

March 29, 1985

All State (Scheduled and Non-Scheduled)  
Co-operative Banks and Central Co-operative Banks

Dear Sir,

**Banking Laws (Amendment) Act, 1983 -  
Bringing into Force of Remaining Provisions**

Please refer to our circular letter No.RPCD.CRRB.3967/A.6-83/4 dated 20 June 1984 regarding bringing into force the Banking Laws (Amendment ) Act, 1983, barring sections 6, 7, 21, 26, 37 and 42 (v) and (ix) thereof pending finalisation of Rules / Regulations. As regards sections 6 and 7 of the Banking Laws (Amendment) Act, 1983, amending Sections 42 and 43 of the Reserve Bank of India Act, 1934, a separate communication has been issued to all Scheduled State Co-operative banks vide our circular RPCD.RF.367/A.6-85 dated 11 March 1985, advising them that these provisions together with the amendments to the Reserve Bank of India Scheduled Banks' Regulations, 1951, will come into force with effect from 29 March 1985.

2. Regarding the provisions of section 37 and clauses (v) and (ix) of section 42 of the Banking Laws (Amendment) Act, 1983, it had been, inter alia, indicated in the foot-note to our circular of 20 June 1984 that these were not made effective pending framing and notification of the necessary Rules by Government of India. The Government have now in consultation with the Reserve Bank framed Rules in this regard and have accordingly, issued notification bringing the provisions of clauses (v) and (ix) of section 42 of the Banking Laws (Amendment) Act, 1983 into force with effect from 29 March 1985. The Government have also issued a notification on that date bringing the provisions of the Banking Regulation (Co-operative Societies) Amendment Rules, 1985, into force with effect from 29 March 1985, which incorporate the consequential changes in the Banking Regulations (Co-operative Societies) Rules, 1966. Further, the Government have in consultation with the Reserve Bank, framed the Co-operative Banks (Period of Preservation of Records) Rules, 1985 and the Co-operative Banks (Nomination) Rules, 1985, and have accordingly issued notifications on date bringing into effect the provisions of Section 37 from 29 March 1985.

3. The scope of clauses (v) and (ix) of Section 42 and Section 37 is as under:

(i) Clause (v) of Section 42 of the Banking Laws (Amendment) Act, 1983

This replaces the existing Section 18 of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) relating to the maintenance of cash reserve (CR) by non-scheduled co-operative banks. The main provisions are explained in detail in Annexure I vis-a-vis the new Sections have been, amended in Banking Regulation (Co-operative Societies) Rules, 1966 (Appendix I to Annexure 1) which mainly relate to the revised return in Form I (Appendix III to Annexure 1).

(ii) Clause (ix) of Section 42 of the Banking Laws (Amendment) Act, 1983:

This amends Section 24 of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) relating to the maintenance of the liquid assets (SLR) by co-operative banks (scheduled as well as non-scheduled co-operative banks). The main provisions of the amended Section have been explained in detail in Annexure 11 vis-a-vis the amended Banking Regulation (Co-operative Societies) Rules, 1966.

(iii) Section 37 of the Banking Laws (Amendment) Act, 1983

This incorporates new Sections 45 Y to 45 ZF in the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) providing for the following matters:

(a) Framing of Rules for period of preservation of banks' records.

(b) Nomination facilities to bank- customers.

The main provisions of the above Sections have been explained in detail in Annexure III and IV respectively vis-a-vis the Co-operative Banks (Period of Preservation of Records) Rules, 1985 (Appendix to Annexure 11), and the Co-operative Banks (Nomination) Rules 1985 (Appendix to Annexure IV).

4. Since the provisions of the above Sections have become effective from 29 March 1985, according to the notifications issued by the Government of India, you are requested to initiate immediate action to implement the same. Detailed notes are given in Annexure I- to IV to explain the implications of the new provisions / Rules and for facilitating suitable action at your end so as to ensure strict compliance therewith.

Please acknowledge receipt.

Yours faithfully,

Sd/-

**(R. S. Agrawal)**  
Deputy Chief Officer

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Annexure I

(for the use of non-scheduled co-operative banks)

**Explanatory notes on the operation of the revised section 18 of the Banking Regulation Act, 1949 (As Applicable to Cooperative Societies) and the revised Form I prescribed under the Banking Regulation (Co-operative Societies) Rules**

By clause (v) of Section 42 of the Banking Laws( Amendment) Act, 1983, the existing provisions of Section 18 of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) have been substituted by a new Section 18. Under the revised Section 18 of the Banking Regulation Act, 1949, every co-operative bank not being a scheduled state co-operative bank is required to maintain on a daily basis cash Reserve (CR), the amount of which shall not be less than 3% of its Demand and Time Liabilities (DTL) as obtaining on the last Friday of the second preceding fortnight. It also provides that every such co-operative bank shall submit to the Reserve Bank before the fifteenth day of every month, a return showing the amount so held on alternate Fridays during the month to which it relates, with particulars of its DTL in India on such Fridays or if any such Friday is a public holiday under the Negotiable Instruments Act, 1881, at the close of business on the preceding working day. The return to be furnished has been prescribed as in Form 1, under Rule 5 of the Banking Regulation (Co-operative Societies) Rules, 1966, as amended by Rule 8 of the Banking Regulation (Co-operative Societies) Amendment Rules, 1985, Appendix I ) which has come into effect from 29 March 1985.

2. Since the provisions of the revised Section 18 read with Section 56 of the Banking Regulation Act, 1949 has come into force on 29 March 1985, which is a Friday, that day, namely, 29 March 1985 shall be reckoned as the first alternate Friday for the purposes of the returns to be made in Form I (Appendix 111). Accordingly, by way of illustration, the first eight alternate Fridays commencing from 29 March 1985 reckoned consecutively will be 29 March; 1, 12 April; 26 April; 10 May; 24 May; 7 June; 21 June and 5 July 1985. The subsequent alternate Fridays will be determined on the same consecutive basis.

