Interest Rate Policy

1. Introduction:

This policy document on deposits outlines the guiding principles in respect of the payments of interests to the different types of deposits. The document recognizes the rights of depositors and aims at dissemination of information with regard to various aspects of calculation and payment of interests on various deposit accounts, closure of deposit accounts, method of disposal of deposits of deceased depositors, etc., for the benefit of customers.

2. Purpose of Policy

It is expected that this document will impart greater transparency in dealing with the customers and create awareness among customers of their rights. The ultimate objective is to provide the services customers are rightfully entitled to receive without demand. This document is a broad framework under which the rights of common depositors are recognized.

3. Definitions

a) As per the **Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2025**, unless the context otherwise requires, the terms herein shall bear the meanings assigned to them below:

(i) "Bulk Deposit" means: Single term deposits above Rupees one crore and above.

(ii) "**Current Account"** means a form of non-interest-bearing 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.

(iii) **"Daily product"** means the deposit on which the interest applied on the end of day balance.

(iv) **"Demand deposit"** means a deposit that can be withdrawn by the depositor at any time on demand of a customer, without any prior intimation to bank.

(v) **"Individual"** means a natural person with a distinct legal identity , as opposed to an artificial or legal entity such as company, trust, or partnership..

(vi) **"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 on probation or employed on a contract of a specified duration or on deputation and an employee taken over in pursuance of any scheme of amalgamation but does not include a person employed on casual basis.

(vii) **"Family"** includes members Husband, Wife, Daughter and Son up to 25 years, Father, Mother of Staff of the bank.

(viii) **"Savings deposit"** means a form of interest-bearing demand deposit which is a deposit account whether designated as "Savings Account", "Savings Bank Account", "Savings Deposit Account", "Basic Savings Bank Deposit Account (BSBDA)" or other account by whatever name called which is subject to the restrictions as to the number of withdrawals as also the amounts of withdrawals permitted by the bank during any specified period.

(x) "Multistate Scheduled Co-operative Bank" means banks which is governed under the **Multi-State Cooperative Societies Act, 2002**.

(xi) "**Term deposit"** means an interest-bearing deposit received by the bank for a fixed period and shall also include deposits such as Recurring/Fixed Deposit /Cumulative/ Reinvestment deposits

(xii) '**Reinvestment deposits'**refers to those deposits where interest (as and when due) is reinvested at the same contracted rate till maturity which is withdrawable with the principal amount on maturity date.

(xiii) "**Callable Deposit"** is a type of term/fixed deposit where the bank permits premature withdrawal by the depositor, subject to applicable rules and penalties.

(xiv) **"Non-Callable Deposit"** is a term/fixed deposit accepted from Individual and non-individuals; institutional depositors above 1 Crore where premature withdrawal is not permitted under any circumstances.

In the case of non-callable deposit, the depositor shall have no right for premature withdrawal any such withdrawal if permitted shall be solely of discretion of the bank, bank's planning department subject to a penalty of 3% higher than the applicable to callable deposit before maturity/prematurity.

Further, loan/overdraft against Fixed Deposit will be allowed with a margin of 15%, and an additional 3% interest rate over and above the applicable deposit rate shall be charged.

(xiv) 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.

Review and Finalization of Deposit Interest Rates

Policy Statement: In alignment with the recommendations of the Asset Liabilities Committee (ALCO) and in response to market demands and customer requirements, the Bank shall regularly review and finalize the interest rates offered on deposits. The decision-making process will consider multiple criteria, including business expansion opportunities, potential for attracting new customer clientele, and current market conditions.

