Managing Director's Office:** The customers may also write directly to the CEO's Office. The reply to the customer in such cases will be sent after discussion/replies from the concerned branches /Departments by the CEOs.

**7.9 SOME COMMON GUIDELINES FOR COMPLAINT RESOLUTION**

1. The customer will be given an acknowledgment of the complaint made, by the designated officials of the level at which the complaint is made.
2. The complaint will be resolved by coordinating with the concerned officials of the relevant branches /departments.
3. Each level will scrupulously adhere to the time frame specified for complaint resolution. In case it is not possible the complaint will be immediately escalated to the next level.
4. The final written response to the customer regardless of where the complaint is being received will contain the mandatory clause to make the customer aware of his/her rights to approach the Banking Ombudsman.



**THE ZOROASTRIAN CO-OPERATIVE BANK LIMITED**

**Investment Policy for F.Y 18-19  
Ending 31<sup>st</sup> March 2019.**

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## **I. OBJECTIVES**

The main objectives of the policy are:

1. Complying with Statutory provisions, regulatory guidelines and guidelines issued by the Reserve Bank of India (RBI) from time to time
2. Profit planning thereby increasing the spreads.
3. Maximizing the yield on investments coupled with adequate safety and liquidity
4. Optimising maturity profile with respect to the duration of the entire investment portfolio in relation with Asset & Liability requirements
5. Minimizing credit and interest rate risk
6. Clearly defining the authority to put through deals, fixing various prudential exposure limits and reporting system.

## **II. STATUTORY OBLIGATIONS**

### **A. Statutory (SLR) Investments. (Amendment)**

In terms of provisions of Section 24 of the BR Act 1949, (AACS), every Primary (Urban) Co-operative Bank is required to maintain liquid assets which at the close of business on any day should not be less than such percentage as mentioned above but not exceeding 40% of the total of its Demand and Time Liabilities in India as notified by Reserve Bank of India in the Official Gazette (in addition to the minimum Cash Reserve Requirement of 4 percent of its Demand and Time Liabilities in India).

The Banks may hold such liquid assets in such manner as notified by Reserve Bank of India in the Official Gazette.

Liquid Assets can be maintained in the form of:

a) Cash, or

(b) Gold valued at a price not exceeding the current market price, or

(c) Unencumbered Investment in approved securities as defined in Section 5(a) of the Banking Regulation Act, 1949 (10 of 1949) read with section 56 thereof.

As announced in the Fourth Bi- Monthly Monetary Policy statement 2017-18 of Reserve Bank of India dated 4<sup>th</sup> October,2017, Statutory Liquidity Ratio (SLR) of Primary Urban Co-operative Banks (UCBs) stand reduced from 20 per cent of their Net Demand and Time Liabilities (NDTL) to 19.50 per cent from the fortnight commencing 14<sup>th</sup> October 2017.

**Note:** Balances kept with State Co-operative Banks / District Central Co-operative Banks as also Term Deposits with Public Sector banks will not be eligible for being reckoned for SLR purpose w.e.f April 1, 2015. Also, Inter Bank Deposits accepted by Scheduled UCB's from Non – Scheduled UCB's shall continue to be exempted from being reckoned under CRR/SLR.

In exercise of the powers conferred by sub-section (2A) of Section 24 of the Banking Regulation Act, 1949 (10 of 1949) read with Section 56 thereof, the Reserve Bank of India hereby specifies that every Primary (Urban) Co-operative Bank shall continue to maintain in India assets as detailed above, the value of which shall not, at the close of business on any day, be less than percentage mentioned above of the total of Demand and Time liabilities in India as on the last Friday of the second preceding fortnight valued in accordance with the method of valuation specified by the Reserve Bank from time to time.

**B. Cash Reserve Ratio (CRR):-**

In terms of provisions of Section 42 (1) of RBI Act 1934, Scheduled Primary (Urban) Co-operative Banks are required to maintain 4% of Demand and Time Liabilities as on the last Friday of the second preceding fortnight as its Cash Reserve Ratio(CRR) by way of balance in a current account with the Reserve Bank. CRR shall be maintained as per the guidelines issued by RBI from time to time.

**C. Inter Bank Deposits:-**

The Bank's total amount of deposits placed with other Bank's (Inter-Bank) for all purposes including call money/notice money, and deposits ,if any, placed for availing clearing facility, CSGL facility, currency chest facility, remittance facility and non-fund based facilities like Bank Guarantee, Letter of Credit, etc shall not exceed 20% of its Total Deposits as on 31<sup>st</sup> March of the previous year. The balances held in deposit accounts with Commercial Bank's, scheduled UCBs, State Cooperative Banks, District Central Cooperative Banks and investments in Certificate of Deposits issued by Commercial Bank's, being inter bank exposures, will be included in this 20% limit. The deposits placed with any single Bank shall not exceed 5% of the depositing Bank's total deposits as of 31<sup>st</sup> March of the previous year.

Further, the Total Inter-UCB Deposits accepted by a scheduled UCB should not exceed 10% of its Deposits as on 31<sup>st</sup> March of the previous financial year.

The Bank is permitted to accept Deposits from other Scheduled Urban Co-operative Banks, if it is a part of arrangement for providing specific services with the Bank such as sponsorship for Bank for clearing purposes, DD arrangement, CSGL facility, currency chest facility, foreign exchange transactions, remittance facility and non-fund based facilities like Bank Guarantees, Letters of Credit etc.

The Bank to fulfil the following criteria to accept deposits from scheduled and non-scheduled Urban Co-operative Banks.

1. CRAR not less than 10%.
2. Gross NPAs of less than 7% and Net NPAs of less than 3%.
3. Net profit for at least three out of the preceding four years subject to the Bank not having incurred a net loss in the immediate preceding year.
4. No default in the maintenance of CRR/SLR in the preceding financial year.
5. Sound internal control systems with at least two professional directors in Board.
6. Core Banking Solutions(CBS) fully implemented.

The Bank shall place Monies in Term Deposits with Banks as detailed in Annexure II.

### **III. SCOPE OF INVESTMENTS**

The Bank is permitted to invest in the following Investments:

- A. SLR Investments
- B. NON-SLR Investments

#### **A. SLR Investments :**

SLR Investments comprise of:

1. Central and State Government securities

2. Treasury Bills, Securities and Bonds issued by various statutory bodies of Central & State Governments like Public Financial Institutes, State Electricity Boards, Municipal Corporations and other State Corporations notified as “Approved Securities”.

The bank shall undertake SLR Investment transactions adhering to the following:

- The Bank shall undertake transactions on its own investment account
- The transactions will be on an outright basis
- The Bank shall place LIVE deals on NDS-CALL and NDS-OM and by way of placing monies in call money market and buy/sell securities with the actual prices/rates prevailing in the market and this benefit will help the Bank in managing liquidity efficiently and effectively. This facility will help the Bank in conducting intra-day trades as well as short selling in Government securities. However, the Bank will not conduct short selling in Government Securities.
- The Bank shall not issue any Bankers Receipt in respect of any transaction relating to Government or other securities
- The Bank is permitted to undertake transaction in securities through the members of National Stock Exchange (NSE), Stock Exchange, Mumbai (BSE), Over the Counter Exchange of India (OTC). However, the role of the intermediary broker will be restricted to the extent of bringing the counter-parties together only and the settlement of the transaction will be done directly between the counter-parties. No brokerage will be paid to the broker as per guidelines issued by the RBI from time to time. The Bank will utilize the services of only those broking companies, which are approved by the Board of Directors as per Annexure – III. The Bank will place a upper contract limit of an aggregate of 5% for dealing in Total transactions (both purchase & sale) with each of the approved brokers as per RBI guidelines.
- In keeping with the extant Reserve Bank of India guidelines, the settlement of a trade will be done on the next working day of the deal (i.e. T+1 basis)
- Care shall be taken to ensure that maturity profile of the investment portfolio matches in the Asset & Liability profile of the Bank to the best extent possible
- Trading in SLR securities will be guided by the Trading Policy of the Bank as formulated in Annexure –I, which will form a part of this policy.
- Bank may take advantage of the bidding facility in the auction of Government of India dated securities, provided by Reserve Bank. Under this scheme, the Bank may bid in any auction of Government of India dated securities.

