

PREFERENTIAL INTEREST RATES ON DEPOSITS (REGULATION NO.30)

The Bank may allow 1% additional rate of interest over its ruling rate of interest on Fixed Deposits, Savings Deposits and Recurring Deposits in the name of an Officer, individually or jointly with any member of his family.

INTEREST RATES ON DEPOSITS - FRESH GUIDELINES ON 'STAFF' ACCOUNTS

Reserve Bank of India have recently amended certain provisions of their directive and arising from this, certain important changes have become necessary on rules governing staff accounts. We are covering comprehensive guidelines in this Circular, combining these fresh guidelines now received from Reserve Bank of India and those already conveyed in terms of various Instruction Circulars issued from time to time. Branches will, hereafter, be guided by the instructions given in this circular in respect of staff accounts.

1. ELIGIBLE ACCOUNTS

Additional interest of 1% p.a., over the rates payable to public, shall be allowed in all Savings and Term Deposit Accounts opened in the name of:

- (a) a member or a retired member of the bank's staff either Singly or Jointly with any other member or members of his/her family; or
 - (b) the spouse of a deceased member or a deceased retired member of the Bank's Staff; and
 - (c) an association or a fund, members of which are the members, of the Bank's Staff.
- Provided a declaration is obtained from the staff member/ retired staff member/spouse of a deceased staff member or spouse of a deceased retired staff member, to the effect that the monies deposited or which may be deposited from time to time in the account belongs to the depositor himself (Specimen of the format of declaration FD 332 is enclosed).

2. EXPLANATION TO PARAGRAPH (I)

(1) 'a member of the bank's staff' means a person employed on a regular basis, whether full-time or part-time, and includes a person recruited or employed on a contract of a specified duration on deputation and an employee taken over in pursuance of any scheme of amalgamation, but does not include person employed on Casual basis;

Provided that 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 savings or term deposit account opened with it during the same period of deputation;

Provided further that in the case of persons taken on deputation for a fixed duration, or on contract fixed duration, the benefit shall cease to accrue on the expiry of the term of deputation or contract as case may be;

(ii) 'a retired member of the bank's staff means an employee retiring whether on superannuation or otherwise but does not include an employee retired compulsorily or in consequence of disciplinary action;

(iii) 'Family' means and includes the spouse of the member / retired member of the bank's staff and the children, parents, brothers and sisters of the member / Retired member of the bank's staff who are dependants on member / retired member but shall not include legally separated spouse.

3. JOINT ACCOUNTS OF STAFF MEMBERS

(a) ALONG WITH FAMILY MEMBERS

The benefit of additional interest on joint accounts maintained by staff members will be available only to these accounts are held Jointly with any other member / members of his/her family and that First name in the joint account is that of staff member, as provided the format of declaration FD 332.

(b) ALONG WITH MINOR CHILDREN

- (i) An account opened in the name of the minor by the guardian, who is a staff member, will be eligible for additional rate of interest, provided the minor belongs to the family of the staff. In other words the minor should be child of a brother or a sister of staff member dependent of the staff member.
- (ii) such saving / Term Deposit accounts should be opened as joint accounts along with the staff member (and not in the single name of minor).
- (iii) A declaration is obtained from staff member on the Format FD 332 stating that the monies deposited therein, belongs to the depositor himself (i.e.) the staff member.

4. ACCOUNTS WHICH ARE INELIGIBLE FOR BENEFITS OF STAFF ACCOUNTS

- (i) Ex-Staff members who have RESIGNED from the service of the bank (irrespective of number of years of service put in) will not be eligible for the benefit of the staff accounts in respect of deposits placed / renewed by them after their resignation from the service of the bank.
- (ii) Federations of Bank Employees Unions (i.e. Federations comprising of unions of various banks) in which bank employees are not direct members are also not eligible for benefits of staff accounts.
- (iii) As regards HUFs, even if the Karta of the family is a member of staff, the accounts of HUF will not be eligible for staff rate of interest.

5. PREMATURE CLOSURE OF STAFF ACCOUNTS

On premature closure of a term deposit interest will be allowed at 1% less than the rate applicable to staff accounts.

6. ADVANCE AGAINST TERM DEPOSITS – CONCESSION IN RESPECT OF INTEREST RATES AND MARGINS

- (a) interest will be charged at 1% above the rate allowed on the deposit.
- (b) A margin of 10% will be maintained and 90% of the deposit amount will be available as loan.

The above two concessions will be available only in case of advances up to a maximum of Ra.3 lakhs granted to a member/ retired member of the bank's staff or the spouse of a deceased member / deceased retired member of the bank's staff against their own deposit receipts.

7. BENEFITS OF STAFF ACCOUNTS TO CHAIRMAN, CHAIRMAN AND MANAGING DIRECTOR AND EXECUTIVE DIRECTORS OF THE BANK

Benefits of staff accounts can be extended to Chairman / Chairman & Managing Director, Executive Director or such other Executives appointed for a fixed tenure, if they are otherwise not entitled for the benefits of Staff Account under the category of member, or retired member or a spouse of a deceased / deceased retired staff member of the Bank. In such cases, the benefit of Staff Account will be available on deposits accepted / renewed only during the tenure of their appointment and not thereafter.

8. OTHER CONDITIONS

(i) The additional interest shall be payable only so long as the person continues to be eligible for the same and in case of his ceasing to be so eligible till the maturity of the deposit in the case of a term deposit account.

(ii) In the case of employees taken over pursuant to the scheme of amalgamation, the additional interest shall be allowed only if the interest at the contractual rate together with the additional interest do not exceed the rate which could have been allowed if such employees were originally employed by the bank.

Instruction Circular No. 4957

Dated 16.04.1997