

THE VISAKHAPATNAM COOPERATIVE BANK LTD.,

INTEREST RATE ON DEPOSITS POLICY DOCUMENT

REVIWED ON 23.03.2025

**THE VISAKHAPATNAM CO-OPERATIVE BANK LTD.,
VISAKHAPATNAM**

INTEREST RATE ON DEPOSITS POLICY DOCUMENT

1. INTRODUCTION:

The Interest Rate on Deposits policy of the Bank is based on

- i) Reserve Bank of India directives and guidelines as given in the Interest Rate on Rupee Deposits Cir No. 1/13.01.000/2015-16 dated 12th May 2016.
- ii) Powers vested with Board of Directors as per the Bye-laws of the Bank.

2. OBJECTIVES:

The policy of the Bank lays down the policy of payment of interest on various types of deposits accepted by the Bank for carrying on the banking business and the rates on the deposits shall be notified in advance and shall be in force from time to time. The nature of the deposits may be classified broadly basing on the nature of the deposits ie. Demand deposits and term deposits.

The underlying idea of drafting the loan policy is

- i) To provide uniform rates across all the branches and for all customers and there shall be no discrimination in the matter of interest paid on the deposits, between on deposit and another of similar amount accepted on the same date at any of its offices.
- ii) The interest rates payable on deposits shall be strictly as per the schedule of interest rates disclosed in advance.
- iii) The rates shall not be subject to negotiation between the depositors and the co-operative bank. However, the Chief Executive Officer, who is authorized by the board shall be empowered to pay additional rate on deposits of the institutional depositors where the amount shall exceed Rs.15.00 lakhs or any other amount higher than Rs.15.00 lakhs which shall be notified from time to time.
- iv) The interest rates offered shall be reasonable, consisted, transparent and available for supervisory review / scrutiny.

- v) All transactions involving payment of interest on deposits shall be rounded off to the nearest rupee.

Deposits Maturing on Holidays:

- i) If a term deposit is maturing for payment on a holiday / non-business working day / any holiday declared by the State / Central Governments attracting the provisions of NI Act, the bank shall pay the interest at the originally contracted rate on the original principal deposit for the holiday / non-business working day / any holiday declared by the State / Central Governments attracting the provisions of NI Act intervening between the date of maturity of the specified term of deposit and the date of payment of the proceeds of the deposit on the succeeding working day.
- ii) In the case of reinvestment deposits and recurring deposits, the bank shall pay interest for the intervening period on the maturity value.

Interest Rates on Demand Deposits:

- i) No interest shall be paid on deposits held in Current Account, provided that balances lying in current account standing in the name of a deceased individual or sole proprietorship concern shall attract interest from the date of death of the depositor till the date of repayment to the claimant(s) at the rate of interest applicable to savings deposit as on the date of payment.
- ii) Interest on domestic rupee savings deposit shall be calculated on a daily product basis as under: -
 - a) A uniform interest shall be set on balance up to Rupees 1.00 lakh, irrespective of the amount in the account within this limit.
 - b) Differential rates of interest may be provided for any end-of day savings bank balance exceeding Rupees 1.00 lakh.
 - c) Periodicity of payment of interest on Savings Deposits shall be quarterly or at longer intervals.

Interest Rates on Domestic Term Deposit: -

- i) In addition to the conditions laid down above, Interest rates on term deposits shall vary only on account of one or more of the following reasons:
 - a) Tenor of deposits of the bank shall have the freedom to determine the maturity / tenor of the deposit subject to the condition that minimum tenor of the deposit offered shall be seven days.
 - b) Differential interest rates shall be offered only on bulk deposits, provided that differential interest shall not be applicable on deposit schemes framed on the basis of the bank term deposit scheme,
 - c) Bank shall have the freedom to offer term deposits without premature withdrawal option, provided that all term deposits accepted from individuals (held singly or jointly) and HUF for amount of Rupees 15.00 lakh and below shall have premature withdrawal facility.
- iii) Payment of interest on premature withdrawal: The interest rates applicable on term deposits withdrawn before maturity date shall be as under:
 - a) Interest shall be paid at the rate applicable to the amount and period for which the deposit remained with the bank and not at the contracted rate.
 - b) No interest shall be paid, where premature withdrawal of deposits takes place before completion of the minimum period specified i.e., 7 days.