**B. Non SLR Investments:-**

Non-SLR Investments comprise of:

1. "A" or equivalent and higher rated Commercial Papers , debentures and bonds.
2. Units of Debt Mutual Funds and Money Market Mutual Funds
3. Shares of Market Infrastructure Companies

- All Non-SLR Investments will be subject to the prescribed prudential single/group counter party exposure limits. All transactions for acquisition / sale of Non-SLR Investments in secondary market may be undertaken only with Banks / Primary Dealers as counterparties.
- Non-SLR Investments shall not exceed 10% of the Banks Total Deposits as on 31<sup>st</sup> March of the previous financial year.
- Investments in perpetual Debt Instruments is not permitted.
- The Bank will not invest in Zero Coupon Bonds from February 18, 2011 as advised vide [RBI circular No.UCB\(PCB\)BPD.Cir.No.36/ 16.20.000/2010-11 dated February 18, 2011](#) unless the issuer builds up a sinking fund for all accrued interest and keeps it invested in liquid investments / securities (Government bonds).
- The Bank will invest only in units of Debt Mutual Funds and Money Market Mutual Funds. However, Non-SLR Investments, other than in units of Debt Mutual Funds and Money Market Mutual Funds, and CPs, shall be in instruments with an original maturity of over one year.
- The Bank will not make Fresh investments in shares of All India Financial Institutions (AIFIs). The existing share holding in these institutions may be phased out and till such time they shall be held under Non-SLR Investments.
- All fresh investments under Non-SLR category should be classified under Held for Trading (HFT) / Available for Sale (AFS) categories only and marked to market as applicable to these categories of Investments. However, Investments in the long term bonds issued by companies engaged in executing infrastructure projects and having a minimum residual maturity of seven years may be classified under Held to Maturity (HTM) category.

- The Bank can invest in shares of Market Infrastructure Companies (MICs), and can exceed the limit for Investments in Non-SLR Investments if it becomes necessary to do so for acquiring membership of MICs. The MICs eligible for such Investments by UCBs are Clearing Corporation of India Ltd., National Payments Corporation of India and Society for World Wide Inter-Bank Financial Tele-Communication (SWIFT). The list of eligible MICs will be updated from time to time by the Reserve Bank of India.

**1V BONDS / DEBENTURES RECEIVED THROUGH SECURITISATION / RECONSTRUCTION COMPANIES (SC/RC):**

The bonds/ debentures received by the Bank as sale consideration towards sale of financial assets to Securitisation /Reconstruction companies will be classified as Non-SLR Investments in the books of the Bank and accordingly the valuation, classification and other norms as applicable to Non-SLR Investments will be applicable. The Bank is allowed to hold these Investments, over and above the limit of 10% of its deposits as on 31 March of the previous year. The Bank is permitted to invest in Security Receipts issued by SC / RC in respect of financial assets sold by them to the SC / RC. When the Bank sells its financial assets to SC/RC, on transfer the same would be removed from the books of the bank. If the sale to SC/RC is at a price below the Net Book Value (NBV) (i.e. book value less the provision held), the shortfall should be written off/ debited to Profit & Loss Account of that year.

**V REVIEW:**

The Board of Directors shall review the following aspects of Non-SLR Investment at least at half-yearly intervals:

- (a) Total business (investment and divestment) during the reporting period.
- (b) Compliance with prudential limits prescribed for Non-SLR investment.
- (c) Compliance with the prudential guidelines issued by Reserve Bank on Non-SLR securities.
- (d) Rating migration of the issuers/issues held in the bank's books and consequent diminution in the portfolio quality.
- (e) Extent of non-performing investments in the Non-SLR category and sufficient provision thereof.

The Bank will undertake a half-yearly review (as of March 31 and September 30) of its Investment portfolio, which shall, apart from other operational aspects of investment portfolio, clearly indicate and certify adherence to the laid down internal investment policy and procedures and Reserve Bank's guidelines, and place the same before the Investment Committee of the Board of Directors /Board of Directors within a month. Such review reports should be forwarded to Regional Office of Urban Banks Department by May 15 / November 15 respectively.

## VI **DISCLOSURE:**

The Bank will disclose the details of the issuer-wise composition of Non-SLR investments and the non-performing investments in the 'Notes on Accounts' of the Balance Sheet, as indicated below:

### i) Issuer composition of Non SLR investments

(Rs. in crore)

No.	Issuer	Amount	Extent of 'below investment grade' Securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
1	2	3	4	5	6
1	PSUs				
2	FIs				
3	Public sector Banks				
4.	Mutual Funds				
5.	Others				
6.	Provision held towards depreciation				
	<b>Total *</b>				

### ii) Non performing Non-SLR investments

Particulars	Amount (Rs. Crore)
Opening balance	
Additions during the year since 1st April	
Reductions during the above period	
Closing balance	
Total provisions held	

**VII. INTERNAL CONTROL :**

For every transaction entered into, a deal slip will be prepared which should contain details relating to name of the counter-party, whether it is direct deal or through a broker, and if through a broker, details of security, amount, price, contract date and time. For each deal, there must be a system of issue of confirmation to the counterparty.

The Deal Slips should be serially numbered and controlled separately to ensure that each deal slip has been properly accounted for.

On the basis of vouchers passed after verification of actual contract notes received from the broker/counter-party and confirmation of the deal by the counter-party the Accounts Section should independently write the books of accounts.

The Bank shall maintain a record of broker-wise details of deals put through them. No brokerage shall be paid to the brokers by the Bank..

The Internal Audit Department should audit the transactions in securities on an ongoing basis and monitor compliance with the laid down management policies and prescribed procedures and report the deficiencies directly to the management of the bank.

**VIII. CONCURRENT AUDIT :**

In view of the possibility of abuse, treasury functions viz. investments, funds management including inter-bank borrowings, bills rediscounting, etc. should be subjected to concurrent audit and the results of audit should be placed before the Chairman and Managing Director of the bank at prescribed intervals.

It is the primary responsibility of the Bank to ensure that there are adequate audit procedures for ensuring proper compliance of the instructions in regard to the conduct of investment portfolio.

The concurrent audit will cover the following aspects:

- (i) Ensure that in respect of purchase and sale of securities the concerned department has acted within its delegated powers.
- (ii) Ensure that the securities other than those in SGL and in demat form, as shown in the books, are physically held.



- (iii) Ensure that the Accounting Unit is complying with the guidelines regarding BRs, SGL forms, delivery of scripts, documentation and accounting.
- (iv) Ensure that the sale or purchase transactions are done at rates beneficial to the Bank.
- (v) Scrutinise conformity with broker limits and include excesses observed in their periodical reports.

#### **IX. INTERNAL AUDIT :**

Purchase and sale of Government Securities, Treasury Bills should be separately subjected to audit by internal auditors of the Bank and the results of their audit should be placed before the Board of Directors once in every quarter.

#### **X. MONEY MARKET OPERATIONS**

Besides maintaining required balances with Reserve Bank of India for the purposes of CRR compliance, Money Market Operations will be undertaken by the Bank for deploying its short-term surplus liquidity profitably. This short-term liquidity shall be deployed in following instruments:

1. Inter-bank Call Money/ Collateralised Borrowing and Lending Obligation( CBLO).
2. Term Money placed with other Banks / Financial Institutions

To facilitate borrowings from the Money Market, the Bank has set up a borrowing limit under Collateralised Borrowing & Lending Obligation (CBLO) through Clearing Corp of India Ltd. (CCIL) in terms of RBI guidelines. The Bank shall mark under lien securities for borrowing through Clearing Corp of India Ltd. (CCIL). However, on a given day the Bank shall borrow to the extent of the market value of securities marked under lien with CCIL. The Bank shall place monies in Call Money as per limits assigned institution wise as per Annexure II.

#### **XI. CATEGORISATION, CLASSIFICATION & VALUATION:**

In the balance sheet, the investments will continue to be disclosed as per the existing norms viz.

- i) Government Securities
- ii) Other Approved Securities
- iii) Shares
- iv) Bonds of PSUs and Corporate Bonds
- v) Others(Mutual Funds)

The entire investment portfolio of the Bank will be classified under the three categories viz.

