

Department of Banking Operations and Development

The Department of Banking Operations & Development is entrusted with the responsibility of regulation of commercial banks under the regulatory provisions contained in the B.R. Act, 1949 and RBI Act, 1934 besides enunciation of banking policies. Its functions broadly relate to prescription of regulations for compliance with various provisions of Banking Regulation Act on establishment of banks such as licensing, branch expansion, maintenance of statutory liquidity, management and operations, amalgamation, reconstruction and liquidation of banking companies and issue of guidelines on Prudential Norms relating to Capital Adequacy, investments and loans. In order to achieve its objective, it has to maintain a flexible organizational set-up with activities in tune with the time.

2. The various divisions of the Department and its major functions are briefly mentioned below:

Anti-money Laundering Division

- (i) Study of International Best Practices and Codes on Anti - Money Laundering (AML) and Combating Financing of Terrorism (CFT), Assessing India's position vis-à-vis international regulatory and legal standards on AML/CFT formulated by Financial Action Task Force (FATF), Bank for International Settlements (BIS), International Monetary Fund (IMF) & Financial Stability Forum (FSF) on an ongoing basis.
- (ii) Reviewing of guidelines issued to banks on 'Know Your Customer' (KYC) / Anti-Money Laundering (AML) / Combating Financing of Terrorism (CFT).

Appointments Division

- (i) Approval of proposals for appointment of Chairman/MD/CEO in commercial banks and members/directors on their Boards.
- (ii) Administration of 'fit and proper' guidelines in respect of Directors/Shareholders issued by RBI in terms of Ganguly Committee.

Branch Licensing Division

Issue of authorizations to all Scheduled Commercial banks (excluding Foreign Banks) and Local Area Banks for opening branches throughout the country.

Banking Policy Division

(i) Formulation of policy and issue of prudential guidelines pertaining to Capital adequacy, Income recognition, asset classification and provisioning pertaining to advances portfolio; Classification, valuation and operation of investment portfolio and Credit exposure limits; Policy on securitization of Assets and Sale-Purchase of NPAs to Banks/Financial Institutions/NBFCs/ SCs / RCs; Policy on Restructuring of advances including Corporate Debt Restructuring.

(ii) Formulation of policy and issues regarding capital structure of public sector banks including raising of fresh equity, return of capital, recapitalization.

(iii) Implementation of New Capital Adequacy framework and evolving policy guidelines for adoption of the advanced approaches under New Capital Adequacy Framework (Basel II).

(iv) Policy guidelines/clarifications on integrated risk management systems including Asset Liability Management and issue of guidance notes on various aspects.

Computer & Technology Division

Purchase of hardware and software including software licenses with a view to adopting the latest technology for efficient functioning of the Department.

Directives Division

Issue of guidelines in the following areas:

(i) Payment of interest on domestic and NRI deposits.

(ii) Interest rates on various categories of advances

(iii) Service charges levied by banks

(iv) Capital market exposure of banks

(v) Conduct of guarantee business by banks

Directives (Exports Credit)/(Housing Finance) Division

(i) Issue of instructions to banks regarding operation of Export Credit Schemes (Pre- and Post-shipment credit in Rupees and Foreign currency) and prescribing ceiling interest rates on export credit as per the current policies of the Bank and proposing policy changes.

(ii) Administering the Rupee Export Credit Interest Rates Subvention Scheme formulated by Gol and processing reimbursement claims from banks.

Defaulters List Division

(i) Collection and dissemination of information from /to banks and notified All- India Financial Institutions (FIs) regarding defaulting borrowers with outstanding aggregating Rs. 1 crore and above, which have been classified by them as 'doubtful' or 'loss' (non-suit-filed accounts) on half-yearly basis viz. as on March 31 and September 30.

(ii) Collection and dissemination of information from /to banks/FIs on cases of willful defaults (non-suit filed accounts) with outstanding aggregating Rs. 25 lakh and above on quarterly basis.

Financial Services Division

Policy formulation in respect of para-banking activities / financial services by the banks in exploration of new and profitable business avenues through their extended arms (subsidiaries) or departmentally.

Financial Institution Division

- (i) Regulation of select AIFIs (EXIM Bank, IIBI Ltd., NABARD, NHB, SIDBI)
- (ii) Oversight of regulatory/supervisory functions of NHB & SIDBI.
- (iii) Resource raising and monitoring of sources and deployment of FIs.

International Banking Division

- (i) Policy formulation and regulatory issues regarding entry and expansion of foreign banks in India and examination of proposals and grant of approvals to Indian banks operating abroad.
- (ii) Approvals for setting up of OBUs and policy guidelines for their operations.

Information Division

Nodal point for inflow and outflow of information and interaction with other departments of the banks and others in many areas.

JPC Cell

To ensure overall co-ordination with various departments of RBI and serve as a nodal point for collection of information, preparation of appropriate replies to various questions raised by members of JPC and references to GoI for necessary guidance/approval on matters /issues relating to it

Legislation Division

(i) Attends to various legislative matters relating to amendments to various banking related statutes viz. Banking Regulation Act, 1949, Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and 1980, State Bank of India Act, 1955, State Bank of India (Subsidiary Banks) Act, 1959, DRT Act, 1993 and SARFAESI Act, 2002 and the Rules and Regulations framed thereunder.

(ii) Issue of instructions/guidelines/ circular on customer service in Scheduled Commercial banks.

Parliament Cell

Co-ordination within and outside the department for replies to questions raised in Parliament by Hon' ble Members of Parliament on banking matters etc.

Private Sector Banks Division

Deals with various matters relating to domestic commercial banks in the private sector, as well as LABs – their setting up, functioning, operations and winding up.

Reconstruction Division

Monitoring the progress made by transferee banks in implementation of Scheme of Amalgamation, liquidation proceedings of banks placed under liquidation. It also deals with issues relating to post-merger problems e.g. representation by employees of transferor banks.

Returns Division

Deals with returns submitted by banks relating to maintenance of CRR and SLR as required under RBI Act, 1934 and B.R Act, 1949.

Right to Information Act Division

Nodal point to handle questions received under the Right to Information Act, 2005, on matters relating to DBOD and ensure timely and proper submission of information.

Rajbhasha Division

Propagation of Rajbhasha Hindi in the Department as well as public sector banks. It has the responsibility to implement official language policy of Government of India as required under the Official Language Act, 1963.