3. The obligation to maintain the required percentage of the DTL arises on each day of a fortnight commencing from Saturday. and ending with the second following Friday. In respect of each such fortnight. the obligation is to maintain CR at the required percentage of DTL as on the last Friday of the second preceding fortnight. To illustrate. for the fortnight commencing from 27 April 1985 and ending 10 May 1985. on each of these days of the fortnight. a non-scheduled co-operative bank is required to maintain an amount of CR equivalent to 3% of its DTL as on 12 April 1985. Similarly. for each day of the fortnight commencing from 11 May 1985 and ending 24 May 1985, CR has to be maintained at an amount equivalent to 3% of the DTL as on 26 April 1985. In Appendix - II, a chart giving more examples is furnished for the guidance of the co-operative banks. As already stated, the compliance with the obligation will be monitored ordinarily with reference to the position of the DTL and amount of CR as on the relevant alternate Friday as shown in the return in Form I (Appendix III) pertaining to such alternate Friday.

4. It will be noticed from the foregoing that in respect of the fortnights commencing from 13 April 1985, co-operative banks would, in the ordinary course after 29 March 1985 have already submitted their returns in new Form I in respect of their DTL as on the Fridays with reference to which the obligations to maintain CR in respect of the fortnights is to be reckoned. However, in respect of the first fortnight, namely, from 30 March 1985 to 12

April 1985, it would be necessary for cooperative banks not being scheduled state co-operative banks, to make a separate statement indicating the DTL as on 15 March 1985 in revised Form 1. Further, as far as 29 March itself is concerned, such co-operative banks have to maintain CR in respect of that day at 3% of DTL as on 1 March 1985. Here also, the banks will have to furnish a separate return in revised Form I showing the DTL as on 1 March 1985.

5. Another major aspect of the revision of Section 18 and return in Form I is the introduction of the 'netting' concept in the matter of determining DTL and the CR. According to this concept, only the net liabilities of the co-operative bank to other banks, viz. State Bank of India, a subsidiary bank, a nationalised bank a regional rural bank, another banking company, a cooperative bank or any other financial institution notified by the Central Government shall be reckoned for the purpose of computing its cash reserves obligation. Similarly, for the purpose of arriving at the bank's balance in current accounts, which is one of the components of the cash reserves, each bank will be required to work out the difference between the balances held by it in current accounts with the State Bank of India, subsidiary banks and nationalised banks and the balances which such banks may have in current accounts with it and include in its 'cash reserve' obligation only the excess, if any, of the former over the latter. To simplify the operational part of it, the details of the concept in the revised Form I have been explained in the succeeding paragraphs.

6. In order to compute the 'Net Liability' for the purpose of statutory requirements regarding the maintenance of cash reserve by a co-operative bank not being a scheduled state co-operative bank, in terms of Section 18, in the revised Form 1, the liabilities are divided into two major divisions, viz. item I-Liabilities in India to the 'Banking System, and 11-Liabilities in India to others. In the Return, this will be worked out by comparing the amount appearing in item I with amount in item III i.e. Assets in India with the Banking System. 'The excess of I over III will be added to the amount at 11 and the sum figure, or-if the amount at III is in the excess, only amount at 11, will be treated as net liability for determining the bank's obligation as to CR (vide item IV of the revised return)

7. As will be seen from the footnote to the revised Form 1, the term 'Banking System' (by virtue of Explanation (d) to Section-18(l) means (a) the State Bank of India constituted under Section 3 of the State Bank of India Act, 1955, (b) a subsidiary bank as defined in Section 2 of the State Bank of India (Subsidiary Banks) Act, 1959, (c) a corresponding new bank constituted by Section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 / 1980, (d) any regional rural bank established under section 3 of the Regional Rural Banks Act, 1976 (e) a banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949, (f) a co-operative bank as defined in clause (cci) of section 56 of the Banking Regulation Act, 1949 or (g) any other financial institutions notified by the Central Government in this behalf. In other words, 'Banking System', as on the commencement of these revised provisions (i.e. 29 March 1985), covers the following banks

- (a) State Bank of India,
- (b) 7 subsidiaries of State Bank of India,
- (c) 20 Nationalised Banks,
- (d) all other banking companies in private sector (including foreign banks operating in India
- (e) Regional Rural Banks and
- (f) Co-operative banks other than the higher financing agencies i.e. in case of a central cooperative bank, the State co-operative bank of the State concerned and in case of a primary co-operative bank the central co-operative bank of the district concerned and the State co-operative bank of the State concerned.

As per the provisions of section 18 (1) Explanation (d) - of the Banking Regulation Act, 1949, Government of India can notify any financial institutions (other than commercial and co-operative banks to be included in the 'Banking System'. However, as on date no financial institution has been notified by the Government of India under the above clause. Further the "banking System\*", does not include the Reserve Bank of India. The Industrial Development Bank of India, Export-Import Bank of India (Exim Bank), National Bank for Agriculture and Rural Development (National Bank) and other similar financial institutions.

8. Liabilities of a bank may be in the form of demand or time deposits or borrowings or other miscellaneous items of liabilities. "Demand liabilities" include all liabilities which are payable on demand. "Time liabilities" are those which are payable otherwise than on demand.

