

renewal including interest rates, at the time of acceptance of deposit. The policy should be non-discretionary and non-discriminatory.

2.13 Advance against term deposit - Manner of charging interest

(a) When an advance is granted against a term deposit and the deposit stands in the name of -

- (i) the borrower, either singly or jointly;
- (ii) one of the partners of a partnership firm and the advance is made to the said firm;
- (iii) the proprietor of a proprietary concern and the advance is made to such a concern;
- (iv) a ward whose guardian is competent to borrow on behalf of the ward and where the advance is made to the guardian of the ward in such a capacity;

the bank would be free to charge interest rate without reference to its Base Rate including advances granted against NRE term deposits and repaid in Foreign Currency or Rupees.

If the term deposit against which an advance was granted is withdrawn before completion of the prescribed minimum maturity period, such an advance should not be treated as advance against the term deposit and interest should be charged as prescribed in terms of the Reserve Bank of India's directive on Interest Rates on Advances issued from time to time.

(b) The account holder of NRE savings deposits can withdraw the savings deposits at any time and therefore, banks should not mark any type of lien, direct or indirect, against these deposits. (As regards domestic saving deposits, banks may follow the guidelines issued by IBA / existing practices approved by their Board in this regard.)

2.14 Margin on advance against term deposit

The decision in regard to margin against term deposit has been left to the discretion of individual banks subject to their Board laying down a transparent policy in this regard.