- i) Held to Maturity
  - ii) Available for Sale
  - iii) Held for Trading
- The Bank will ensure that the categorization of securities, treatment of booking profits on sale of securities in different categories, shifting of securities between categories and valuation of securities and the provision of resultant depreciation will be strictly as per guidelines issued by Fixed Income Money Market & Derivatives Association (FIMMDA) / Primary Dealers Association of India (PDAI) under specific authority given to them by RBI from time to time.
  - Unquoted Central Government securities should be valued on the basis of the prices/YTM rates put out by the PDAI/FIMMDA at periodical intervals.
  - Treasury Bills and Commercial Papers should be valued at carrying cost.
  - State Government securities will be valued applying the YTM method by marking it up by 25 basis points above the yields of the Central Government Securities of equivalent maturity put out by PDAI/FIMMDA periodically.
  - Other approved securities will be valued applying the YTM method by marking it up by 25 basis points above the yields of the Central Government Securities of equivalent maturity put out by PDAI/FIMMDA periodically.
  - Debentures/Bonds of different ratings will be valued with appropriate mark-up over the YTM rates for Central Government securities as put out by PDAI/FIMMDA periodically. The mark-up will be graded according to the ratings assigned to the debentures/bonds by the rating agencies.
  - Full provision should be made in respect of Investments in shares of co-operative institutions. In cases where the financial position of co-operative institutions in whose shares banks have made investments is not available, the shares have to be taken at Re. 1/- per Co-operative institution. The total investments of a Co-operative Bank in the shares of the Central Co-operative Bank to which it is affiliated or in the State Co-operative Bank of the State in which it is registered shall not exceed 2 per cent of its owned funds (paid-up share capital and reserves).

- Investments in quoted debt/money market Mutual Fund Units should be valued as per stock exchange quotations. Investments in non-quoted Mutual Funds Units are to be valued on the basis of the latest re-purchase price declared by the Mutual Funds in respect of each particular Scheme. In case of funds with a lock-in period, or where repurchase price/market quote is not available, units could be valued at Net Asset Value (NAV). If NAV is not available, then these could be valued at cost, till the end of the lock-in period.

### **Held to Maturity: (Amendment)**

Securities acquired by the Bank with the intention to hold them up to maturity will be classified under HTM category.

In line with RBI guidelines, the ceiling on SLR securities under the HTM category is reduced from 20.50 percent of the applicable Demand and Time Liabilities to 19.50 percent in a gradual manner.

- (1) 20 per cent by 31<sup>st</sup> December, 2017 and,
- (2) 19.50 percent by 31<sup>st</sup> March 2018.

### **Held for Trading**

Bank may acquire securities with the intention to trade by taking advantage of the short-term price/interest rate movements and intention to sell such securities within 90 days will be classified under HFT category.

If bank is not able to sell the security within 90 days due to exceptional circumstances such as tight liquidity conditions, or extreme volatility, or market becoming unidirectional, such security will be shifted to the AFS category. However, depreciation on such security, if any, applicable on the date of transfer will be charged to Profit and Loss account. Such transfers will be subject to the approval of the Board of Directors/Investment Committee of the Board of Directors.

**Available for Sale**

Securities which do not fall within the above two categories will be classified under AFS category.

The Bank has the freedom to decide on the extent of holdings under AFS category. This may be decided by considering various aspects such as basis of intent, trading strategies, risk management capabilities, tax planning, manpower skills, capital position, etc

In line with RBI guidelines,

1. The Bank shall build up IFR out of realized gains on sale of investments, and subject to availability of net profit, of a minimum of 5% of the investment portfolio held under AFS (Available for Sale ) and HFT (Held For Trading) categories only, within a period of 5 years.
2. However, the Bank is free to build up a higher percentage of IFR up to 10% of the portfolio, with the approval of the Board of Directors.
3. The Bank shall transfer maximum amount of gains realized on sale of investments to IFR subject to requirement. It shall be as an appropriation of net profit after appropriation of statutory reserves.
4. The IFR so created would be eligible for inclusion in Tier II Capital.
5. Whenever the Bank shall decide to transfer amount from IFR to P&L account to meet depreciation requirement on investments, it will ensure that the same is reported below the line as an extraordinary item.
6. Unrealised gains on valuation of investments shall not be taken to the income account or to the IFR.
7. Bank may utilize the amount held in IFR to meet, in future, the depreciation requirement on investment in securities.

8. In the event the Investment Depreciation Reserve (created by charging diminution in investment value to profit and loss account) is found to be in excess of the required amount in any year, the excess should be credited to P&L account and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserve as applicable to such excess provision) should be appropriated to IFR account to be utilized to meet any future depreciation requirements. The amount debited to P&L account for depreciation provision and the amount credited to P&L account for reversal of excess provision will be debited and credited respectively under the head “Expenditure – provision & contingencies”. The amounts appropriated from the P&L account and the amounts transferred from IFR to the P&L account will be shown as “below the line” items after determining the profit of the year.

The Bank’s size of the Trading Book shall be Rs 10 crores at daily intervals or as per Investment Committee of the Board / Board of Directors directives from time to time.

## **XII. SHIFTING OF INVESTMENTS**

As per extant RBI guidelines the bank may shift investments from / to HTM (Held To Maturity) category with the approval of the Board of Directors/Investment Committee of the Board of Directors once in a year. Such shifting may be allowed during the beginning of the accounting year. No further shifting will be allowed during the remaining part of the accounting year.

The Bank may shift securities from AFS (Available for Sale) category to HFT(Held for Trading) category with the approval of Board of Directors. In case of exigencies, such shifting may be done with the approval of the Chief Executive Officer but should be ratified by the Board of Directors/Investment Committee of the Board Of Directors.

If Bank is not in a position to sell security purchased for trading (HFT) within 90 days due to exceptional circumstances such as tight liquidity conditions, or extreme volatility, or market becoming unidirectional bank shall transferred such security to AFS (Available for Sale) category after 90 days subject to depreciation, if any on the date of transfer.

Transfer of securities from AFS(Available for Sale) category to HTM(Held to Maturity) category shall be done at the acquisition cost/book value/market value on the date of transfer whichever is least, and the depreciation if any on such transfer should be fully provided for.

**XIII. INVESTMENT AND ALM COMMITTEE**

The Bank's Investment and ALM Committee comprises of :

1. Chairperson of the Board of Directors
2. Managing Director & CEO
3. Senior Chief Manager (Treasury)
4. Chief Manager (Credit)

The committee will prepare and send the following fortnightly returns to RBI as under:

- (a) Statement of Structural Liquidity
- (b) Statement of Interest Rate Sensitivity

The Committee shall place the Statement of Structural and Dynamic Liquidity to assess the Bank's inflows and outflows before the Investment Committee of the Board of Directors at periodic intervals.

The quorum for the ALCO Committee shall consist of all the members of the Committee as mentioned above.

The ALM Committee will meet at least once in a fortnight to review the Banks liquidity conditions and suggest measures to re-price the Banks liabilities & assets for better profitability with minimum risk.

ALCO will undertake risk analysis and assessment of the Bank's Investment portfolio. It will also study the necessary data for analysing the Asset / Liability mismatches vis-à-vis the Bank's Asset and Liability portfolio and suggest ways and means to overcome the same.

Whilst taking decisions of the Bank's Investments, the Investment Committee of Executives will also take into account the interest rate risk arising out of market forces and its impact on domestic interest rates.

In line with RBI guidelines, the time buckets of 1-14 days are further bifurcated into 1 day, 2-7 days and 8-14 days.

<b>Outflows</b>	<b>1 Day</b>	<b>2-7 days</b>	<b>8-14 days</b>	<b>15-28 days</b>	<b>29 days and upto 3 months</b>	<b>Over 3 months and upto 6 months</b>	<b>Over 6 months and upto 1 year</b>	<b>Over 1 year and up to 3 years</b>	<b>Over 3 years and upto 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Inflows</b>	<b>1 Day</b>	<b>2-7 days</b>	<b>8-14 days</b>	<b>15-28 days</b>	<b>29 days and upto 3 months</b>	<b>Over 3 months and upto 6 months</b>	<b>over 6 months and upto 1 year</b>	<b>over 1 year and up to 3 years</b>	<b>over 3 years and upto 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Total</b>											
<b>Mismatch % +/-</b>											

ALCO has fixed tolerance limits of positive / negative mismatches (both inclusive) of 20% in the buckets of 1-14 and 15-28 days in line with RBI guidelines, upto 30% in the time bucket of 29 days to 3 months, upto 50% in the bucket of 3 months to 6 months, upto 40% in the bucket of 6 months to 1 year, upto 70% in the bucket of 1 year to 3 years, upto 900% in the bucket of 3 years to 5 years and upto 100% in the bucket of 5 years and above.

The Investment Committee of Executives is empowered to invest surplus funds in:

1. Call money market / Bills discounting (BDs) / Commercial Paper (CP) / Term Money, Mutual Funds within the exposure limits set and approved by the Board of Directors for various Banks, Primary Dealers, Financial Institutions, details of which are as contained in Annexure-II
2. Put bids for subscription through auction / open market operation of the RBI
3. Outright purchase and sale of securities in the secondary Whole sale Debt Market (WDM)
4. Subscription in Public Issue / Private Placement of NON-SLR securities
5. Outright purchase and sale of NON-SLR securities

The Investment Committee of Executives will ensure that their action pertaining to purchase/sale of securities is noted by the Board of Directors / Investment Committee of the Board of Directors from time to time.

