

## Deposit Policy

### Amendment to clause No.4 of the Policy

Existing	Amendment
<p><b>4. Premature withdrawal of Term Deposit</b> The Bank shall permit premature withdrawal for all deposits. Terms and Conditions related to premature closure of deposits will be intimated to depositors at the time of accepting Term Deposits.</p>	<p><b>4. Premature withdrawal of Term Deposit</b> The Bank shall permit premature withdrawal of term deposits, but with a penalty interest rate. The interest rate for the period the deposit was with the bank is to be reduced by 1% for premature withdrawal.</p> <p>Even if the deposit is reinvested to receive higher rates of interest before the original contract period ends, then also the above penalty will be applied taking the period of deposit as the period from the date of original investment to the date of reinvestment.</p> <p>If the premature withdrawal is after the original contract period, the penalty is to be applied from the reinvestment date until the premature withdrawal date.</p> <p>However, if the FD is prematurely closed, before completing 7 days from the date of the booking, the bank is not liable to pay any interest.</p> <p>Illustration: Suppose a customer has invested Rs. 1 lakh as an FD at a rate of 7% for 2 years. On the date of investment the interest rate for 1 year is 6.5%. The customer prematurely close the FD after completing 1 year. In one year, he has actually earned interest @ 7%. But now, the bank shall recalculate the interest at revised FD rates, i.e. <math>6.5\% - 1\% = 5.5\%</math>. The new rate will be 5.5% and interest shall be paid at this rate instead of the previous 7%. If the customer has already collected the interest, the excess interest collected shall be recovered from the customer.</p>