9. In accordance with explanation to sub-section (1) of section 18 read with Section 56 of the Banking Regulation Act, 1949, these liabilities shall not include the paid-up capital, the reserves, any credit balance in the profit and loss account of the bank, the amount of any loan taken by a co-operative bank from the State Government, the Reserve Bank of India, the Industrial Development Bank of India, the Exim Bank and the National Bank for Agriculture and Rural Development and the National Co-operative Development Corporation. The deposits representing the Reserve funds of the affiliated co-operative societies with the federal societies viz. State and Central co-operative bank of the respective areas as also borrowings by a central cooperative bank from the state co-operative bank of the State concerned and by a primary co-operative bank from the state co-operative bank of the State concerned and the central co-operative bank of the district concerned, shall not constitute 'liabilities' of the concerned bank. It may be noted here that by virtue of the revised Explanation, advances from State Bank of India and notified banks are not to be excluded while computing the aggregate liability of a bank. Items like amount of provision for income-tax in excess of the actual / estimated liability which are not liabilities to the "Banking System" or to "Others" fall outside the scope of the definition of liabilities here. Contingent liabilities also will not be included.

10. Liabilities in India to the "Banking System" as well as to "Others," are further sub-divided into two heads viz. (a) demand liabilities and (b) time liabilities. A break-up of demand liabilities into (i) balances in Current accounts of the State Bank of India subsidiary banks and corresponding new banks and (ii) other demand liabilities is, however, called for under item (1) (a) of the revised return since the information at sub-item (a) (I) is necessary in order to arrive at the net balance in current account' (vide item VIII) by working out the difference with amount to be shown in item III (a) of the revised return indicating the balance in current account with the State Bank its subsidiaries and nationalised banks.

11. Demand liabilities include current deposits, demand liabilities portion of savings bank deposits, margins held against letter of credit / guarantees, balances in overdue fixed deposits, cash certificates, cumulative / recurring deposits, outstanding telegraphic and mail transfers, demand drafts, unclaimed deposits, credit balances in the cash credit accounts and deposits held as security for advances which are payable on demand.

12. Time liabilities include fixed deposits, cash certificates, cumulative and recurring deposits, time liabilities portion of savings bank deposits, staff security deposits, margins held against letters of credit if not payable on demand and fixed deposits held as security for advances .

13. Participation certificates issued to other banks may be included under other demand liabilities (Item I (a) (ii) ) and such deposits which are not so payable should be shown under other time liabilities (I (b) ). Participation certificates issued to others may be shown accordingly under II (a) and (b).

14. Other demand and the liabilities include interest accrued on deposits , bills payable, unpaid dividends and suspense account balances representing amounts due to other banks or public.

15. Money at call and short notice obtained from outside the 'Banking System' (say from Life Insurance Corporation, Unit Trust of India etc.) should be shown against item No. II.

16. If a bank cannot segregate from the total of 'other demand liabilities and 'time liabilities', the liabilities to the 'Banking System', the entire 'other demand liabilities and 'time liabilities' may be shown against item II of the return (Liabilities in India to others - (i) demand liabilities and (ii) time liabilities).

17. However, since the above classification of liabilities is mainly illustrative, this need not be treated as an exhaustive list of 'Liabilities'. In this regard , it may be pertinent to note that by virtue of new sub-section (2) of Section 18 the Reserve Bank has been authorised to settle any dispute or doubts that may arise in classifying any transaction as liability in India. Hence, for any doubt or clarification, a reference has to be made to the Reserve Bank of India.

18. Assets with the Banking System in India comprises five sub-items (Item III of the Return):

(a) Balances with the 'Banking System' in current accounts, (which is sub-divided into (i) balances with public sector banks and (ii) balances with other banks and notified financial institutions).

(b) Balances with banks and notified financial institutions in other accounts.

(c) Funds made available to the Banking System' by way of loans or deposits repayable at call or short notice of a fortnight or less.

(d) Loans, other than 'Money at call and short notice' made available to the 'Banking System' and

(e) Any other amounts due from the 'Banking System' which cannot be classified under any of the above items. For example, in the case of inter-bank remittance facilities scheme, as on date, the total amount held by a bank with other banks (in transit or other accounts) would be shown here as such sums cannot be construed as 'balances' or 'call money' or 'advances'.

19. In this context, it may be clarified that if a bank has lodged securities with another bank for borrowal arrangements, then such securities or unencumbered portion of the same should not be shown by the borrowing bank as 'other assets' with the 'Banking System'. Similarly, the bank which has received the securities should not show them as 'other liabilities' to the 'Banking System'.

20. Currency and rupee notes and coins held as till money should be shown as cash in India (i.e. cash in hand). However, currencies of foreign countries held with a bank should not be included (Item V of the Return). Similarly, any cash with a co-operative bank or any balance held by a co-operative bank with another bank to the extent such cash or such balance represents the balance in Agricultural Credit Stabilisation Fund of such co-operative bank, shall not be deemed to be cash maintained in India.

21. While other items of the return do not require any explanation, as an illustration the entire Form 1 has been displayed in the Appendix III with facts and figures for the first three alternate Fridays for having easy understanding of the operation of the revised section 18 and the Form 1.

Encls:

(i) Banking Regulation (Co-operative Societies) Amendment Rules 1985 (Appendix 1).

(ii) Chart indicating examples of Alternate Fridays (Appendix II).

(iii) Illustrative revised Form I (Appendix III).

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Appendix I

### **Banking Regulation (Co-operative Societies) Amendment Rules, 1985**

In exercise of the powers conferred by Section 52 read with Section 56 of the Banking Regulation Act, 1949 (10 of 1949) and after consultation with the Reserve Bank of India, the Central Government hereby makes the following rules, further to amend the Banking Regulation (Co-operative Societies) Rules, 1966, namely :-

1. i) These rules may be called the Banking Regulation (Co-operative Societies ) Amendment Rules, 1985.

ii) They shall come into force on the date of their publication in the Official Gazette.

