

Regulatory and Other Measures

February 2012

RBI/20011-12/384 Ref.DBOD.No.Ret.BC77/12.06.132/2011-12 dated February 3, 2012

Inclusion in the Second Schedule to the Reserve Bank of India Act, 1934 Industrial and Commercial Bank of China Limited

All Scheduled Commercial Banks

We advise that the name of '**Industrial and Commercial Bank of China Limited**' has been included in the Second Schedule to the Reserve Bank of India Act, 1934 by notification DBOD.IBD.No./8136/23.03.026/2011-12 dated December 01, 2011 published in the Gazette of India (Part III- Section 4) dated December 31, 2011.

RBI/2011-12/389 DBOD.No.Leg.BC. 81/09.07.005/2011-12 dated February 7, 2012

Unclaimed Deposits/ Inoperative Accounts in Banks – Display list of Inoperative Accounts

All Scheduled Commercial Banks
(excluding RRBs)

Please refer to our Circular DBOD.No.Leg. BC.34/09.07.005/2008-09 dated August 22, 2008, wherein detailed instructions have been given to banks on dealing with unclaimed deposits / inoperative accounts. They have been advised to find the whereabouts of the customers and their legal heirs. These instructions, *inter alia*, include i) annual review of accounts in which there are no operations, ii) operations in such accounts to be allowed after due diligence and iii) no charge to be levied for activation of inoperative account, *etc.*

2. Keeping in view public interest, it has been decided that banks should, in addition to the instructions contained in the above mentioned circular, play a more pro-active role in finding the whereabouts

of the accountholders of unclaimed deposits/ inoperative accounts. Banks are, therefore, advised that they should display the list of unclaimed deposits/inoperative accounts which are inactive / inoperative for ten years or more on their respective websites. The list so displayed on the websites must contain only the names of the account holder(s) and his/her address in respect of unclaimed deposits/inoperative accounts. In case such accounts are not in the name of individuals, the names of individuals authorised to operate the accounts should also be indicated. However, the account number, its type and the name of the branch shall not be disclosed on the bank's website. The list so published by the banks should also provide a '**Find**' option to enable the public to search the list of accounts by name of the account holder.

3. Banks should also give on the same website, the information on the process of claiming the unclaimed deposit/activating the inoperative account and the necessary forms and documents for claiming the same. Banks are required to have adequate operational safeguards to ensure that the claimants are genuine.

4. Banks should complete action as above by June 30, 2012 and keep their websites updated at regular intervals.

RBI/2011-12/391 UBD.BPD.(PCB) CIR No. 18 /13.01.000/2011-12 dated February 7, 2012

Deregulation of Savings Bank Deposit Interest Rate – Clarification

The Chief Executive Officers

All Primary (Urban) Co-operative Banks

Please refer to our circular UBD.BPD.(PCB).CIR No.13/13.01.000/2011-12 dated November 25, 2011.

2. We clarify that the revised guidelines issued vide our circular referred to above would be applicable to

domestic savings bank deposits held by residents in India. Further, the interest rates applicable on the domestic savings deposit will be determined on the basis of end-of-day balance in the account. Accordingly, while calculating interest on domestic savings bank deposits, banks are required to apply the uniform rate set by them on end-of-day balance up to ₹ 1 lakh and for any end-of-day balance exceeding ₹1 lakh, banks may apply the differential rate(s) as fixed by them.

3. Banks may ensure that interest rate is applied, as stated above, on the end-of-day balances of all domestic savings deposits accounts and no discrimination is made at any of its offices. Prior approval of the Board/Asset Liability Management Committee (if powers are delegated by the Board) may be obtained by a bank while fixing interest rates on such deposits.

4. All other instructions in this regard, as amended from time to time, will remain unchanged.

RBI/2011-2012/396 Ref.No.MPD. BC.352/05.03.004/2011-12 dated February 13, 2012 Magha 24, 1933 (Saka)

All Scheduled Commercial Banks

Bank Rate

Section 49 of the Reserve Bank of India Act, 1934 requires the Reserve Bank to make public (from time to time) the standard rate at which it is prepared to buy or re-discount bills of exchange or other commercial paper eligible for purchase under that Act.

2. Being the discount rate, the Bank Rate should technically be higher than the policy repo rate. The Bank Rate has, however, been kept unchanged at 6 per cent since April 2003. This was mainly for the reason that monetary policy signalling was done through modulations in the reverse repo rate and the repo rate under the Liquidity Adjustment Facility (LAF) (till May 3, 2011) and the policy repo rate under the revised operating procedure of monetary policy (from May 3, 2011 onwards). Moreover, under the revised operating procedure, marginal standing facility (MSF), instituted at 100 basis points above the policy repo rate, has been

in operation, which in many ways serves the purpose of the Bank Rate.

3. While the policy repo rate and the MSF rate have become operational, the Bank Rate continues to remain at 6 per cent. Currently, the Bank Rate acts as the penal rate charged on banks for shortfalls in meeting their reserve requirements (cash reserve ratio and statutory liquidity ratio). The Bank Rate is also used by several other organisations as a reference rate for indexation purposes.

4. The Reserve Bank has consulted various organisations/stakeholders relying on the Bank Rate as a reference rate. Based on the feedback received, it is determined that the Bank Rate should normally stay aligned to the MSF rate. Accordingly, it has been decided that with effect from the close of business today (February 13, 2012), the Bank Rate will stand increased by 350 basis points, *i.e.*, from 6.00 per cent per annum to 9.50 per cent per annum. This should be viewed and understood as one-time technical adjustment to align the Bank Rate with the MSF rate rather than a change in the monetary policy stance.

5. All penal interest rates on shortfall in reserve requirements, which are specifically linked to the Bank Rate, will also stand revised as indicated in the Annex.

Annex Penal Interest Rates which are linked to the Bank Rate

Item	Existing Rate	New Rate (Effective close of business on February 13, 2012)
Penal interest rates on shortfalls in reserve requirements (depending on duration of shortfalls).	Bank Rate plus 3.0 percentage points (9.00 per cent) or Bank Rate plus 5.0 percentage points (11.00 per cent).	Bank Rate plus 3.0 percentage points (12.50 per cent) or Bank Rate plus 5.0 percentage points (14.50 per cent).

6. Kindly acknowledge receipt of this letter to the Adviser-in-Charge, Monetary Policy Department, Reserve Bank of India, Central Office, Shahid Bhagat Singh Road, Mumbai 400 001.

RBI/2011-12/407 RPCD.CO.LBS. BC.No. 8377
/02.08.01/2011-12 dated February 22, 2012

**Formation of new district – Panchsheel Nagar in the State of Uttar Pradesh
Assignment of Lead Bank responsibility**

The Chairmen/CMD
All Lead Banks

The Government of Uttar Pradesh vide their Gazette Notifications No. 2877/1-5-2011-153/2-11-R-5 & 2878/1-5-2011-153/2011-R-5 dated September 28, 2011 has advised about the constitution of a new district *viz.* Panchsheel Nagar with effect from September 28, 2011.

The new district with its headquarter at Hapur has been carved out from the existing Ghaziabad and comprises of three Tehsils *viz.* Hapur, Garh Mukteshwar & Dhaulana.

2. It has been decided to assign the lead bank responsibility of the new district Panchsheel Nagar to Syndicate Bank. There is no change in the lead bank responsibilities of other districts in the State.

3. The newly formed district Panchsheel Nagar has been allotted District working code '313' for the purpose of reporting.