Procedure for Finalizing Deposit Interest Rates:

1. **Market Assessment:**
    - Conduct a comprehensive evaluation of the current market situation related to deposit interest rates, ensuring that our rates are competitive and reflective of prevailing market conditions.
    - As a part of this process, the Treasury Department will conduct forecasting reports for the following maturities: 91 Dyas, 364 Days, 1 Year, 2 Years, 5 Years, 7 Years, 10 Years. These reports will be provided on a regular basis by the Treasury Department to support informed decision -making on interest rate structuring, liquidity management, and long-term planning.
2. **Data Analysis of Deposits:**
    - The Bank shall undertake a detailed data analysis of renewal patterns of deposit maturities up to 31st March, capturing trends in customer rollover behaviour.
    - The analysis shall also include the Cost of Funds (COF) in terms of days, mapped against the Rate of Interest (ROI) pattern.
    - This exercise will support effective treasury planning, pricing strategy, and alignment of deposit of products with market trends.
3. **Peer Group Analysis:**
    - Analyse the deposit interest rates offered by peer group banks. This comparison will facilitate informed decision-making with respect to our own interest rates.
4. **Branch Manager Consultation:**
    - Gather input from Branch Managers, who as frontline leaders, will provide valuable insights and suggestions regarding deposit rates based on customer feedback and local market conditions.

5. **Discussion in ALCO Meetings:**
   - Schedule detailed discussions during ALCO meetings focusing on various factors such as:
     - Available liquidity and potential sources for alleviating liquidity constraints.
     - The impact of interest rate changes on profitability, including a cost-benefit analysis.
     - Periodic maturities of deposits and suggestions for competitive interest rates from meeting participants.
6. **Documentation and Approval Process:**
   - Prepare an office note summarizing the discussions from the ALCO meeting. This note will be forwarded for approval to the Hon'ble Chief Executive Officer (CEO).
   - Upon receiving recommendations from the Hon'ble CEO, the proposal will be presented to the Hon'ble Board of Directors for final approval. All discussions and outcomes from the ALCO meeting will be documented and submitted for the Board's consideration.
7. **Communication of Changes:**
   - Following the Board's final sanction on changes to deposit interest rates, the Planning Department will disseminate a circular to all branches and relevant departments to inform them of the new rates.
   - The Data Centre will be notified to update the system with the new rates accordingly.
8. **Website Update and Communication:**
   - Once the circular is issued, it will be communicated to the Disaster Recovery (DR) site to update the Bank's website with the new interest rates. The Planning Department may also direct the Marketing Department to advertise the updated rates.
9. **Ongoing Review:**
   - A review of deposit interest rates will be conducted bi-weekly, comparing our rates against peer group banks. This review will be submitted in the monthly ALCO meeting for further analysis and recommendations.
   - This review note shall also include:

   a. Cost of Funds (COF) for the preceding March and the Preceding Quarter.
   b. Cost of Deposit (COD) projections for the coming quarter.

   - This integrated approach will enable a more comprehensive assessment of interest rate positioning and future strategy.
10. **SOP Amendments:**
    - Any modifications to the aforementioned procedures will require prior approval from the Hon'ble Chief Executive Officer.

This procedure aims to ensure that the Bank's deposit interest rates remain competitive and aligned with market trends, facilitating better customer service and supporting the overall financial strategy of the institution.

1) Interest Payments

1.1) Interest Will be paid on Savings Bank/Term Deposit accounts of residents Indians at the rate decided by the Bank' Board within the general guidelines issued by the Reserve Bank of India from time to time and same will be disclosed in advance.

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

1.3) Interest on saving bank accounts will be credited Quarterly as decided through the note dated on regular basis whether the account is operative or not. If a Fixed

Deposit Receipts matures and proceeds are unpaid, the amount left unclaimed with the bank will attract saving bank rate of interest.

1.4) 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 offices

1.5) If the interest amount paid by the bank is being paid in paise, it will be rounded to the nearest rupee. Amounts up to .50 paise will be rounded down to the lower rupee, while amounts above .51 paise will be rounded up to the next rupee and disbursed accordingly.

1.6) In case Fixed Deposit is not opted for auto renewal, and is maturing for payment on a Sunday/ holiday/ non-business working day, Bank will 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.

1.7) In case of reinvestment deposits and recurring deposits, Bank will pay interest for the intervening non-business working day on the maturity value.

