

THE TIRUVALLA EAST CO-OPERATIVE BANK LTD. NO. 3260

INTEREST RATE POLICY 2023

1. Introduction

In exercise of the powers conferred by Sections 21 and 35A read with Section 56 of the Banking Regulation Act, 1949, the Reserve Bank of India, has issued directives that primary (urban) co-operative bank shall pay interest on rupee deposits of money accepted by it or renewed by it, only in accordance with rates and conditions as specified in the master circular issued.

2. Definitions

- a. Savings Bank Deposit: Saving Bank Deposit shall mean a form of demand deposit (a deposit received by the bank which is withdraw able on demand) which is a deposit account which is subject to the restrictions as to the number of withdrawals as also the amount of withdrawals permitted by the bank during any specified period
- b. Current Account: Current Account shall mean a form of demand deposit where from withdrawals are allowed any number of times depending upon the balance in the account or up to a particular agreed amount and shall also be deemed to include other deposit accounts which are neither Savings Deposit nor Term Deposit;
- c. Term Deposit: Term Deposit shall mean a deposit received by the bank for a fixed period and which is withdraw able only after the expiry of the said fixed period and shall also include deposits such as Recurring/Cumulative/Annuity/ Reinvestment deposits, cash Certificates, and so on.

3. Interest Rate of Deposit Accounts

1. Interest rate is applicable to all deposits as previously decided from time to time by the BoD subject to the conditions specified in the master circular of the RBI.
2. The said interest is applicable to all the branches and there is no change in interest rates for deposits made on a day. Interest rate application will be uniform to all branches.
3. There is no bargaining, discussion, request with depositors or no application of discretionary powers by the Board of Directors.
4. Interest rate is fixed, clear, and transparent. Assessment and change will be effected as and when necessary.
5. Interest amount should be rounded off to the nearest rupee.
6. When a deposit is maturing on a holiday, bank will pay the additional interest for that holiday period also. The above procedure is applicable to Excel Deposit and recurring deposits.

a. Current Accounts

There is no interest for the current accounts. However if the current account holder expires, interest at the rate of half per cent per annum is applicable from the date of death of the customer till the date of paying of the amount to the nominee. In such cases, Interest shall be calculated on a daily product basis.

b. Savings Bank account

Rate of interest for Savings Bank Account will be fixed by the BoD on the recommendation of the Investment Committee subject to the maximum as fixed by RBI from time to time. Interest on savings bank will be calculated on a daily product basis. Such interest will be paid

at half yearly basis in February and August on the basis of daily product. Interest on savings bank accounts should be credited on regular basis whether the account is operative or not. With regard to the savings bank accounts frozen by the enforcement authorities, bank may continue to credit the interest to the account on a regular basis.

c. Fixed Deposits

1. Interest rate for fixed deposit is based on the period of deposits. Banks are free to fix interest rates on domestic term deposits
2. Minimum maturity period for fixed deposits is 7 days
3. Bank is not accepting or encouraging bulk deposits.
4. To Senior Citizens the Bank may offer higher rate of interest to the tune of 0.5% on the term deposits of any size.
5. Banks interest rates prevailing now is as follows:

Prevailing interest rate (with effect from 01/11/2022)

Tenure	General	Senior Citizen
7 days to 45 days	3.50%	4.00%
46 days to 90 days	5.50%	6.00%
91 days to 179 days	5.75%	6.25%
180 days to 364 days	6.00%	6.50%
For 1 year	8.00%	8.50%
Above 1 year to 2 year	8.10%	8.60%
2 years to less than 3 years	7.00%	7.50%
3 years and up to 10 years	6.00%	6.50%

6. If the customer is in need of money he will be allowed to withdraw the fixed deposit prematurely on submission of requests, subject to the conditions specified below:
If a depositor closes the deposit before maturity date, the rate of interest applicable for that deposit will be 1% less from the prevailing rate, for up to what period the deposit holds by the depositor in the Bank. Bank will not pay interest for fixed deposits which do not complete minimum period if the same may be closed prematurely. Bank should ensure the depositors are made aware of the applicable penal rate along with the deposit rate.
7. Bank will have to inform date of maturity to the customers before the due date itself and if the same has not been renewed/closed it may be transferred to Matured Fixed Deposits (MFD) for which bank can give interest up to 14 days. After 14 days from the date of maturity of deposits, applicable interest rate is the interest rate prevailing for savings bank deposit.
8. If a depositor expires before the maturity date of the deposit and if the nominee wishes to withdraw the deposit before the maturity period, Bank may give interest rate applicable for the period up to the date of expiry of the depositor and savings bank account interest for the rest of the period up to the date of closing. If the deposit is withdrawn on maturity by the nominee, Bank may give the agreed rate till the date of maturity.
9. If a depositor expires after the maturity date Bank may pay the agreed interest rate for the period as per contract and after the maturity period, rate of prevailing savings bank account may be given.

