

**Shree Warana Sahakari Bank Ltd. Warananagar.**

**Taluka: Panhala, District: Kolhapur.**

**Policy on Interest Rate and Penalties thereof for the FY 2025-2026.**

**[01] Introduction:** RBI has issued Master Directions on 12-05-2016 ( last modified on 16-09-2022) regarding interest rates structure on deposit accounts with urban cooperative banks. Reference number Master Direction DCBR.Dir.No.1/13.1.000/ 2015-16. In the light of said Directions following policy is prepared.

**[02] Definitions:** In this policy, the terms herein shall bear the meanings assigned to them as below:

[02.01] "Bulk Deposit" means single Rupee term deposits of Rupees fifteen lakh and above.

[02.02] "Daily product" means the interest applied on the end of day balance.

[02.03] "Domestic Rupee Deposits" mean rupee deposits maintained in India in the form of current account, savings deposits or terms deposit.

[02.03] "NRO, NRE, FCNR(B), RFC account" means a Non-resident Ordinary, Non- Resident External, Foreign Currency Non-Resident (Bank) and Resident Foreign Currency account referred to in Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time. However, at present our bank does not have required Authorised Dealer License viz AD-1 or AD-2, to carry out such business.

[02.04] "Individual" means a natural person.

[02.05] "Notice deposit" means term deposit for specific period but withdrawable on giving at least one complete banking day's notice.

[02.06] All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Banking Regulation Act or the Reserve Bank of India Act, or any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

**[03] Interest Rate framework :** Bank shall pay interest on deposits of money (other than current account deposits) accepted by it or renewed by it in its Domestic deposit account on the terms and conditions specified hereunder :

[03.01] The rates shall be uniform across all branches and for all customers and there shall be no discrimination in the matter of interest paid on the deposits,

between one deposit and another of similar amount, accepted on the same date, at any of its branches or offices.

[03.02] Interest rates payable on deposits shall be strictly as per the schedule of interest rates disclosed in advance.

[03.03] The rates shall not be subject to negotiation between the depositors and the co- operative bank.

[03.04] The interest rates offered shall be reasonable, consistent, transparent and available for supervisory review/scrutiny as and when required.

[03.05] All transactions, involving payment of interest on deposits shall be rounded off to the nearest rupee for rupee deposits.

[03.06] Deposits maturing on a Sunday / holiday / non-business working day

[03.06.i] If a term deposit is maturing for payment on a Sunday / holiday / non-business working day, banks shall pay interest at the originally contracted rate on the original principal deposit amount for the Sunday / holiday / non-business working day, intervening between the date of the maturity of the specified term of the deposit and the date of payment of the proceeds of the deposit on the succeeding working day.

[03.06.ii] In case of reinvestment deposits and recurring deposits, banks shall pay interest for the intervening non-business working day on the maturity value.

[04] **Interest rate on domestic Current Account :-** No interest shall be paid on deposits held in current accounts, provided that balances lying in current account standing in the name of a deceased individual depositor 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.

**[05] Interest Rate on domestic Saving Deposits :-** In addition to the conditions laid down in para [03] here-in-above of this policy, interest on domestic rupee savings deposits shall be subject to the following:

Interest on domestic rupee savings deposits shall be calculated on a daily product basis as under: [05.a] A uniform interest rate shall be set on balance up to Rupees one lakh, irrespective of the amount in the account within this limit.

[05.b] Differential rates of interest may be provided for any end-of-day savings bank balance exceeding Rupees one lakh.

### **[06] Interest Rates on domestic Term Deposits**

[06.01] In addition to the conditions laid down in para [03] here-in-above of this policy, interest rates on term deposits shall vary only on account of one or more of the following reasons:

[06.01.i] Tenor of Deposits : Bank shall determine the maturity / tenor of the deposit subject to the condition that minimum tenor of the deposit offered shall be seven days.

[06.01.ii] Size of Deposits:- Differential interest rate 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, 2006.

[06.01.iii] Non- availability of premature withdrawal option : Bank may offer term deposits without premature withdrawal option, provided that the term deposits accepted from individuals (held singly or jointly) and Hindu Undivided Families for amount of Rupees fifteen lakh and below shall have premature-withdrawal-facility.

[06.02] Payment of Interest on pre-mature withdrawal: The interest rates applicable on term deposits withdrawn before the maturity date shall be as under: [06.02.i] 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. [06.02.ii] No interest shall be paid, where premature withdrawal of deposits takes place before completion of the minimum stipulated period of 7 days.

### **[07] Payment of Additional Interest on domestic deposits**

[07.01] bank shall allow payment of additional interest of one per cent per annum, over and above the rate of interest mentioned in the schedule 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: [07.01.i ] 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 maturity of a term deposit account.

[07.02.ii] 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.

[07.02.iii] 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 account opened with it during the period of deputation.