2. In the Banking Regulation (Co-operative Societies) Rules, 1966 (hereinafter referred to as the said rules), for clause (f) of rule 2, the following clauses shall be substituted, namely:-

"(f) Principal office of the Reserve Bank means:

(i) in relation to a primary co-operative bank, the office of Urban Banks Department of the Reserve Bank; and

(ii) in relation to a central co-operative bank or a state co-operative bank, the office of Rural Planning and Credit Department of the Reserve Bank to which the returns prescribed under the Act or these rules are required to be submitted."

3. In sub-rule(2) of rule 3 of the said rules:-

(a) for the words "office of the Agricultural Credit Department" occurring for the first time, the words "principal office" shall be substituted;

(b) for the words " in this behalf to the Reserve Bank of India, Central Office, Agricultural Credit Department , Bombay, the following shall be substituted , namely:-

(a) by a primary co-operative bank to the Reserve Bank of India, Central Office, Urban Banks Department, Bombay and

(b) by a central co-operative bank or a state co-operative bank to the Reserve Bank of India, Central Office, Rural Planning and Credit Department , Bombay".

4. In rule 4 of the said rules,

(i) in sub-rule (1) for the words "principal office of the Reserve Bank", the words ' the office specified in sub-rule(2)'b shall be substituted ;

(ii) sub-rule (2) shall be renumbered as sub-rule (3) and before sub-rule (3) as so renumbered the following sub-rule shall be inserted, namely:-

"2. The statement containing the lists referred to in clauses (a) and (b) of sub-rule (1) shall be sent by a primary co-operative bank to the principal office of the Reserve Bank and by a central co-operative bank and a state co-operative bank to the principal office of the Reserve Bank, and also to the office of the National Bank situated in the state in which the co-operative bank has its principal office or to such other office of the National Bank as may be specified by the National, Bank"

(iii) in sub-rule (3) as renumbered, after the words" principal office of the Reserve Bank, the following shall be inserted, namely:

"and in the case of a central co-operative bank and a state co-operative bank, also to the office of the National bank as specified under sub-rule (2)".

5. In rule 6 of the said rules:

(i) for clause (a) the following clause shall be substituted, namely :-

"(a) in the case a co-operative society desiring to commence banking business after the commencement of the Banking Laws (Application to Co-operative Societies ) Act, 1965 (23 of 1965),

1) as a primary co-operative bank, in Form III-A,

2) as a central co-operative bank in Form III-B, and

3) as a state co-operative bank in Form III-C,"

(ii) for clause (b) the following clause shall be substituted, namely:-

"(b) in the case of a co-operative society, which at the commencement of the Ban Laws (Application to Co-operative Societies) Act, 1965 (23 of 1965) was carrying on business as a co-operative bank, or a co-operative bank which has come into existence as a result of the division of any other co-operative society carrying on business as a cooperative bank, or the amalgamation of two or more cooperative societies carrying on banking business or primary credit society which becomes a primary cooperative bank after such commencement, and desires to carry on banking business, in Form IV."

6. In rule 7 of the said rules, -

(i) for words " to the principal office of the Reserve Bank in Form V", the following shall be substituted :-

"in form V-

- (a) in the case of a primary co-operative bank to the principal office of the Reserve Bank; and
- (b) in the case of a central co-operative bank or a state co-operative bank to the office of the National Bank situated in the state in which the co-operative bank has its principal office or to such other office of the National Bank as may be specified by the National Bank and an advance copy of the application be submitted directly to the principal office of the Reserve Bank.

7. For rule 8 of the said rules, the following rule shall be substituted, namely :-

8 A list relating to the offices of a co-operative bank shall be sent , within a period of one month from the close of every quarter, in Form VI -

- (a) by a primary co-operative bank to the principal office of the Reserve Bank; and
- (b) by a central co-operative bank or a state co-operative bank to the principal office of the Reserve Bank and also to such office of the National Bank as may be specified by the National Bank.

8. For Form I appended to the said-rules, the following Form shall be substituted, namely:

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ANNEXURE II

(For the use of scheduled and non-scheduled co-operative banks)

Explanatory Note on the operation of the revised section 24 of the B.R. Act, 1949 (As Applicable to Co-operative Societies) and the revised Form I prescribed in the Banking Regulation (Co-operative Societies) Amendment Rules 1985

By sub-section (ix) of section 42 of the Banking Laws (Amendment) Act, 1983 the existing provisions of section 24 of the Banking Regulation Act, 1949 have been amended. Under the amended section 24 of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) every co-operative bank (Scheduled as well as non-scheduled banks) is required to maintain on a daily basis, liquid assets (SLR), the amount of which shall not be less than 25 per cent of its Demand and Time Liabilities (DTL) as obtaining on the last Friday of the second preceding fortnight. It also provides that a co-operative bank shall submit to the Reserve Bank before the fifteenth day of every month, a return showing the amount so held on alternate Fridays during the immediate preceding month with particulars of its DTL in India on such Fridays or if any such Friday is a public holiday under the Negotiable Instruments Act, 1881, at the close of business on the preceding working day. The State and Central co-operative banks, besides submitting the return to the Reserve Bank are also required to submit a copy of the same to NABARD. The return to be furnished has been now prescribed as in Form I (Appendix III to Annexure I) by Rule 5 of the Banking Regulation (Co-operative Societies) Rules, 1966, as amended by Banking Regulation (Co-operative Societies) Amendment Rules, 1985 (Appendix I to Annexure 1) which come into effect from 29th March 1985.

2. Since the provisions of the amended section 24 of the Banking Regulation Act, 1949, have come into force on 29 March 1985, which is a Friday, that day namely, 29 March 1985, shall be reckoned as the first alternate Friday for the purposes of the returns to be made in Form 1 (Appendix III to Annexure I). Accordingly, by way of illustration, the first eight alternate Fridays commencing from 29 March 1985 reckoned consecutively will be 29 March, 12 April, 26 April, 10 May, 24 May, 7 June, 21 June and 5 July 1985. The subsequent alternate Fridays will be determined on the same consecutive basis.