The Investment Committee of Executives is empowered to borrow from CCIL against securities pledged with them to meet unforeseen circumstances as per approval of the Board of Directors / Investment Committee of the Board of Directors from time to time..

The Investment Committee of the Board of Directors shall ensure:

1. Compliance with RBI guidelines on Investments
2. Observance of Cash Reserve Ratio and Statutory Liquid Ratio
3. Efficient Fund Management
4. Efforts in augmenting trading profits from time to time
5. Review the Banks liquidity conditions, outflows / inflows and suggest measures to re-price the Banks liabilities & assets for better profitability with minimum risk.

#### **XIV. FUNCTIONS & RESPONSIBILITIES**

With a view to developing an inbuilt internal control mechanism the Treasury is organized with a structure depicting clear functional separation of dealing, settlement, monitoring and control and accounting. As such, to carry out these functions the Treasury will be compartmentalized into the following two sections:

1. Front Office (Dealing) – To be handled by Officer –Treasury, Senior Chief Manager (Treasury) & Managing Director & CEO.
2. Back Office (Settlement & Accounts) – To be handled by another Officer- Treasury, Chief Manager, Management Executive.

##### **Front Office (Dealing)**

The Dealer will negotiate the purchase / sale of security as per the policy defined delegated limits of authority with the counter parties in the market and conclude the trade after ascertaining the latest quotes from the market participants, thus justifying that the buy/sale is in consonance with the market yields at the time of trade.



For every transaction undertaken the dealer should prepare a Deal-slip, which will contain the following details of the deal:

1. Serial number
2. Nature of deal
3. Name of the counter-party / counter-party dealer.
4. Name of the broker / brokerage paid
5. Details of the underlying security
6. Amount in Face Value
7. Price of purchase / sale
8. Deal date / time
9. Settlement date
10. Rating of the Bond in case of Non-SLR securities

Once the deal is concluded the dealer will pass on the deal-slip duly signed by him to the back-office for recording and processing. One copy will be retained by the dealer.

Once the deal is concluded there will not be any substitution of the counter-party. Likewise the underlying securities will also not be substituted.

The Front-Office Functions will also cover the following Activities:

1. Limits monitoring – Monitor limits set for trading activities covering Daily Trading Limits per dealer, the size of the deals etc.
2. Exposure Limits – The exposure limits set for the counter parties and overall exposure taken will be monitored.
3. Broker Limits – Broker wise transactions will be tracked for staying within limits
4. Transfer Pricing – Movement of securities from one category to the other will be controlled for appropriate pricing as per RBI guidelines

### **Back-Office (Settlement & Accounts)**

The role of the Back-Office is defined to provide suitable control functions and Management Information Systems (MIS), keeping in mind the trading volumes envisaged.

**The functions of the Back-office will cover the following:**

1. To monitor SLR / CRR requirements on a day-to-day basis
2. To calculate the liquidity position of the bank after meeting the requisite CRR / SLR requirements. This will be conveyed to the Front Office for call lending / borrowing and for other investment.
3. Once the Deal-slip is received from the Front-Office, the Back-office will prepare the Deal-Confirmation of the deal, which will contain all the essential details of the contract, for forwarding to the counter party for acknowledgment and monitor timely receipt of written confirmation from the counter party
4. Preparation of RTGS confirmations, verification of amounts, maturity dates, authorised signatories, rate of interest etc.
5. Accounting of interest receivables and maturity proceeds on various investments on due dates. Maintenance of due date diary, maturity register, TDS, and follow up on over due interest and maturity proceeds
6. Valuation of investments, identification of non-performing investments and provisioning of resultant depreciation in terms of this policy and RBI guidelines from time to time
7. Complete the necessary transfer slips and ensure timely delivery of the securities.
8. Safe custody of securities in physical form, and other security items
9. Audit compliance and follow-up
10. Compliance of RBI and other statutory guidelines
11. Prepare the accounting vouchers for transactions for writing the books of accounts and periodical reconciliation and balancing of such accounts
12. MIS – The office will provide the Management with requisite reports for monitoring and control daily and report to the Board on a monthly basis

The Bank shall place all statements with respect to sale and purchase of Investments to the Board of Directors from time to time.

**XV. ACCOUNTING STANDARDS**

In order to bring about uniform accounting practice among banks in booking of income on units of mutual funds (debt mutual funds and money market mutual fund), as a prudent practice, such income should be booked on cash basis and not on accrual basis. However, in respect of income from Government Securities/bonds of public sector undertakings, corporate bonds and where interest rates on the instruments are predetermined, income may be booked on accrual basis, provided interest is serviced regularly and is not in arrears.

**XVI. TRAINING**

In order to fine tune the functions of Front Offices and Back Offices, there should also be a system of training the personnel attached to Treasury / Investment activities by imparting in-house as well as outside training to the staff on an ongoing basis.

## **TRADING POLICY**

### **OBJECTIVES**

The Policy primarily aims at the main area of trading activity in G-sec Portfolio. The scope includes other debt instruments like PSU Bonds and other Securities Ranking for SLR, as these provide wider product range for better trading opportunities under fixed income and other debt instruments.

### **SCOPE**

The scope of the Trading Policy addresses the securities / instruments and related trading. The securities / instruments covers under the Trading Policy are:

- i) Government Securities
- ii) Other Approved Securities
- iii) Shares
- iv) Bonds of PSUs and Corporate Bonds

The following will be carried out as a part of Treasury functions but will not fall under the scope of Trading Policy.

1. Call Money Market Operations.
2. Term Money with Banks / FIs.
3. Commercial Paper.
4. REPOS / Reverse REPOS with Banks / FIs / Other counter parties authorized by RBI.
5. Mutual Funds.

### **METHODOLOGY**

Transactions in G-Sec and other debt instruments will be carried out in the following segments, to achieve the objectives set out against each of them.

**INVESTMENT SEGMENT**

This will cover SLR & Non-SLR securities held in “Held to Maturity” and “Available for Sale” categories. Investment Committee will take decisions for buying and selling in these categories. Such transactions in this segment will be carried out primarily to achieve the following objectives:

1. To improve yield on investments
2. To manage maturity profile as per ALM requirements

**TRADING BOOK**

The Bank will run a Trading Book in the “Held for Trading” category of the Investment Portfolio with the following features:

1. It will purely be a short term buy / sell operations with 90 days view for taking advantage of interest rate movements in the Wholesale Debt Market to book profits.
2. It will be governed by profit taking / cut-loss range stipulated for its operations.
3. The size of the Trading Book will be determined by the Board of Directors / Investment Committee of the Board from time to time, and will be in line with the Per Security exposure norms prevailing from time to time.
4. The Trading Book will be subjected to the conditions laid down by the RBI from time to time.
5. The volume for trading is clearly defined.
6. The holding period will not exceed 90 days.
7. Risk limit will be contained by prescribing a Cut-loss limit.
8. Marked-to-market on monthly basis and revaluation loss to be charged to Profit and Loss account.
9. The Bank shall sell securities by way of PICK AND CHOOSE basis.

**RISK LIMIT**

Trading Book will have a stop-loss limit of 20 bps based on weighted average yield. It will exclude the coupon earned during the holding period. However, Senior Chief Manager- Treasury is empowered to exit from any scrip on envisaging adverse market scenario.

### **DELEGATED POWERS**

Under the Trading Book, as well as for investment section comprising of securities to be parked under “Available for Sale” and “Held to Maturity” categories, the following limits are delegated jointly to the Senior Chief Manager – Treasury and the Managing Director &CEO:

<b>Transaction Particulars</b>	<b>Limits(Rs.in crores.)</b>
GoI Securities - Per transaction per day	15.00 (as per Per Security ceiling)
Other Debt Instruments - Per transaction per day	15.00 (as per Per Security ceiling)

Limits denote each Purchase and sale transactions.

For the purposes of deploying surplus funds in Call Money and placing funds in Term Money / Fixed Deposits with Banks, the Senior Chief Manager – Treasury is delegated the authority jointly with the Managing Director & CEO to place funds with the counter parties as per the view taken by the Investment Committee of Executives.

### **GENERAL GUIDELINES**

No sale transaction will be put through without actually holding the securities in the Bank’s books. Under no circumstances the Bank will hold oversold position in any security. In other words there will be no short selling of a security by the Bank.

