

TYPES OF RESIDENT DEPOSIT ACCOUNTS

i) **Fixed Deposit:** A fixed deposit is made by the depositor for a period fixed at the time of making deposit. The banks are not required to keep the cash ready and can deploy the money in a planned manner, as such better rate of interest is offered on fixed deposit. The minimum term for a deposit is 7 days and maximum 10 years. Deposits with maturity exceeding 10 years can be accepted in case of court directions and for the interest of minors. The rate of interest is fixed on these deposits at the time of contract; however, the banks have also started offering **floating rate of interest on fixed deposits**, this floating rate shall be linked to an anchor rate, which shall not be internally driven by the bank but a market rupee-based rate. Fixed deposits are non-transferable.

Fixed Deposits in Joint Names: The deposit in joint names means the bank becomes debtor to joint owners. Premature payment of fixed deposit in joint names with either or survivor clause can be obtained only when both the depositors are available and give their consent for withdrawal of money, as the mandate of either or survivor is applicable only on maturity.

Loan against Fixed Deposit: Similarly, loan against FDR can be obtained with the consent of both the depositors. If only one depositor is available at the place of deposit, the other depositor can send his consent or no objection. Similarly, duplicate fixed deposit receipt can be issued on request of both the depositors. For change in names or addition of names in the fixed deposit the consent of all the depositors shall be obtained.

If after death of the depositor, a request is received by the bank to split the deposit in the names of heirs, it shall not be construed as premature payment of the deposit and no penalty is to be levied, provided the age of deposit and amount of deposit is not changed.

Payment of Fixed Deposit: The payment of FDR if in excess of Rs.20,000/- shall be made through Pay Order, DD or credited to savings, current account etc. Any violation of these guidelines makes banks liable to penalty equivalent to the payment of maturity amount of the FDR.

Deduction of Tax at Source (TDS): The banks are liable to deduct tax at source on interest accruing more than Rs.40,000/- in a financial year (Rs. 50,000 for Senior Citizen). The deposits repayable after a fixed period are liable to deduction of tax at source.

ii) **Savings Bank Account:** Opened by the customer to save their income. It is a running account but banks impose certain restrictions on number of withdrawals and amounts of withdrawals. The banks permit 50 withdrawals in six months, however depending on merits of the case banks can permit withdrawals more than 50 in six months.

iii) **Recurring Deposit Account:** An account is opened in the name of depositor who deposits certain amount every month for a fixed period. It generally carries rate of interest equivalent to fixed deposit as per maturity period of the deposit. The deposit account can be opened singly or jointly.

iv) **Current Account:** It is a running account with facility of unlimited withdrawals and deposits. The account is to facilitate the business transactions. Cheques with endorsements are acceptable and banks can collect endorsed cheques for their current account customers (*not available for Saving Account customers*) As per latest RBI guidelines, a bank before opening current account should verify the antecedents from CRILCS data and NOC from those banks where borrower is availing facilities should be obtained.

v) **Notice deposit** means term deposit for specific period but withdrawal is permitted with at least one complete banking days' notice

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