3. The obligation to maintain the required percentage of the DTL arises on each day of a fortnight commencing from Saturday, and ending with the second following Friday. In respect of each such fortnight the obligation is to maintain SLR at the required percentage of DTI. as on the last Friday of the second preceding fortnight. To illustrate, for the fortnight commencing from 27 April 1985 and ending 10 May 1985, on each of these days of the fortnight, a bank is required to maintain an amount of SLR equivalent to the required percentage of its DTL as on 12 April 1985. Similarly, for each day of the fortnight commencing from 11 May 1985 and ending 24 May 1985, SLR has to be maintained at an amount equivalent to the required percentage of the DTL as on 26 April 1985. In Appendix 11 to Annexure 1, a chart giving more examples is furnished for the guidance of the banks. As already stated, the compliance with the obligation will be monitored ordinarily with reference to the position of the SLR as on the relevant alternate Friday as shown in the return in Form I pertaining to such alternate Friday.

4. It will be noticed from the foregoing that in respect of the fortnights commencing from 13 April 1985, banks would in ordinary course after 29 March 1985 have already submitted their returns in new Form I in respect of their DTL as on the Fridays with reference to which the obligations to maintain SLR in respect of the fortnights is to be reckoned. However, in respect of the first fortnight namely, from 30 March 1985 to 12 April 1985, it would be necessary for banks to make a separate statement indicating the DTL as on 15 March 1985 in revised Form 1 (Appendix III to Annexure 1). Further, as far as 29 March 1985 itself is concerned, banks have to maintain SLR in respect of that day at the required percentage of DTL as on 1 March 1985. Here also, the banks will have to furnish a separate return in revised form I showing the DTL as on 1 March 1985.

5. Major aspect of the revision of section 24 and return in Form I is the introduction of the 'netting' concept in the matter of determining DTL and the SLR. According to this concept, only the net liabilities of the co-operative bank to other banks viz. State Bank of India, a subsidiary bank, a nationalised bank, a regional rural bank, another banking company, a co-operative bank or any other financial institution notified by the Central Government shall be reckoned for the purpose of computing its SLR. Similarly, for the purpose of arriving at the bank's balance in current accounts, which is one of the components of the cash so far as scheduled and nonscheduled co-operative banks are concerned, each co-operative bank will be required to work out the difference between the balances held by it in current accounts with the State Bank of India, subsidiary banks and nationalised banks and the balances which such banks may have in current accounts with it and include in its SLR obligation only the excess, if any, of the former over the latter, as defined in the Explanation (c) under section 18(l) of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies). To simplify the operational part of it, the details of the concept in the revised Form I have been explained in the succeeding paragraphs.

6. In order to compute the "Net liability" for the purpose of statutory requirements regarding the maintenance of SLR by a scheduled or non-scheduled co-operative bank in terms of section 24, in the revised Form I, the liabilities are divided into two major divisions, viz. item I - liabilities in India to the 'Banking System' and 11 - Liabilities in India to others. In the Return, this will be worked out by comparing the amount appearing in item I with the amount in item III i.e. Assets in India with the Banking System. The excess of I over III will be added to amount at 11 and the sum figure, or if the amount at III is in the excess, only the amount at 11, will be treated as net liability for determining the bank's obligation as to SLR (vide item IV of the revised return).

7. As will be seen from the footnote to the Revised Form 1, the term 'Banking System' in this context (by virtue of Explanation (d) to Section 18(l) means (a) the State Bank of India constituted under section 3 of the State Bank of India Act, 1955, (b) a subsidiary bank as defined in section 2 of the State Bank of India (Subsidiary Banks) Act, 1959, (c) a corresponding new bank constituted by section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 / 1980 (d) any regional rural bank established under section 3 of the Regional Rural Banks Act, 1976, (e) a banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949 (f) a co-operative bank as defined in clause (cci) of section 56 of the Banking Regulation Act, 1949 or (g) any other financial institution notified by the Central Government in this behalf. 'In other words, 'Banking System' as on the commencement of these revised provisions (i.e. 29 March 1985), covers the following banks:

- (a) State Bank of India,
- (b) 7 subsidiaries of State Bank of India,
- (c) 20 Nationalised Banks,
- (d) all other banking companies in private sector (including foreign banks operating in India),
- (e) Regional Rural Banks and
- (f) Co-operative banks other than the higher financing agencies i.e. in case of a central cooperative bank the state co-operative bank of the State concerned and in case of a primary co-operative bank the central co-operative bank of the district concerned and the state co-operative bank of the State concerned.

As per the provisions of Section 18(l) - Explanation (d) - of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies), Government of India can notify any financial institution (other than commercial and co-operative banks) to be included in the "Banking System". However, as on date no financial institution has been notified by the Government of India under the above clause. Further, the "Banking System", does not include the Reserve Bank of India, the Industrial Development Bank of India, Export Import Bank of India (Exim Bank), National Bank for Agriculture and Rural Development (National Bank) and other similar financial institutions.



8. Liabilities of a co-operative bank may be in the form of demand or time deposits or borrowings or other miscellaneous items of liabilities. "Demand liabilities" include all liabilities which are payable on demand. "Time liabilities" are those which are payable otherwise than on demand.