Under the Trading Book the securities will be marked-to-market on a monthly basis and the resultant loss / gain will be charged to P&L account.

The directives as specified in the Investment Policy will govern trading in Non-SLR securities.

Dealings through brokers will be guided by stipulations as laid down by RBI from time to time.

Adhere to the Scope and Functions & Responsibilities as laid down in the Investment Policy as well as within the limits set out under Delegated Powers specified hereinabove.

### **REPORTING BY DEALER**

A report will be prepared by Senior Chief Manager– Treasury at the end of the day and submitted to the Managing Director & CEO indicating the day’s transactions and the trading profit / loss booked.

All deals concluded will be recorded on Deal-slips which will contain details as laid down in the Investment Policy.

The entire trading activity will have effective MIS compliance for the Management to have proper and prompt information on the development on the trading front.

- Daily reporting to the Senior Chief Manager – Treasury and Managing Director &CEO
- A monthly report pertaining to purchase/sale of securities to the Board of Directors
- A review will be taken by the Investment Committee of the Board of Directors at prescribed intervals of the meeting on the notional loss incurred in case of scrips where prices have declined.

**The MIS will support the following areas of information:**

- The overall portfolio held under Trading Book and Investment segment.
- The volume of transactions put through during the reporting period
- The yield profile of the Trading Book and the Investment segment
- The profit & loss booked for the reporting period along with cumulative figures for the current financial year.
- Any significant impact on the portfolio or a group of scrips in the portfolio due to market movement.

## ANNEXURE –II

**COUNTERPARTY EXPOSURE LIMITS FOR MONEY MARKET OPERATIONS**

(Rs. in Crores)

<b>INSTITUTION</b>	<b>CALL</b>	<b>TERMMONEY/BANK DEPOSITS</b>	<b>OVERALL</b>
<b><u>Commercial Banks</u></b>			
Central Bank of India	10.00	35.00	45.00
Union Bank of India	10.00	35.00	45.00
Bank of India	10.00	35.00	45.00
Punjab National Bank	10.00	35.00	45.00
Corporation Bank	10.00	35.00	45.00
State Bank of India	10.00	35.00	45.00
<b><u>State/Central Co-op Banks</u></b>			
Surat District Co-operative Bank Ltd	10.00	20.00	30.00
<b><u>PRIVATE SECTOR Banks</u></b>			
HDFC Bank	25.00	15.00	40.00
ICICI Bank	15.00	15.00	30.00
IDBI Bank	15.00	15.00	30.00
Axis Bank	15.00	20.00	35.00
Kotak Mahindra Bank	25.00	15.00	40.00
Development Credit Bank Ltd.	10.00	20.00	30.00
Yes Bank	20.00	15.00	35.00
Indusind Bank	20.00	10.00	30.00
Ratnakar Bank	15.00	15.00	30.00
Bandhan Bank	15.00	15.00	30.00
IDFC Bank	20.00	15.00	35.00
<b><u>PRIMARY DEALERS</u></b>			
SBI Discount & Finance House of India	20.00	10.00	30.00
STCI	20.00	10.00	30.00
PNB Gilts Securities Ltd.	20.00	10.00	30.00
ICICI Securities Ltd.	20.00	10.00	30.00

The limits mentioned above are expected to be interchangeable between Call Money and Term Deposits from time to time.



**APPROVED LIST OF BROKERS**

The following Broking Companies who are registered as members of the National Stock Exchange or the Stock Exchange, Mumbai, and who are dealing in Wholesale Debt Market segment, have been empanelled for approval.

1. Edelweiss Financial Services Limited
2. LKP Securities Ltd
3. Strategic Capital Corporation Private Limited
4. Darashaw Broking and Investment Banking
5. Hansotia Financial Services
6. Birla Sunlife Securities
7. J. M. Morgan Stanley Fixed Income Securities Private Limited
8. Centrum Capital Ltd.
9. Wealth Advisors (India) Pvt Ltd
10. JM Financial services Pvt Ltd
11. A. K. Capital Services Pvt. Ltd.

**THE ZOROASTRIAN COOP BANK LTD.****CALL LENDING SHEET**

DATE: \_\_\_\_/\_\_\_\_/\_\_\_\_

DAY: \_\_\_\_\_

**MAXIMUM LIMITS**

Rs in Crs.

<b>INSTITUTION</b>	<b>CONTACT NOs</b>	<b>DEALER NAME</b>	<b>AMT LENT Rs. in crs</b>	<b>CA LL</b>	<b>TER M MO NY / BR D</b>	<b>OV ER ALL</b>
<b>NATIONALISED BANKS</b>						
Central Bank of India				10.0 0	10.0 0	20.0 0
Union Bank of India	22850374; 22850608; 22020722; 22880028.	AJAY- MARUK H SANJAY		10.0 0	10.0 0	20.0 0
Bank of India	22673748; 22676357.	GOPAL- AJIT MANISH		10.0 0	10.0 0	20.0 0
Punjab National Bank	22510774; 22662176.	VSHVA NATHN		10.0 0	10.0 0	20.0 0
Corporation Bank	22020126; 22020788/0 923	SRIKUM AR VENKAT ESH BHAT		10.0 0	10.0 0	20.0 0
State Bank of India	22815210; 22811518.	MANISH A		10.0 0	10.0 0	20.0 0
<b>FOREIGN BANKS</b>						
Citibank	26535405; 26535498.	AJAY - SOMYO AMIT		10.0 0	10.0 0	20.0 0

ABN Amro Bank	26396912- 15	ROHAN- NITIN ASHISH		10.0 0	10.0 0	20.0 0
BNP Paribas	22662687; 22679710; 22661542/2 687	VENKAT - AMIT		5.00	5.00	10.0 0
Bank of Nova Scotia	22875436; 22836763	MANISH USHA HIMANS HU		5.00	5.00	10.0 0
<b>PRIVATE SECTOR BANKS</b>						
HDFC Bank	24951501; 24900973	AMIT - ANMOL		20.0 0	10.0 0	30.0 0
ICICI Bank	26538912; 26538167; 26538462	PARESH -VIJAY		10.0 0	10.0 0	20.0 0
IDBI Bank	24941044; 24973061.	PRITI - VENKAT		10.0 0	10.0 0	20.0 0
UTI Bank	22024481; 22182765; 22181836	ANAND PRANAV SARITA		10.0 0	10.0 0	20.0 0
Kotak Mahindra Bank	56345865; 56345870.	PREMIL A ASHISH		10.0 0	10.0 0	20.0 0
Development Credit Bank Ltd.				5.00	5.00	10.0 0
<b>CO-OPERATIVE BANKS</b>						
Maharashtra St. Co-op Bank Ltd	22676020; 22042490.	PHATAK		10.0 0	-	10.0 0
<b>PRIMARY DEALERS</b>						
Securities & Trading Corp. of India (STCI)	22810873; 22810878.	NAIK- KAPIL		10.0 0	10.0 0	20.0 0

Discount & Finance House of India	22625950; 22625969.	MOHIT- SEN		10.0 0	10.0 0	20.0 0
Gilt Securities & Trading Corp		DINESH SHETTY		10.0 0	10.0 0	20.0 0
Corp Bank Securities Ltd	22670436 - 39	MUTU- KINI		10.0 0	10.0 0	20.0 0

PNB Gilts Securities Ltd.	22614510; 22691812; 22694735- 36	THAKKE R SAMIR		10.0 0	10.0 0	20.0 0
ICICI Securities Ltd.	56377104	DENZIL		10.0 0	10.0 0	20.0 0
IDBI Capital Market Services Ltd	56371110- 13	PRITI- GOPAL MANISH		10.0 0	10.0 0	20.0 0
Kotak Mahindra Capital Co ltd.	22814863- 64	PRIYAN KA		10.0 0	10.0 0	20.0 0
Deutsche securities Ltd.	22078726; 22078718- 20	SUNIL- SANJAY		10.0 0	10.0 0	20.0 0

**Op. RBI Bal on date: \_\_\_\_\_ lacs**

**Less Call lent: \_\_\_\_\_ lacs**

**Cl. RBI Bal on date: \_\_\_\_\_ lacs**

**Reqd. RBI Bal for CRR on date: \_\_\_\_\_ lacs.**

**Sr. Manager (Treasury)**

**Sr. Manager (AAI)**

## **READY FORWARD CONTRACTS IN CORPORATE DEBT SECURITIES**

Scheduled Urban Co-operative Banks with strong financials and sound risk management practices are eligible as participants to undertake ready forward contracts in corporate debt securities. Accordingly, Scheduled Urban Co-operative Banks, fulfilling the following conditions only would be permitted to undertake such transactions.