[07.02.iv] 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.

[07.02.v] Bank Employees Federations, in which employees of this bank are not direct members, shall not be eligible for additional interest.

[07.03] The additional interest shall 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 only / solely to the depositor:

[07.03.a] member or a retired member of the bank's staff, either singly or jointly with any member or members of his/her family; or

[07.03.b] the spouse of a deceased member or a deceased retired member of the bank's staff; and

[07.03.c] an Association or a Fund, members of which are members of the bank's staff;

[07.04] Bank shall, formulate term deposit schemes specifically for resident Indian senior citizens, offering higher and fixed rates of interest as compared to normal deposits of any size, and this facility shall not be offered on the term deposit standing in the name of an HUF or the Karta of the Hindu Undivided Family (HUF), even if the Karta is a resident Indian senior citizen.

[07.05] Bank may give its resident Indian retired staff, who are senior citizens, the benefit of additional interest rates as admissible to senior citizens over and above the additional interest payable to them by virtue of their being retired members of the bank's staff.

[08] Interest on overdue domestic deposits

[08.01] The rate of interest to be paid on renewal of overdue term deposits shall be subject to the stipulation contained in para number [03] of this policy that is interest rate framework.

[08.02] If a Term Deposit (TD) matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower.

[09] Floating rate domestic term deposits: Bank may offer floating rate on domestic term deposits and it shall be linked to a directly observable and transparent market determined with the help of an external benchmark.

[10] Periodicity of payment of interest on domestic savings deposits

[10.01] Interest on savings deposit may be credited at quarterly or longer intervals. At present it is paid on Quarterly basis on 30th June, 30 September, 31st December and 31st March every year.

[10.02] Interest on savings bank accounts, including those frozen by the enforcement authorities, shall be credited on regular basis irrespective of the operational status of the account.

[11] Interest payable on the domestic deposit account of deceased depositor : The rate of interest on matured deposits standing in the name of a deceased individual depositor, or two or more joint depositors, where one of the depositors has died, shall be subject to the conditions laid down in para [03] of this policy that is interest rate framework.

[12] Penalty on premature withdrawal of domestic term deposit

[12.01] This para deals with the penalties or 10 different situations where the interest payment will in a different manner. In other words in case of payment of interest on deposits following are the 10 areas where the issue in respect of penalty and /or interest rate and/or method of calculation of interest may arise :

[12.01.a] A depositor has invested certain amount for a fixed period but the depositor approaches the bank before maturity closure of fixed deposit account then interest shall be paid as defined in para number [06.02] of this policy.

[12.01.b] A recurring or cumulative deposit account holder is irregular in depositing monthly installments or someone wishes to deposit skipped installments in lump sum then penalty of 2% of amounts being deposited shall be charged.

[12.01.c] Business Correspondent visits account holder's place and collects money. But accountholder skips depositing of money on more than 4 occasions in a calendar month. Or in certain cases account holder wants to deposit amounts in lump sum. Then in such cases penalty of 2% of amounts being deposited shall be charged.

[12.01.d] Depositor has not given any instruction about payment or renewal on maturity and matured deposit account is idle for more than 1 weeks then for the

period between the date of maturity of earlier deposit to date of withdrawal of amount, he would get interest as applicable to savings accounts.

[12.01.e] Account holder has opened a fixed deposit but he approaches for closure of account within 7 days of date of opening the account. He shall not get any interest.

[12.01.f] Since the account has become dormant or inoperative for more than 10 years and hence transferred to DEAF. It is recalled back and since account holder has complied with Re-KYC requirements. He would get interest at the rate of savings accounts.

[12.01.g] Depositor has expired and his heirs have approached bank after a long time after death as well as maturity of deposit account. The amount with the bank shall attract interest at the rate of savings account.

[12.01.h] We do not pay any interest on balances in current accounts. If current account is in the name of an individual or a proprietorship account and if account expires, then his heirs will be paid interest at the savings rate from the date of death to date of payment to heirs.

[12.02] The components of penalty shall be clearly brought to the notice of the depositors at the time of acceptance of deposits. If not, no penalty shall be levied.

[12.03] In case of splitting of the amount of term deposit at the request from the claimant/s of deceased depositors or Joint account 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.

[13] Rupee deposits of non-residents under Non-Resident (External) Rupee (NRE) Deposits and Non-Resident Ordinary (NRO) Deposits shall not be accepted by our bank since our bank is not authorised by the Reserve Bank of India in this behalf.