9. In accordance with the Explanation to sub-section (1) of section 18 read with section 56 of the Banking Regulation Act, 1949, the liabilities of a co-operative bank shall not include the paid-up capital, reserves, any credit balance in the profit and loss account of the co-operative bank, the amount of any loan taken from the State Government, the Reserve Bank of India, the Industrial Development Bank of India, the Exim Bank, the National Bank and the National Co-operative Development Corporation, the deposits representing the reserve funds or any part thereof of the affiliated co-operative societies with the federal societies viz. State and Central Co-operative Bank of the respective areas as also borrowings by a central co-operative bank from the State co-operative bank of the State concerned and by a primary co-operative bank from the State co-operative bank of the State concerned and the central co-operative bank of the district concerned. Further, in case a co-operative bank has granted an advance against any balance maintained with it, such balance to the extent of the amount outstanding in respect of such advance as also the amount of any advance or other credit arrangement drawn and availed by it against approved securities shall not constitute its liabilities. It may be noted here that, after the amendment of the Explanation, advances from State Bank of India and notified banks are not to be excluded while computing the aggregate liability of a bank. Items like amount of provision for income-tax in excess of the actual / estimated liability, which are not liabilities to the "Banking System" or to "Others" fall outside the scope of the definition of liabilities here. Contingent liabilities also will not be included.

10. Liabilities in India to the "Banking System" as well as to "Others" are further sub-divided into two heads viz. (a) demand liabilities and (b) time liabilities. A break-up of demand liabilities into (i) balances in current accounts of the State Bank of India, subsidiary banks and corresponding new banks and (ii) other demand liabilities is, however, called for under item I(a) of the revised return, since the information at sub-item (a) (i) of the item I is necessary in order to arrive at the 'net balance in current account' (vide item VIII), by working out the difference with amount to be shown in item 111(a) of the revised Return indicating the balance in current account with the State Bank, its subsidiaries and nationalised banks.

11. Demand liabilities include current deposits, demand liabilities portion of savings bank deposits, margins held against letters of credit / guarantees, balance in overdue fixed deposits, cash certificates and cumulative / recurring deposits, outstanding telegraphic and mail transfers, demand drafts, unclaimed deposits, credit balances in the cash credit accounts and deposits held as security for advances which are payable on demand.

12. Time liabilities include fixed deposits, cash certificates, cumulative and recurring deposits, time liabilities portion of savings bank deposits, staff security deposits, margins held against letters of credit, if not payable on demand and fixed deposits held as security for advances.

13. Participation certificates issued to other banks may be included under other demand liabilities (Item I(a)(ii)) and such deposits which are not so payable should be shown under other time liabilities I(b). Participation Certificates issued to others may be shown accordingly under 11(a) & (b).

14. Other demand and time liabilities include interest accrued on deposits, bills payable, unpaid dividends and suspense account balances representing amounts due to other banks or public.

15. Money at call and short notice obtained from outside the 'Banking System' (say from Life Insurance Corporation, Unit Trust of India, etc.) should be shown against Item No. 11.

16. If a bank cannot segregate from the total of 'Other demand liabilities' and 'time liabilities', the liabilities to the 'Banking System' the entire 'Other demand liabilities' and 'time liabilities' may be shown against item 11 of the return (liabilities in India to others - (i) demand liabilities and (ii) time liabilities).

17. However, since the above classification of liabilities is mainly illustrative, this need not be treated as an exhaustive list of 'Liabilities'. In this regard, it may be pertinent to note that by virtue of new sub-section (2) of section 18, the Reserve Bank has been authorised to settle any dispute or doubts that may arise in classifying any transaction as liability in India. Hence for any doubt or clarification, a reference has to be made to the Reserve Bank of India.

18. Assets with the Banking System in India comprises five sub-items (Item III of the Return

(a) Balances with the 'Banking System' in current accounts (which is sub-divided into (i) balances with public sector banks and (ii) balances with other banks and notified financial institutions).

- (b) Balances with banks and notified financial institutions, in other accounts.
- (c) Funds made available to the 'Banking System' by way of loans or deposits repayable at call or short notice of a fortnight or less.
- (d) Loans other than 'Money at Call and Short notice' made available to the 'Banking System'.
- (e) Any other amounts due from the 'Banking System' which cannot be classified under any of the above items. For example, in the case of inter-bank remittance facilities scheme, as on date, the total amount held by a bank with other banks (in transit or other accounts ) would be shown here, as such sums cannot be construed as 'balances' or call money' or 'advances'.

19. In this context, it may be clarified that if a bank has lodged securities with another bank for borrowal arrangements then such securities or the unencumbered portion of the same should not be shown by the borrowing bank as 'other assets' with 'Banking System'. Similarly the bank which has received the securities should not show them as 'other liabilities ' to the Banking System.

20. Currency and rupee notes and coins held as till money should be shown as cash in India (i.e. Cash in hand). However, currencies of foreign countries held with a bank should not be included, (item V of the return). Similarly, any cash with a co-operative bank or any balance held by a co-operative bank with another bank to the extent such cash or such balance represents the balance in Agricultural Credit Stabilisation Fund of such co-operative bank, shall not be deemed to be cash maintained in India. (Item V of the Return).

21. While other items of the return do not require any explanation, as an illustration the entire Form I has been displayed in the Appendix III to Annexure I with the facts and figures for the first three alternate Fridays for having an easy understanding of the operation of the revised section 24 and the Form 1.

22. The percentage of the SLR that co-operative banks are required to maintain has, at present, been prescribed at the minimum statutory requirement of 25 per cent. Any enhancement of the SLR by the Reserve Bank by virtue-of the power conferred on it in terms of sub-section (2A) of section 24 of the Act will be governed by the issue of the notification in the Official Gazette as provided under the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies).