2. Interest on Term Deposit:

2.1) In terms of Reserve Bank of India directives, interest shall be calculated at quarterly intervals on term deposits and paid at the rate decided by the Bank depending upon the period of deposits. In case of monthly payment, the interest shall be calculated for the quarter and paid monthly at discounted value. The interest on term deposits is calculated by the Bank in accordance with the formula and conventions advised by Indian Banks' Association.

a. Interest is calculated on the basis of actual number of days (365 days in a year :366 for a leap year).

b. Formula: Interest = Principal x Rate of Interest (p.a.) x $\frac{\textbf{Number of Days}}{\textbf{365(or 366}}$

2.2) The rate of interest on deposits are displayed at notice board of branches at prominent place and on the Bank's website. Further the Changes in interest rates, if any, with regard to the deposit schemes and other deposit Scheme related services will be displayed and communicated from time to time to branches and our customers following the regulators guidelines.

2.3) The Bank has statutory obligation to deduct tax at source if the total interest paid / payable on all term deposits held by a person exceeds the amount specified under the Income Tax Act. Tax is deducted as per the directions of Income Tax Department at the rate mentioned in the relevant provisions of the IT Act. Tax is deducted at 20% wherever PAN is not furnished.

2.4) The Expired deposit schemes declared before 01 January 2018 or under special Deposit scheme if expired but not demanded such Term deposits can be renewed from the expiration date. If the term deposit is renewed from the date of expiry of the term deposit, Savings deposit interest rate on it or interest rate applicable as per contract at maturity of term deposit, whichever is lower, the interest rate will continue to apply. (As per RBI Circular No. RBI / 2025-26 / 134 DOR. SOG(SPE).REC.8 / 13.03.00 / 2025-26 April 01, 2025)

2.5) If Term Deposit Receipt is auto-renewed and if the concerned account holder does not want to renew the deposit receipt, and if the account holder demands within 07 days from the date of renewal of the deposit receipt, there is no need to take Before Maturity Application and should not charge penal interest, The maturity proceeds (after TDS deduction) should be paid at the time of Auto Renewal of Fixed Deposit Receipt. In case of such demand is within a period of 07 to 14 days, Before Maturity Application must be taken on record, interest should be charged as per rules. Also, if such demand arises after 14 days, action should be taken as per prevailing method by taking Before Maturity Application.

2.6) Deposits accepted at the proposed interest rate for a period of 7 to 180 days, penalty interest should not be charged for early closure. (E.g. deposit for 180 days and closing prematurely on 50th day, it should pay interest at the rate for the corresponding period. Also, if it is closed prematurely on the 95th day, interest should be paid at the rate for that period).

2.7) If Deposits held for a period from 181 days onwards are closed prematurely for any reason, as per prevailing rules, 1% penalty interest will be applicable for all.

2.8) Penalty interest will be charged for overdue instalments on the Recurring deposit account. Up to 60 overdue instalments for per Rs.100/- Rs.1.50 will be charged and if there is more than 60 overdue instalments for per Rs.100/- Rs.2.00 will be charged. Accordingly, penalty interest will be deducted from the amount due at the end of the maturity of the recurring account.

3. Interest on Current account:

Interest Rate on domestic Current account - No interest rate is paid on Current account.

3.1) Death Claim:

If the balance is lying in current account standing in the name of the deceased individual or a sole proprietorship concern, interest will be paid only from the date of death of the Individual holder/ Proprietor, till the date of repayment to the legal heir(s)/representative(s)/nominee(s) at the rate of interest operative in respect of savings deposit applicable as on the date of payment. The payment of interest shall be made subject to due compliance of death claim settlement procedures and submission of prescribed forms and documents as required by the bank.

4. Additional interest Rate on Deposit:

Additional interest rate on the deposit will be allowed to the below mentioned circumstances:

A. Staff

Additional rate of interest will be paid to staff who is eligible as per below criteria.

a. Definitions

1. **Staff -** means the staff who is permanent/Probationary in the service of Bank.
2. **Ex-Staff/ Retired Staff -** Means the staff who has completed at least the 20 years' service in bank and retired/resigned without any disciplinary action from bank.
3. **CEO-** Appointed for a Fixed tenure or appointed from banks staff and drawing regular salary from bank.
4. **Banks Staff Association Means-** The Association's, Societies which are formed in the Janata Sahakari Bank and the member of that association are staff of the Janata Sahakari Bank.
5. **Executives/Managing Director-** Means who are appointed for a fixed tenure.

b. Eligibility:

The following individuals are eligible for additional interest:

1. The name of the bank's staff member should be the primary account holder in the deposit to enable the accrual of additional interest on the deposit, and the relevant tax implications will be taken into account during the TDS calculation.
2. Banks staff Associations/societies.
3. Managing Director, Executive Director, and other Executives appointed for fixed

tenure.