(a) CRAR of 10% or more and gross NPA of less than 5% and continuous record of profits during the previous three years.

(b) Sound risk management practices and mandatory concurrent audit of the Investment portfolio.

Further, the Repo transactions in corporate bonds shall be undertaken only with scheduled commercial banks / PDs and not with other market participants. Urban Co-operative Banks which are lenders of funds in a repo transaction may provide for Counter-party credit risk corresponding to the risk weight for such exposure as applicable to the loan / investment exposure. Urban Co-operative Banks may ensure that securities acquired under repo along with other Non-SLR investment already in the Balance Sheet should be within the stipulated ceiling of Non-SLR investment (i.e. 10% of a bank's total deposits as on March 31 of the previous year). The funds borrowed under repo should be within the limit prescribed for call money borrowing (i.e. 2% of the previous year's deposits).

The amount borrowed by the bank through repo shall be reckoned as part of its DTL and the same shall attract CRR / SLR.

### **Negotiated Dealing System – Order Matching**

With effect from November 18, 2011, all licensed UCBs fulfilling the eligibility criteria contained in circular IDMD.DOD.No.13/10.25.66/2011-12 dated November 18 are allowed direct access to Negotiated Dealing System – Order Matching platform. The eligibility criteria are as under:

- a. Current account with RBI or a funds account with one of the Designated Settlement Banks (DSBs) chosen by Clearing Corporation of India Limited (CCIL) for funds settlement.
- b. Subsidiary General Ledger (SGL) Account with RBI.
- c. Membership of Negotiated Dealing System (NDS).
- d. Indian Financial Network (INFINET) connectivity.
- e. Membership of CCIL.
- f. Minimum Capital to Risk Weighted Assets Ratio (CRAR) of 9%.
- g. Net Non-Performing Assets (NPA) of less than 5%.

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Agenda Item No. \_\_\_\_\_  
IT Committee Meeting  
of /09/2017

**THE ZOROASTRIAN CO-OPERATIVE BANK LIMITED  
CORPORATE OFFICE**

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AGENDA FOR THE IT COMMITTEE MEETING.

**Reference: Information System Audit Policy (Scope).**

During the Bank's RBI inspection for the Financial year 2015-16, the inspecting officials pointed out that the Bank had not formulated Board of Directors approved policy on Information System Audit . In line with the above, the Bank has now formulated Information System Audit (Scope) which is enclosed for the perusal and approval of the members of the Information System Committee.

The Committee members are requested to deliberate and suggest changes if any. If approved, the same will be placed before the Board of Directors for the approval. Bank will also ensure that hereon the IS Audit will be carried out Annually as per the scope mentioned in the Policy.

Submitted for Information

**P. K. Belekar**  
Chief Manager - I.T.

**H.S. Santok**  
Sr. Chief Manager

**U.A. Shetye**  
Managing Director & C.E.O.

**Information System Audit Policy (Scope).**

The Zoroastrian Co-operative Bank Limited is using Core Banking System “SWIFTCORE” of M/s. Saraswat Infotech Limited as Application Service Provider for CBS Application. Data Center and DR is handled by Bank. Bank has also implemented RTGS/NEFT and RuPay Debit Card.

Information Systems Audit should cover entire Information Systems Infrastructure which includes Servers & other hardware items, Operating Systems, Databases, Application Systems, Technologies, Networks, Facilities, and Process & People of the undernoted locations:

- 1. Data Center.
- 2. DR Center.
- 3. CBS endpoint applications, Servers, Interfaces, Network & Other Devices,
- 4. Rupay Debit Card Operations
- 5. Transactional Internet Banking.
- 6. SMS Alert.
- 7. Third Party Products and Interfaces.

**DETAILED SCOPE OF AUDIT:** IS Audit should cover entire gamut of computerized functioning as listed above including Internet Banking & functional areas with special reference to the following:

	Scope	Functional areas
<b>A</b>	<b>Policy, Procedures, Standard Practices &amp; other regulatory requirements</b>	1. Bank’s IT Security Policy & Procedures. 2. RBI guidelines on Information Security & other legal requirements. 3. Best practices of the industry including ISACA’s Guidelines.
<b>B</b>	<b>Physical and Environmental Security</b>	Control's at Bank's Data Center and DR Site.



C	<b>Operating Systems Audit of Servers, Systems and Networking Equipment's</b>	<p>Audit of all Servers in the Bank from Operating System point like</p> <ol style="list-style-type: none"> <li>1. Setup &amp; maintenance of Operating Systems Parameters.</li> <li>2. Use of root and other sensitive Passwords.</li> <li>3. Use of sensitive systems software utilities.</li> <li>4. Vulnerability assessment &amp; hardening of Operating systems.</li> <li>5. Users and Groups created, including all type of users, management ensuring password complexity, periodic changes etc.</li> <li>6. File systems security of the OS.</li> <li>7. Review of Access rights and privileges.</li> <li>8. Services and ports accessibility</li> <li>9. Review of Log Monitoring, its sufficiency, security, maintenance, and backup.</li> </ol>
D	<b>Application level Security Audit</b>	<ol style="list-style-type: none"> <li>1. Only authorized users should be able to edit, input or update data in the applications or carry out activities as per their role and/or functional requirements</li> <li>2. User maintenance, password policies are being followed as per Bank's IT security policy</li> <li>3. Segregation of duties and accesses of Branches and Departmental Staff.</li> <li>4. Review of all types of Parameter maintenance and controls implemented.</li> <li>5. Authorization controls such as Maker/Checker, Exceptions, Over riding exception &amp; Error condition. Authentication mechanism.</li> <li>6. Change management procedures including testing &amp; documentation of change.</li> <li>7. Application interfaces with other applications and security in their data communication.</li> <li>8. Search for back door trap in the program.</li> <li>9. Check for commonly known holes in the software.</li> <li>10. Identify gaps in the application security parameter setup in line with the Banks security policies and leading best practices</li> <li>11. Audit of management controls including systems configuration/ parameterization &amp; systems development.</li> </ol>

		<p>12. Audit of controls over operations including communication network, data preparation and entry, production, file library, documentation and program library, Help Desk and technical support, capacity planning and performance.</p> <p>13. To review all types of Application Level Access Controls including proper controls for access logs and audit trails for ensuring Sufficiency &amp; Security of Creation, Maintenance, and Backup of the same.</p>
<p><b>E</b></p>	<p><b>Audit of Data Base Management Systems (DBMS) and Data Security</b></p>	<p>Audit of Critical Database in the Bank CBS, Payroll, RTGS/NEFT, Loan Module , AML, Email Solution</p> <ol style="list-style-type: none"> <li>1. Authorization, authentication and access control are in place.</li> <li>2. Audit of data integrity controls including master table updates.</li> <li>3. Confidentiality requirements are met.</li> <li>4. Logical access controls which ensure the access to data is restricted to authorized users.</li> <li>5. Database integrity is ensured to avoid concurrency problems.</li> <li>6. Separation of duties.</li> <li>7. Database Backup Management.</li> <li>8. Security of oracle systems files viz. control files, redo log files, archive log files, initialization file, configuration file, Table space security etc.</li> <li>9. Password checkup of Systems and Sys Users (default password should not be there)</li> <li>10. Checking of database privileges assigned to DBAs</li> </ol>

<p><b>F</b></p>	<p><b>Network Security Audit of all Network devices in the Bank and security architecture.</b></p>	<ol style="list-style-type: none"> <li>1. Understanding the traffic flow in the network at LAN &amp; WAN level.</li> <li>2. Audit of Redundancy for Links and Devices in CBS Setup.</li> <li>3. Analyze the Network Security controls, which include study of logical locations of security components like firewall, IDS/IPS, proxy server, antivirus server, email systems, etc.</li> <li>4. Study of incoming and outgoing traffic flow among web servers, application servers, and database servers, from security point of view.</li> <li>5. Routing protocols and security controls therein.</li> <li>6. Study and audit of network architecture from disaster recovery point of view.</li> <li>7. Privileges available to Systems Integrator and outsourced vendors.</li> <li>8. Review of all types of network level access controls, logs, for ensuring sufficiency &amp; security of creation, maintenance and backup of the same.</li> <li>9. Secure Network Connections for CBS, ATM, and Internet Banking including client/ browser based security.</li> <li>10. Evaluate centralized controls over Routers installed in Branches &amp; their Password Management.</li> <li>11. Checking of VLAN Architecture. TCP ports</li> <li>13. Checking of Firewall Access control List</li> <li>14. Routers and Switches are using AAA model for all user authentication</li> <li>15. Enable passwords on the Routers are encrypted form and password comply with minimum characters in length.</li> <li>16. Local and remote access to network devices is limited and restricted.</li> </ol>
<p><b>G</b></p>	<p><b>Audit of ATM Switch, ATM Card Management, ATM &amp; Internet Banking PIN management</b></p>	<p>Audit of RuPay ATM Cards of the Bank</p> <ol style="list-style-type: none"> <li>1. Control of ATM Card at Datacentre, Branches and delivery to the Customers.</li> <li>2. PIN Management (Generation &amp; Re-generation etc.) of ATMs.</li> <li>3. Card management (Delivery of cards / PIN, hot listing of cards and reconciliation with settlement agency.)</li> <li>4. ATM Switch operational controls, &amp; Reconciliation.</li> </ol>