23. By virtue of the amendments carried out to sub-section (2A) of section 24 of the Banking Regulation Act, 1949(As Applicable to Co-operative Societies) (vide clause (ix) of section 42 of the Banking Laws (Amendment) Act, 1983, the Reserve Bank has been empowered to specify the mode of the valuation (viz. cost price or market price or book value or face value or any combination of this) from time to time of the unencumbered approved securities as are required by the co-operative banks to comply with the SLR under section 24. In this regard, it has been decided that the approved securities held by a co-operative bank as on 29 March 1985 i.e. the date on which the notification bringing into force the provisions of clauses (v) and (ix) of section 42 of the Banking Laws (Amendment) Act, 1983, is issued by the Government of India, will be valued at rates not higher than the current market prices and their value as adopted by the co-operative banks will be frozen as in the case of commercial banks. So long as such securities held in the books of co-operative banks as on 29 March 1985 continue to be held in the books thereafter (i.e. either for redemption or sale), the value of such securities will be the value as on 29 March 1985. However, if there is any appreciation in the market value of these securities after 29 March 1985, co-operative banks can take the benefit of such appreciation. But, if there is any depreciation in the market value of these securities subsequent to 29 March 1985, such depreciation may be ignored. Further, if the co-operative bank makes any provisions for any additional depreciation of such securities after 29 March 1985, such additional provision made by the bank need not be deducted from the frozen value. Securities purchased after 29 March 1985 will be valued at cost price or face value whichever is lower and will continue to be valued on the same basis irrespective of the market value. However, if a security held on 29 March 1985 and valued as shown in preceding paragraph, is sold after that date and the same security is repurchased either for the same amount or for different amount, the value of the repurchased securities will be at cost or face value, whichever, is lower. (A copy of the notification is enclosed). The formula is illustrated in the Annexure

24. For the above purpose, the co-operative banks will value the securities as on 29 March 1985 and record the details thereof in the relevant register. Further, while submitting monthly return in Form I vide Rule 8 of the Banking Regulation (Co-operative Societies ) Amendment Rules, 1985, the co-operative banks will indicate the position of the value of the securities held by them arrived at in the manner indicated above.

25. Provisions regarding penalties on shortfall as contained in sub-sections (4) to (8) of section 24 will also be brought into force on the 29 March 1985.

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UBD.BR.763/81-84/85

March 29, 1985

## NOTIFICATION

In exercise of the powers conferred by sub-section (2A) of section 24 read with section 56 of the Banking Regulation Act, 1949(10 of 1949), the Reserve Bank of India hereby specifies that on and from 29th March 1985, for purposes of section 24 of the said act, unencumbered approved securities shall be valued in the manner following, namely-

- (i) So much of the assets represented by securities held by a co-operative bank as at the close of business on 29 March 1985, as is required to maintain the percentage of assets upto 25, shall be valued at market price as on 29 March 1985 or at current market price;
- (ii) Unencumbered securities acquired after 29 March 1985 shall be valued at face value or cost price, whichever is lower.

Sd/-

**(C. Rangarajan)**  
Deputy Governor

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## ANNEXURE - III

(Preservation of records)

Explanatory Note- Sections 45Y and 45Z read with section 56 -  
Period of preservation of records of co-operative banks - Rules framed therefor

Section 37 read with section 42 of the Banking Laws (Amendment) Act, 1983, incorporates new Sections 45Y and 45Z in the Banking Regulation Act, 1949(As Applicable to Co-operative Societies). Section 45Y provides that the Central Government may, after consultation with the Reserve Bank, by notification in the Official Gazette, make rules specifying the periods for which-

- (a) a co-operative bank shall preserve its books, accounts and other documents, and
- (b) a co-operative bank shall preserve and keep with itself different instruments paid by it.

New Section 45Z provides that where a co-operative bank is required by its customer (which includes a Government Department and a Corporation incorporated by or under any law) to return to him a paid instrument before the expiry of the prescribed period of preservation the co-operative bank shall return the instrument after taking a true copy thereof by mechanical Or other process at the cost of the customer.

2. Sections 45Y and 45Z read with Section 56 of the Banking Regulation Act, 1949 have been brought into force with effect from 29 March 1985. The Central Government has notified in pursuance of powers conferred on it under Section 45Y, *ibid*, the Co-operative Banks (Period of Preservation of Records) Rules, 1985 (Appendix) bringing them into force from 29 March 1985.

3. As will be seen from the Rules, the list of documents/records covered by the Rules is fairly exhaustive and also includes preservation of records relating to nomination facilities that would be available to bank customers. In this connection, it may be noted that the period of preservation prescribed by the Rules is the minimum period for which banks have to preserve records mentioned in the Rules. On the expiry of the minimum period banks may preserve such records for a longer period if they are required to be preserved for their own

need, for example, court cases, income-tax cases, etc. As regards records, not covered by the Rules, it would be open to banks to preserve them for the period they deem necessary or for such period as is prescribed either by the State Registrar of Co-operative Societies and/or State Co-operative Societies Act. Further, if any of the records covered by these Rules, are required to be preserved for period longer than the minimum period prescribed under these Rules according to the instructions of the Registrar of Co-operative Societies and/or of the provision of the State Co-operative Societies Act, the co-operative banks may preserve it for such longer or specified period.

4. Regarding paid instruments, the preservation for which a minimum period of the eight years has been prescribed, attention is invited to new section 45Z read with Section 56 of the Banking Regulation act, 1949, in terms of which a bank shall not return the paid instrument to its customer except after making and keeping in its possession a true copy of all relevant parts of the paid instrument, if a demand for the return of the paid instrument is made by customer, such copy should be made by a mechanical or other process which in itself ensures the accuracy of the copy.

5. Although periods of preservation of co-operative banks records have been specified in the Rules, it has been decided in the interest of co-operative banks that records required for interbranch reconciliation of accounts shall not be destroyed even after the expiry of the statutory minimum period of preservation as prescribed by the Rules, till inter Branch accounts are fully reconciled.

Encl: Copy of the Co-operative Banks (Period of Preservation of Record ) Rules, 1985.