Payment of additional rate of interest:

- i) The bank at its discretion shall allow an additional rate of 1% per annum, over and above the rate of interest mentioned in the schedule of interest of interest rates on savings or term deposits of banks staff and their exclusive associations as well as on deposits of Managing Director who acts as the Chief Executive of the bank drawing regular salary from the bank, subject to the following conditions:

- a) The additional interest is payable till the person continues to be eligible for the same and in case of his ceasing to be so eligible, till the date of maturity of the term deposit.
- b) In case of employees taken over pursuant to the scheme of amalgamation, the additional interest is allowed only if the interest at the contractual rate together with the additional interest does not exceed the rate, which could have been allowed if such employees were originally employed by the bank.
- c) In the case of employees taken on deputation from another bank, the bank from which they are deputed may allow additional interest in respect of the savings or term deposit accounts opened with it during the period of deputation.
- d) In the case of persons taken on deputation for a fixed tenure or on a contract of a fixed tenure, the benefit will cease to accrue on the expiry of the term of deputation or contract as the case may be.
- e) Bank employee's federation in which the bank employees are not direct members, shall not be eligible for additional interest.
- f) The additional interest may be paid on the following deposits after obtaining a declaration from the depositor concerned, that the monies deposited or which may be deposited from time to time into such account belong to the depositor.
- g) Member or a retired member of the banks staff, either singly or jointly with any member or members of his / her family; or
- h) The spouse of a deceased member or a deceased retired member of the banks staff; and
- i) An association or a fund, members of which are member of the banks staff;
- j) Bank shall pay an additional rate on the term deposits made by the senior citizens provide that the rate is not payable to Kartha in HUF even though the Kartha is a senior citizen. The bank shall declare additional rate on the specific tenors across the maturity over and above the rate normally being offered to individual deposits.

- K) The bank may allow additional rate over and above the senior citizen rate being offered to its own employees who have retired from the services either superannuation / VRS or so.

Interest on Matured / Overdue Deposits:

- i) If the deposit is produced for renewal before 14 days from the date of maturity the deposit may be renewed reckoning the date of original maturity as date of renewal. If the deposit is produced after the lapse of the said 14 days, the interest applicable shall be paid and the deposit may be renewed further from the date of receipt of renewal request.
- ii) Payment of interest on overdue deposit which were left unclaimed, the rate of interest as applicable to savings account.

Renewal of Deposits Prematurely:

Bank can renew a deposit before maturity if the period of renewal is longer than the balance period of original deposit. In such cases interest is payable as follows:

1. On the original deposit, the rate applicable for the period for which the deposit has actually run prevailing at the time of opening the deposit, without penalty.
2. Interest for the renewed deposit will be at the rate applicable for renewal period prevailing on the date of renewal.

Penalty on Premature withdrawal of term deposits:

- i) When a deposit receipt is produced for payment before the expiry of contractual period, such deposit shall attract a penalty of 1% per annum to be reduced from the applicable rate of interest for that particular tenor as declared in the interest rates schedule. Any change in the percentage point from 1% shall be notified in advance mostly along with the interest rate schedule.
- ii) However, the penalty clause shall not apply in the case of deceased depositors where claim is made by the nominees / legal heirs of the

deceased. The bank may allow the applicable rate of interest of the tenor as declared in the interest rates schedule.

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

Rupee Deposits of Non- Residents:

A separate policy shall be made as and when the bank accepts and becomes eligible for accepting such deposits.


Chief Executive Officer