[14] **Extra / Penal Charges :-**

As per RBI circular dated August 18, 2023 RBI/2023-24/53 Dor.MCS.REC. 28/01.01.001/2023-24 Bank may charge extra/Penal Charges if loan instalments are not received in time and credit limits such as cash credit, overdraft, bills discounting etc. are not renewed by due date. The extra / Penal Charges shall be maximum up to 2%. If amounts higher than sanctioned limit or drawing power are withdrawn then this additional amount withdrawn shall attract Penal

Charges. There shall be no capitalization of penal charges i.e. no further interest computed on such charges & it will be kept on hold till amount will be credited in such loan accounts at that time it will debited in loan account with GST. Concession or exception to this rule can be made with the permission of the Hon Board of Directors. In exceptional situations (e.g. natural calamity etc), if RBI announces any concessions, the same shall be made available to borrowers.

**[15] Prohibitions and exemptions :** Para numbers [14.01] to [14.09] shall deal with the prohibitions and para number [15] shall deal with the exemptions.

[15.01] Banks shall not pay any remuneration or fees or commission or brokerage or incentives on deposits in any form or manner to any individual, firm, company, association, institution or any other person except: (a) commission paid to agents employed to collect door-to-door deposits under a special scheme. (b) remuneration paid to Business facilitators or Business Correspondents. (c) incentives granted to staff members as approved by the Reserve Bank of India from time to time.

[15.02] Bank shall not offer prize / lottery / free trips (in India and / or abroad), etc., or any other initiative having element of chance for mobilizing deposits.

[15.03] Bank shall not resort to unethical practices of raising of resources through agents / third parties to meet the credit needs of the existing / prospective borrowers or to grant loans to the intermediaries based on the consideration of deposit mobilisation.

[15.04] Bank shall not issue any advertisement / literature soliciting deposits from public highlighting only the compounded yield on term deposits without indicating the actual rate of simple interest offered by the bank for the particular period. Simple rate of interest per annum for the period of deposit should be indicated invariably.

[15.05] Bank shall not accept interest-free deposit other than in current account or pay compensation indirectly.

[15.06] Bank shall not accept deposits from / at the instance of private financiers or unincorporated bodies under any arrangement which provides for either issue of deposit receipt/s favouring client/s of private financiers or giving of an authority by power of attorney, nomination or other-wise, for such clients receiving such deposits on maturity.

[15.07] Bank shall not grant advances against term deposits maintained with other banks.

[15.08] 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 / Panchayat Samitis / State Housing Boards / Water and Sewerage / Drainage Boards / State Text Book Publishing Corporations / Societies / Metropolitan Development Authority / State / District Level Housing Cooperative 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 and entities other than individuals, Karta of HUF and 10 types of organisations / agencies listed hereunder that is serial number (14.08.a) to (14.08.j) viz :

(15.08.a) Primary Agricultural Credit Society which is being financed by the bank

(15.08.b) Khadi and Village Industries Boards

(15.08.c) Agriculture Produce Market Committees /

(15.08.d) Societies registered under the Societies Registration Act, 1860 or any other corresponding law in force in a State or a Union Territory

(15.08.e) Companies licensed by the Central Government under Section 8 of Companies Act, 2013 or Section 25 of Companies Act, 1956 or under the corresponding provision in the Indian Companies Act, 1913 and permitted, not to add to their names the words 'Limited or the words 'Private Limited

(15.08.f) Institutions other than those mentioned in Section 27(h) and whose entire income is exempt from payment of Income-tax under the Income-Tax Act, 1961

(15.08.g) Government departments / bodies / agencies in respect of grants / subsidies released for implementation of various programmes / Schemes sponsored by Central Government / State Government subject to production of an authorization from the respective Central / State Government departments to open savings bank account.

(15.08.h) Development of Women and Children in Rural Areas (DWCRA)

(15.08.i) Self-help Groups (SHGs), registered or unregistered, which are engaged in promoting savings habits among their members

(15.08.j) Farmers Clubs - Vikas Volunteer Vahini - VVV

Explanation: In this clause [14.08], 'political party' means an association or body of individual citizens of India, which is, or is deemed to be registered with the Election Commission of India as a political party under the Election

Symbols (Reservation and Allotment) Order, 1968 as in force for the time being.

[15.09] Bank shall not create any fund to be utilized for charitable purposes in consultation with the depositors.

[16] The provisions in the above-mentioned paragraphs shall not be applicable to:

[16.01] A deposit received by the Bank from :

[16.01.i] the institutions permitted to participate in the Call / Notice / Term Money Market both as lenders and borrowers.

[16.01.ii] for which it has issued a participation certificate;

[16.02] Payment of interest on delayed collection of outstation instruments like cheques, drafts, bills, telegraphic/mail transfers, etc.

**[17] Repeal and savings : --** This policy is prepared for the financial year 2025-2026 and same shall be effective /operative till the new policy is approved. This policy is approved by Hon Board of Directors in its meeting dated 03/05/2025.

**Shree Warana Sahakari Bank Ltd;**



**Rajesh P Sardal**  
**Chief Executive Officer**