<b>H</b>	<b>Backup &amp; Recovery Testing</b>	<ol style="list-style-type: none"> <li>1. Audit of Backup &amp; recovery testing procedures.</li> <li>2. Sufficiency checks of backup process.</li> <li>3. Audit of access controls, movement, and storage of backup media.</li> <li>4. Audit of media maintenance procedures.</li> <li>5. Security of removable media.</li> <li>6. Controls for Prevention of Data Leakage through removable media or other means.</li> <li>7. Media disposal mechanisms and Database archival &amp; purging procedures.</li> <li>8. Synchronization between DC &amp; DR databases.</li> <li>9. Synchronization of Secondary, MIS and other application Servers.</li> <li>10. DR Services to be up for Branches, as per BCP.</li> </ol>
<b>I</b>	<b>RTGS &amp; NEFT</b>	Audit of RTGS and NEFT as per checklist of IDRBT
<b>J</b>	<b>Email System</b>	Audit of email system



**THE ZOROASTRIAN CO-OPERATIVE BANK LTD.**

**POLICY ON COLLECTION OF DUES AND REPOSSESSION  
OF SECURITY – 2018-19**

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## **POLICY ON COLLECTION OF DUES AND REPOSSESSION OF SECURITY.**

### **I. PREAMBLE**

- The Banking Codes and Standards Board of India (BCSBI) – an independent and autonomous authority set up with the purpose of providing fair treatment to all customers and of which the Bank has voluntarily taken up membership, calls for a Policy on Collection of Dues and Repossession of Security to be drawn up and approved by the Board of Directors.
- The Bank is required to display the Policy on Collection of Dues and Repossession of Security on its Website for the information of the customers.
- The Bank has adopted the model policy formulated by the IBA with a few modifications.

### **II. OBJECTIVES OF THE POLICY**

- To ensure fair treatment to the customers during the course of collection of dues and repossession of security with the aim of fostering customer confidence and long term relationships.
- To ensure that the Bank does not follow policies that are unduly coercive in collection of dues.
- To apprise staff members involved in the recovery process about the code of conduct to be adopted while in the process of recovery of dues.

### **III. OWNERSHIP OF THE POLICY**

The ownership of the “Policy on Collection of Dues and Repossession of Security” lies with the Recovery Department.

The Policy will be periodically updated as per the requirements, by the Recovery Dept., subject to the approval of the Competent Authority.

**IV. VALIDITY OF THE POLICY:-**

This Policy will remain in force for Financial Year 2018-19 when the next Policy will be ratified by the Board or any changes required in the interim are approved by the Board.

**V. APPLICABILITY OF THE POLICY:-**

The Policy will be applicable to all the branches, Administrative Offices and all the Departments handling Recovery matters.

On its approval the same will be circulated to all branches and Departments. The Policy will also be displayed on the Website of the Bank for the information of all customers.

**VI. INTRODUCTION:**

The debt collection policy of the bank is built around dignity and respect to customers. Bank will not follow policies that are unduly coercive in collection of dues. The policy is built on courtesy, fair treatment and persuasion. The Bank believes in following fair practices with regard to collection of dues and repossession of security and thereby fostering customer confidence and long-term relationship.

The repayment schedule for any loan sanctioned by the bank will be fixed taking into account repaying capacity and cash flow pattern of the borrower. The bank will explain to the customer upfront the method of calculation of interest and how the Equated Monthly Instalments (EMI) or payments through any other mode of repayment will be appropriated against interest and principal due from the customers. The bank would expect the customers to adhere to the repayment schedule agreed to and approach the bank for assistance and guidance in case of genuine difficulty in meeting the repayment obligations.



Bank's Security Repossession Policy aims at recovery of dues in the event of default and is not aimed at whimsical deprivation of the property. The policy recognizes fairness and transparency in repossession, valuation and realization of security. All the practices adopted by the bank for follow up and recovery of dues and repossession of security will be inconsonance with the law.

Presently, Banks classify a loan account as Non-Performing Asset (NPA) based on 90 day delinquency norms. In terms of recent circular of RBI DBR.No.BP.BC.100/21.04.048/2017-18 dated February 07, 2018, with implication of GST adversely impacting the cash flows of the smaller entities during the transition phase with consequent difficulties in meeting their repayment obligations to Banks, as a measure of support to these entities in their transition to a formalised business environment, the exposure of the Bank to a borrower classified as micro, small and medium enterprise under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, will be classified as a Standard Asset in the books of Banks subject to the following conditions:

- i. The borrower is registered under the GST regime as on January 31, 2018.
- ii. The aggregate exposure, including non-fund based facilities, of banks and NBFCs, to the borrower does not exceed Rs. 250 million as on January 31, 2018.
- iii. The borrower's account was standard as on August 31, 2017.
- iv. The amount from the borrower overdue as on September 1, 2017 and payments from the borrower due between September 1, 2017 and January 31, 2018 are paid not later than 180 days from their respective original due dates.
- v. A provision of 5% shall be made by the Bank against the exposures not classified as NPA in terms of this circular. The provision in respect of the account may be reversed as and when no amount is overdue beyond the 90 day norm, as the case may be.
- vi. The additional time shall be provided for the purpose of asset classification only and not for income recognition, i.e., if the interest from the borrower is overdue for more than 90, the same shall not be recognised on accrual basis.

**VII. CONTOURS OF THE POLICY:**

All the members of the staff or any person authorized to represent our Bank in the collection of dues and/or repossession of security will follow the guidelines set out below:

- i) The customer would be contacted ordinarily at the place of his/her choice and in the absence of any specified place, at the place of his/her residence and if unavailable at his/her residence, at the place of business/occupation.
- ii) The identity and authority of persons authorized to represent the Bank for follow up and recovery of dues will be made known to the borrowers at the first instance. The Bank staff or any person authorized to represent the Bank in the collection of dues and/or repossession of security will identify himself/herself and display the authority letter issued by the Bank upon request.
- iii) The Bank will respect the privacy of its borrowers.
- iv) The Bank is committed to ensure that all written and verbal communication with its borrowers will be in simple business language and the Bank will adopt civil manners for interaction with borrowers.
- v) Normally, the Bank's representatives will contact the borrower between 0700 hrs and 2000 hrs, unless the special circumstance of his/her business or occupation requires the Bank to contact at a different time. Customer may also be contacted later if unable to establish contact during specified calling hours and under specific circumstances where the customer is refusing to pay/non contactable/non cooperative/disputing earlier commitments.
- vi) The Borrower's requests to avoid calls at a particular time or at a particular place will be honoured as far as possible.
- vii) The Bank will document the efforts made for the recovery of dues and the copies of communication sent to customers, if any, will be kept on record.
- viii) Inappropriate occasions such as bereavement in the family or such other occasions will be avoided for making calls/visits to collect dues.

**VIII. GIVING NOTICE TO THE BORROWER:**

- While written communications, telephonic reminders or visits by the Bank's representatives to the borrower's place or residence will be used as loan follow up measures, the Bank will not initiate any legal or other recovery measures including repossession of security without giving 8 days due notice in writing.
- The Bank will consider any genuine representation received from the borrower before initiating the recovery proceedings.
- The Bank will follow all such procedures as required under law for recovery/repossession of security.
- In the event of circumstances leading for repossession of security, the borrower/guarantor will be informed that he has defaulted in meeting repayment obligation and advised to regularize the account.
- Borrower will also be specifically advised that the costs incurred by the Bank to effect recoveries will be borne by him/her. He/she will also be advised that in the event of sale proceeds falling short of the amount due, the balance will be recovered from his/her personal effects.
- The notice to the borrower will be sent by registered post and/or courier with proof of delivery.
- If the Bank has reasons to believe that the borrower or his close family members are avoiding the service of notice or for any other reason the notice cannot be served, a copy of the notice will be affixed on the outer door or some other conspicuous part of the house or business premises.
- If the borrower responds to the notice and regularizes the account or the appropriate authority permits him further time or a compromise settlement is reached, no further action would be necessary.