4. Chief Executive of the bank drawing regular salary from bank or appointed for a fixed tenure.0
5. Retired bank staff either singly or jointly having Primary/Principal holder/First name in the deposit with any member of his/her family.
6. Only the spouse of a deceased staff or deceased retired banks staff. (The criteria of 20 years' service completion will be waived only in the deceased staff case.)
7. While allowing additional interest rate to staff or the spouse of deceased staff the declaration should be obtained from them mentioning the request for additional interest and the amount of FD is self-earned by that staff.
8. Retired bank's staff who are also senior citizen completing 60 Years will be given additional interest rates as applicable to senior citizen, over and above the additional interest payable to them as retired bank staff which will have capping of maximum 1.50%.

c. Continuity of Eligibility (For CEO appointed for Fixed tenure and Executives/ Managing Director as per definitions):

1. Additional interest is payable only while the individual remains eligible.
2. In case the individual ceases to be eligible, additional interest will be paid till the maturity/renewal of the existing term of deposit.

d. Other Appointments

1. Fixed Tenure or Contractual Deputation:
For persons on deputation with a fixed tenure or contractual basis, the additional interest benefit will cease upon expiry of the deputation period or contract it will be allowed till maturity/renewal of the deposit.

2. Deputation from other Banks:
Employees on deputations from another bank will be allowed additional interest on term deposits opened during period of deputation till the maturity/ renewal of the deposit.

3. Amalgamation:
For employees who are transferred under an amalgamation scheme, additional interest is allowed solely if the contractual interest rate combined with the additional interest, whichever is lower, does not surpass the rate that would have been applicable had the employee initially been with the bank.

e. Whenever any staff retires before 20 years, Suspended/Terminated or his/her tenure of service will expire, Admin Department should communicate such changes to Concerned department (Data Centre) for necessary changes in system and terminate the facility of additional 1% interest rate for staff.

Non-Eligibility:

a. Minor/Children member of staff's family even if staff's name is included as second holder in the deposit it is not eligible for the additional interest rate facility.
b. Bank Employee's Federations, in which bank employees are not direct member, should not be eligible for additional interest.
c. The staff who is Suspended he will not be eligible for the period of suspension /
d. Staff who is Terminated for any reason is not eligible for the additional rate of interest.

B. Sr. Citizen

If a person in the joint account is a senior citizen and if they have demanded to pay interest rate to them as per senior citizens rate, such deposits will be charged interest rate accordingly if the primary holder of the deposit is senior citizens' name. This facility is not offered on the term deposit standing in the name of an HUF or the Karta of the HUF, even if the Karta is a resident Indian senior citizen.

C. Bulk Deposit

Considering the market condition and the banks liquidity position if the bank requires additional deposits, an additional Interest rate may be declared for mobilizing bulk deposits above Rs. 1 Crore. The authority to decide and implement such additional interest rate shall be delegated jointly to the Head of Planning and the Head of Investment Department.

Income Tax (TDS) on Interest of Deposits

1. Income tax deduction will be applicable as per Income Tax Act for interest on all types of deposits.
2. Under the Income Tax Act, once the income tax on the interest from the deposit has been deducted, the bank will remit the specified amount to the income tax department. Consequently, the interest on this amount cannot be paid to the depositor. Therefore, in accordance with the TDS deducted, at the time of the due date, the amount payable should be adjusted after deducting the interest on the TDS due.
3. The Bank will issue a tax deduction certificate (TDS Certificate) for tax deducted. The depositor, if entitled to exemption from TDS can submit declaration in the prescribed format at the beginning of every financial year. This declaration filed in Form 15G and 15H u/s 197A of the I.T. Act shall not be valid unless the person filing the declaration furnishes his PAN in such declaration.
4. Bank will accept deposits from customers under Income Tax Deposit Scheme in Monthly as well as Quarterly Interest Deposit.