4. Additional Interest Payable

The Bank may, at its discretion allow additional interest at a rate not exceeding one per cent per annum over and above the rate of interest stipulated for the following cases:

A member or retired member of the bank's staff, either singly or jointly with any other member or members of his or her family is eligible for additional interest.

The spouse of a deceased member or a deceased retired member of the bank's staff is also eligible for this additional interest. An association or a fund, members of which are the members of the bank's staff, is eligible for additional interest.

5. Unclaimed Deposits And Inoperative/Dormant Accounts

1. A savings as well as current account should be treated as inoperative/dormant if there are no transactions in the account for over a period of two years. For the purpose of classifying an account as 'inoperative' both the type of transactions i.e. debit as well as credit transactions induced at the instance of customers as well as third party should be considered.
2. Branch managers should find the whereabouts of the account holders whose accounts have remained inoperative.
3. Interest on saving bank accounts should be credited on regular basis whether the account is operative or not. If a fixed deposit matures and proceeds are unpaid, the amount left unclaimed with the bank will attract only savings bank rate of interest.

6. Payment of Interest On Accounts Frozen

The following procedure may be followed in case of Term Deposits Accounts frozen by the enforcement authorities

1. A request letter may be obtained from the customer for renewal of the deposit on maturity. While obtaining the request letter from the depositor for renewal, the branch may advise him/her to indicate the term for which the deposit is to be renewed. In case the depositor does not exercise his option of choosing the term for renewal, branch may renew the same for a term equal to the original term.
2. No new receipt is required to be issued. However, suitable note may be made regarding renewal in the deposit ledger.
3. Renewal of deposit may be advised by registered letter/speed post/courier service to the concerned Government department under advice to the depositor. In the advice to the depositor, the rate of interest at which the deposit is renewed should also be mentioned.
4. If overdue period does not exceed 14 days on the date of receipt of the request letter, renewal may be done from the date of maturity. If it exceeds 14 days, bank may pay interest for the overdue period as per the policy adopted, and keep it in a separate interest free sub-account which should be released when the original fixed deposit is released.

7. Other conditions

1. The banks are required to offer uniform rates on deposits below Rs.15 lakh for the same maturity.
2. In case of deposits of Rs 15 lakhs and above bank may discriminate in the matter of rate of interest between one deposit and another, accepted on the same date and for the same maturity, on the basis of the size of deposit.

3. Bank is required to disclose in advance the schedule of interest rates payable on deposits including deposits on which differential rate of interest will be paid. Interest rates paid by a bank should be as per the schedule and the same shall not be subject to negotiation between the bank and the depositor for domestic deposits.
4. Bank shall review the interest rate structure on domestic term deposits of different maturities and take appropriate action to make them comparable with the rates offered by the commercial banks.

8. Margin on Advances against Term Deposits

The decision regarding maintenance of margin on any financial accommodation allowed by the banks against the security of term deposit, has been left to the individual banks, subject to their Board laying down a transparent policy in this regard.

9. Addition or Deletion of the Name(s) or Split into Joint Account Holders

At the request of the joint account holders of a deposit, if any, the Bank may

- i. allow the addition or deletion of name(s) of joint account holders, if the circumstances so warrant; or
- ii. allow an individual depositor to add the name of another person as an account holder; or
- iii. allow splitting up of the joint deposit in the name of each of the joint account holders only;

Provided that in no case, shall the amount, or duration of the original deposit, undergo change in any manner in case the deposit is a term deposit.

10. Transfer/Split up of the Deposit on the Death of an Account Holder

On the death of a depositor, the Bank may allow the deposit to be held in the name/s of one or more legal heirs, or legal representatives, or nominees of the depositor, either jointly in their names, or along with other persons, or separately in their names by splitting up the deposits.

11. Accounts in the Names of Certain Bodies/Organisations

(i) The Bank shall not open a savings deposit account in the name of Government departments/bodies depending upon budgetary allocations for performance of their functions/Municipal Corporations or Municipal Committees/Panchayats/State Housing Boards/Water Authority/Corporations under the State/State/District Level Housing Co-operative Societies, etc. or any political party or any trading/business or professional concern, whether such concern is a proprietary or a partnership firm or a company or an association.

(ii) The Bank can open Savings Bank Accounts with organisations/agencies:

- a. Societies registered under the Societies Registration Act, 1860, or Kerala Co-operative Societies Act 1969 or any other corresponding law in force in a State.
- b. Companies governed by the Companies Act, 1956 which have been licensed by the Central Government under Section 25 of the said Act, or under the corresponding provision in the Indian Companies Act, 1913 and permitted, not to add to their names the word, 'Limited' or the words 'Private Limited';
- c. District Panchayath/Block Panchayath/Gram Panchayath only in respect of Jawahar Rojgar Yojana funds