**IX. REPOSSESSION OF SECURITY:**

- Repossession of security will be aimed at recovery of dues and not to deprive the borrower of the property.
- The recovery process through repossession of security will involve repossession, valuation of security and realization of security through appropriate means.

- All these would be carried out in a fair and transparent manner.
- Repossession will be done only after issuing the notice as detailed above. Due process of law will be followed while taking repossession of the property. The Bank will take all reasonable care for ensuring the safety and security of the property after taking custody, in the ordinary course of the business and the necessary cost will be charged to the borrower.
- The Security Re-possession procedure will be set in motion only after the attempts made by the Bank to discuss with the borrower the ways and means to overcome financial hurdles have failed.
- Before initiating the process of repossession of the asset financed by the Bank, the borrower will be served with another notice by the Bank Official/Authorized Officer stating therein to handover the asset along with related documents to the Bank / Authorized Officer or else regularize the account.
- If the notice to hand over the asset by the borrower is not complied with by the borrower, the process for the repossession of the asset will be initiated.
- The repossession of the asset will be taken in the presence of two witnesses, a Panchnama will be drawn up containing full details of the assets seized. The repossession will be made only through legally permitted means.

**X. VALUATION AND SALE OF PROPERTY:**

- Required notices with acknowledgement due will be sent to the borrowers and guarantors informing them about the repossession of the security demanding closure of the account within a specified period failing which the repossessed assets will be disposed off.
- Valuation and sale of property repossessed by the Bank will be carried out as per law in a fair and transparent manner. The Bank will have the right to recover from the borrower the balance due if any, after sale of property. The excess amount if any, obtained on sale of property will be returned to the borrower after meeting all the related expenses, provided the Bank is not having any other claims against the customer.

- In the case of hypothecated assets, after taking possession, if no payment is forthcoming, a sale notice of 7 days time to respond will be sent to the borrower. Thereafter the Bank will arrange for sale of the hypothecated assets in such manner as deemed fit by the Bank. In respect of cases under SARFAESI Act as per the provisions of the Act, 30 days notice of sale will be sent. When public auction or by tender is envisaged, the same will be published in two leading news papers out of which one will be in a local vernacular paper.
- Valuation of the repossessed assets will be carried out as per extant instructions of the Bank and would be valued by approved valuer of the Bank.
- Sale of Assets will be carried out by any of the transparent modes to secure fair price of the seized assets i.e., by public auction, by inviting tenders, by obtaining quotations from parties dealing in the assets seized etc.
- Before the date of actual sale, the borrower will be issued a notice of sale giving him reasonable time (depending upon the nature of security) say 7 days. For perishable items a shorter notice period will be given.
- The Bank will handover the possession of the asset to the borrower any time after repossession and before concluding sale transaction of the asset in case the borrower has liquidated Bank's dues in full or a compromise settlement has been reached between the borrower and the Bank.

**XI. OPPORTUNITY FOR BORROWER TO TAKE BACK THE SECURITY:**

- As indicated earlier in the Policy document, the Bank will resort to repossession of security only for the purpose of realization of its dues and as the last resort and not with intention of depriving the borrower of the property.
- Accordingly the Bank will be willing to consider handing over possession of the property to the borrower any time after repossession and before the sale transaction of the property takes place, provided the Bank's dues are cleared in full.

- If satisfied with the genuineness of the borrower's inability to pay the loan instalments as per the schedule which resulted in the repossession of security, the Bank will consider handing over the property, after receiving the instalments in arrears. However, this will be subject to the Bank being convinced of the arrangements made by the borrower to ensure timely repayment of the remaining instalments in future.
- If the amounts are repaid, either as stipulated by the Bank or dues settled as agreed to by the Bank, the possession of the seized assets will be handed back to the borrower within seven days after getting permission from the competent/sanctioning authority, or court/DRT concerned if recovery proceedings are filed and pending before such forums.

## **XII. INSOLVENCY AND BANKRUPTCY CODE:**

The **Insolvency and Bankruptcy Code, 2016 (IBC)** is the bankruptcy law of India which seeks to consolidate the existing framework by creating a single law for insolvency and bankruptcy.

The bankruptcy code is a one stop solution for resolving insolvencies which at present is a long process and does not offer an economically viable arrangement. The code will be able to protect the interests of small investors and make the process of doing business a cumbersome-less process.

### **Key Features**

**Insolvency Resolution** : The Code outlines separate insolvency resolution processes for individuals, companies and partnership firms. The process may be initiated by either the debtor or the creditors. A maximum time limit, for completion of the insolvency resolution process, has been set for corporates and individuals. For companies, the process will have to be completed in 180 days, which may be extended by 90 days, if a majority of the creditors agree. For start ups (other than partnership firms), small companies and other companies (with asset less than Rs. 1 crore), resolution process would be completed within 90 days of initiation of request which may be extended by 45 days.

## **Procedure**

The Bank shall submit a plea for insolvency to the adjudicating authority. The maximum time allowed to either accept or reject the plea is 14 days. If the plea is accepted, the tribunal shall appoint an Insolvency Resolution Professional (IRP) to draft a resolution plan within 180 days (extendable by 90 days) following which the Corporate Insolvency Resolution process will be initiated by the court. For the said a say in the management of the insolvent company. The IRP, if required, can seek the support of the company's management for day-to-day operations. If the IRP fails in reviving the company the liquidation process will be initiated.

## **Insolvency Adjudicating Authority:**

The adjudicating authority will exercise jurisdiction over cases by or against the debtor.

- The Debt Recovery Tribunal (“DRT”) shall be the adjudicating authority (“Adjudication Authority”) with jurisdiction over individuals and partnership firms other than Limited Liability Partnerships (“LLPs”). Appeals from the order of the DRT will lie to the Debt Recovery Appellate Tribunal (“DRAT”);
- The National Company Law Tribunal (“NCLT”) shall be the Adjudicating Authority with jurisdiction over companies, other limited liability entities (including LLPs.). Appeals from the order of NCLT shall lie to the National Company Law Appellate Tribunal (“NCLAT”); and
- NCLAT shall be the appellate authority to hear appeals arising out of the orders passed by the Regulator in respect of insolvency professionals or information utilities.

**Moratorium:** One of the most significant features of the Code is the grant of moratorium during which creditor action will be stayed. This is not automatic and has to be granted by the Adjudicating Authority on the recommendation of the Resolution Professional.

**Priority:**

The following debts will be paid in priority given below:

1. Insolvency Resolution cost and liquidation cost
2. Debts to secured creditor (who have relinquished their security interest) and workmens' dues (for 24 months before commencement)
3. Wages and unpaid dues to employees (other than workmen) (for 12 months before commencement)
4. Financial debts to unsecured creditors and workmen's dues for earlier period
5. Crown debts and debts to secured creditor following enforcement of security interest
6. Remaining debts
7. Preference shareholders
8. Equity Shareholders or partners
9. The priority being given to secured creditors relinquishing security needs specific attention, especially on account of the same having the potential to be misused, especially if the debtor and the secured creditor can collide and impair the collateral.

**XIII. ENGAGEMENT OF RECOVERY AGENTS:**

Generally the Bank does not utilize the services of Recovery Agents. The Bank may, however, utilize the services of Recovery Agents, whenever warranted, for collection of dues and repossession of securities. Recovery agents will be appointed as per regulatory guidelines issued in this regard. The name and address of all Recovery Agents on the Bank's approved panel will be placed on the Bank's website for information of all concerned.

- i. Only Recovery Agents from the approved panels will be engaged by the Bank.
- ii. In case the Bank engages the services of such Recovery/ enforcement/ seizure agents for any recovery case, the identity of the agent will be disclosed to the borrower.
- iii. The Recovery Agents engaged by the Bank will be required to follow a code of conduct covering their dealings with customers.



**XIV. PUBLICATION OF PHOTOGRAPHS:-**

The Bank will publish photographs of the defaulter borrower / guarantor in newspapers in which the notices are published.

Centralized Recovery Dept. will publish the photographs of the defaulting borrower / guarantor after prior approval of the Audit, Accounts & NPA Management Committee of the Board.

**XV. MISCELLANEOUS:**

It will be ensured that the Security documents contain the repayment schedule as also a clause regarding Bank's unconditional right to repossess security in the specified events.