5. Premature Renewal of Term Deposit for the Benefit of Increased Interest Rate

The current interest rates will apply to new deposits or renewals at the bank periodically. In order to benefit from increases in interest rates, depositors who have prematurely closed their term deposits and subsequently reinvest the amount after the early closure will receive interest rates applicable for the duration of the term deposit (as of the time of deposit). Alternatively, interest may be charged at a rate lower than the Contractual Rate of the original deposit. Nevertheless, the period for reinvestment must exceed the remaining period of the original deposit. In the event of premature closure of deposit for the purpose of renewal, interest shall be paid (deposit, which will be closed before maturity) then at that time penal interest should not be applied for before maturity. The bank reserves the right to levy a penalty for such premature closure, as per the rates periodically determined by the bank

6. Premature Withdrawal of Term Deposit

1. The Bank on request from the depositor/all depositors allowed withdrawal of term deposit before completion of the period of the deposit agreed upon at the time of placing the deposit.
2. Some of the Deposit scheme such as Janhit is having the Partial withdrawal facility. The Janhit product is implemented according to the features specified in the scheme.
3. The Bank has made depositors aware of the applicable Penal Interest rate along with the deposit rate. Penal Interest rate details are mentioned in the branches, term deposit opening forms, FD Receipts and RD Passbooks.
4. The bank levies penalty of 1% on before maturity closure of the deposit. Penal Interest imposed on closure of before maturity deposit will be the lowest Interest rate amongst the below two methods:

   a. 1% below the rate of interest applicable at the time of deposit for the period deposit remained with the bank.

   b. 1% below the contracted rate.
5. In Callable Term deposit premature withdrawal is allowed subject to penal interest.
6. In the Non- callable Term deposit premature withdrawal is not permitted. In any exceptional case bank will allow premature closure applying 3% Penal Interest higher than the normal Premature Penal Interest.

7. In case where one of the depositors in joint deposit is deceased no penalty is levied for premature withdrawal of the deposit.

8. Interest Payable on the NRE Term Deposit Account of Deceased Depositor

In case the claimant(s) of an NRE term deposit account of a deceased depositor are residents, the deposit on maturity shall be treated as a domestic rupee term deposit and interest shall be paid for the subsequent period at a rate applicable to a domestic term deposit of similar maturity.

7. Interest Rate Applicable on Renewal of Overdue Term Deposits

When a term deposit is renewed on maturity, interest rate for the period specified by the depositor as applicable on the date of maturity would be applied on the renewed deposit. If request for renewal is received after the date of maturity, such overdue deposits will be renewed with effect from the date of maturity at interest rate applicable as on the due date, provided such request is received within 14 days from the date of maturity. In respect of overdue deposits renewed after 14 days from the date of maturity, interest for the overdue period will be paid at the prevalent savings rate or contracted rate of the matured Term Deposit whichever is lower till the date of renewal. In case of withdrawal of the Term Deposit, prevalent savings rate or contracted rate of the matured Term Deposit whichever is lower will be paid from the date of maturity to date of closure of the account.

8. Interest Payable on Term Deposit in Deceased Account

8.1) In the event of death of the depositor before the date of maturity of deposit and amount of the deposit is claimed after the date of maturity, the Bank shall pay interest at the contracted rate till the date of maturity. From the date of maturity to the date of payment, the Bank shall pay interest at Savings Deposit rate for the period for which the deposit remained with the Bank beyond the date of maturity, as per the Bank's policy in this regard.

8.2) If the amount of deposit is claimed before the date of maturity, interest at the rate applicable to the period for which the deposit has remained with the bank will be paid.

8.3) In the case of death of the depositor after the date of maturity of the deposit, the Bank shall pay interest at savings deposit rate operative on the date of maturity from the date of maturity till the date of payment

RBI Circulars – Master Directions for reference: -

Vide RBI Master Directions No. RBI/2025-26/134 DOR.SOG(SPE). REC.8/13.03.00/2025-26, dated - April 1, 2025, important provisions are as follows:

9. Interest Payment

Interest is paid on all deposits except current deposit account. (Exception - In the event of death of the sole depositor before the date of maturity of deposit and amount of the deposit is claimed after the date of maturity, the Bank shall pay interest at the contracted rate till the date of maturity. From the date of maturity to the date of payment, the Bank will pay interest at Savings Deposit rate for the period for which the deposit remained with the Bank beyond the date of maturity. In current accounts, where Swadhan Scheme was linked, interest will be given to such current accounts as per prevailing deposit scheme.

9.1) The interest rates are the same for all the branches of the bank and there is no difference / discretion in the interest rates and same are declared in advance. There is no difference in interest rates between depositors and banks.

9.2) If the interest amount paid by the bank is being paid in paise, it will be rounded to the nearest rupee. Amounts up to .50 paise will be rounded down to the lower rupee, while amounts above .51 paise will be rounded up to the next rupee and disbursed accordingly.

9.3) All savings account holders with a balance of up to Rs 1 lakh have a uniform interest rate; separate interest rate will be paid to the savings account holders who maintain balance on it, i.e. above Rs.1 Lakh.

9.4) The interest rate on the deposit is related to the amount and duration and interest is not paid only at the contracted rate. If the deposit is closed prematurely within at least 7 days, no interest will be paid on it.

9.5) Interest on saving deposit account is calculated on quarterly basis and credited in the month following the end of each quarter. The quarters for the interest calculations are as follows

First Quarter - March, April, May

Second Quarter - June, July, August
Third Quarter - September, October, November
Fourth Quarter - December, January, February
Interest will be paid at the applicable savings deposit interest rate even the account is frozen or Inoperative.

10. Interest Application on Renewal of the Deposit

10.1. The current interest rates will apply to new deposits or renewals at the bank periodically.

10.2. In order to renew the deposit receipt, the customer needs to give clear instructions on the back of the receipt. In the same, customer is required to specify the deposit period. If such period is not specified, the receipt should be renewed for the same period as the original receipt.

10.3. In case of deceased case 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.

Vide Reserve Bank's Master Circular no.RBI/2025-26/134 DOR.SOG(SPE).REC.8/13.03.00/2025-26 - April 1, 2015, following action work mentioned specifically.

11.1 Deposits that matured before 01 January 2018, or those that were declared under any special scheme without renewal, will receive a 14-day extension to renew at the prevailing Rate of Interest. If the deposits are not renewed within this 14-day timeframe, they will then be subject to the savings deposit Rate of Interest. In exceptional/valid situations, where justifiable reasons for the delay beyond 14 days are provided, the authority to offer a Rate of Interest that surpasses the savings interest rate will be vested in the Hon. CEO (As per RBI Circular No. RBI / 2021-22 / 66 DoR. SPE.REC.29 / 13.03.00 / 2021-22 dated 02.07.2021)

11.2 If a Term Deposit Receipt is auto renewed and the relevant account holder wishes to avoid renewing the deposit receipt, they must make a request within 07 days from the renewal date. In this case, there is no requirement to submit a Before Maturity Application, and no interest should be charged. The maturity amount, after TDS deduction, will be disbursed at the time of the Auto Renewal of the Fixed Deposit Receipt. The request be made between 07 to 14 days, a Before Maturity Application must be recorded, and interest will be charged according to the established rules without imposing a penalty. Furthermore, if the request is made after 14 days, actions will be taken in accordance with the current procedures by submitting a Before Maturity Application.

11. Deposits will be accepted at the specified interest rate for durations ranging from 7 to 180 days, no penalty interest will be imposed for early withdrawal. (For instance, if a deposit is made for 180 days and is withdrawn early on the 50th day, interest will be paid at the rate applicable for that duration. Similarly, if the deposit is closed prematurely on the 95th day, interest will be calculated at the rate for that specific period).