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APPENDIX

Cooperative Banks (Period of Preservation of Records) Rules, 1985

In exercise of the powers conferred by Section 45Y, read with section 56 of the Banking Regulation Act, 1949 (10 of 1949), the Central Government, after consultation with the Reserve Bank of India, hereby makes the following rules, namely:-

1. Short title and commencement :

- (1) These rules may be called the Cooperative Banks (Period of Preservation of Records ) Rules, 1985.
- (2) They shall come into force on the date of their publication in the Official Gazette.

2. Every Co-operative bank shall preserve, in good order, its books, accounts and other documents mentioned below, relating to a period of not less than five years immediately preceding the current calendar year.

Ledgers and Registers:

- (1) Cheque Book Registers
- (2) Delivery Order Registers
- (3) Demand Liability Registers
- (4) Demand Remittances Dispatched Registers
- (5) Demand Remittances Received Registers
- (6) Vault Registers.

Records other than Registers:

- (1) Telegraphic Transfer Confirmations
- (2) Telegrams and Telegram Confirmations.

3. Every co-operative bank shall preserve, in good order its books, accounts and other documents mentioned below relating to a period of not less than eight years immediately preceding the current calendar year.

Ledgers and Registers:

- (1) All personal ledgers
- (2) Loans and advances registers or ledgers
- (3) Call, short or fixed deposit registers or ledgers
- (4) F.D. Interest registers
- (5) Draft T.T. and Mail Transfer Registers
- (6) Remittance Registers
- (7) Bills Registers
- (8) Clearing registers
- (9) Demand Loan Liability Registers
- (10) Draft and Mail Transfer Advices Despatched Registers
- (11) Draft and Mail Transfer Advices Received Registers
- (12) Draft Payable Registers
- (13) Drawing Power registers
- (14) Stock registers of goods pledged
- (15) Stock and share registers
- (16) Government securities Registers or ledgers
- (17) Registers showing collection of dividends and interest on securities on behalf of constituents
- (18) Registers or ledgers of Bank's Own investments
- (19) Branch ledgers
- (20) Overdrafts and Loan Registers
- (21) Safe Custody Registers
- (22) Equitable Mortgage Registers
- (23) Trust Registers
- (24) Clean Cash Books

Records other than Registers -

- (1) Bank Cash Scrolls

- (2) Bank Transfer Scrolls
- (3) Remittance Schedules
- (4) Paid cheques
- (5) Paying in slips
- (6) Vouchers relating to DDs, TTs, MTs, Fixed Deposits, Call Deposits, Cash Credits and other deposit and loan accounts including vouchers relating to payment to nominees.
- (7) Account opening forms, inventories prepared in respect of articles in safe custody and safety locker and nomination forms.
- (8) Standing instructions regarding current accounts
- (9) Applications for Trs, DDs, MTs, and other remittances
- (10) Applications for overdraft, loans and advances
- (11) Press-copy books.

4. Notwithstanding anything contained in Rules 2 and 3, the Reserve Bank may, having regard to the factors specified in sub-section (1) of section 35A read with Section 56, by an order in writing, direct any cooperative bank to preserve any of the books, accounts or other documents mentioned in those rules, for a period longer than the period specified for their preservation, in the said rules.

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#### ANNEXURE IV

(Nomination Facilities)

Explanatory Note to section 45ZA to 45ZF read with Section 56 of the Banking Regulation Act, 1949 and the Co-operative Banks (Nomination) Rules, 1985

The Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) has been amended by Section 42 of the Banking Laws (Amendment) Act, 1983 by introducing, among others, new sections 45ZA to 45ZF, which provide, inter alia, for the following matters:-

- (i) To enable a co-operative bank to make payment to the nominee of a deceased depositor, the amount standing to the credit of the depositor.
- (ii) To enable a co-operative bank to return the articles left by a deceased person in its safe custody to his nominee, after making an inventory of the articles in the manner directed by the Reserve Bank.
- (iii) To enable a co-operative bank to release the contents of a safety locker to the nominee of the hirer of such locker, in the event of the death of the hirer, after making an inventory of the contents of the safety locker in the manner directed by the Reserve Bank.

2. Since such nomination has to be made in the prescribed manner, the Central Government has framed, in consultation with the Reserve Bank of India, the Co-operative Banks ( Nomination) Rules, 1985. These Rules, together with the provisions of new Sections 45ZA to 45ZF read with section 56 of the Banking Regulation Act, 1949 regarding nomination facilities have been brought into force with effect from 29 March 1985. A copy of the Rules is enclosed for the information of co-operative banks.

3. As can be seen from the text of the co-operative banks (Nomination ) Rules, 1985 which are self-explanatory, they provide for:-

- (i) Nomination Forms for deposit accounts, articles kept in safe custody and the contents of safety lockers.
- (ii) Forms for cancellation and variation of the nominations.
- (iii) Registration of the nominations and cancellation and variation of nominations and
- (iv) Matters related to the above.

4. In the matter of returning articles left in safe custody by the deceased depositor to the nominee or allowing the nominee/s to have access to the locker and permitting him/them to remove the contents of the locker, the Reserve Bank of India, in pursuance of Sections 45ZC(3) and 45ZE (4) read with Section 56 of the Banking Regulation Act, 1949, has specified the formats for the purpose. The directive prescribing the said formats is enclosed.

5. In order to ensure that the amount of deposits, articles left in safe custody and contents of lockers are returned to the genuine nominee, as also to verify the proof of death, co-operative banks may devise their own claim formats or follow the procedure, if any, suggested by the respective Federations of co-operative banks for the purpose.

6. The Government of India is anxious to bring the provisions relating to nomination facilities at the earliest opportunity. Co-operative Banks, may therefore, take necessary steps well in advance to ensure that the nomination facilities are made available from the 29 March 1985 itself.

Encl:

- (i) copy of the co-operative Banks (Nomination ) Rules, 1985.
- (ii) copy of directive (prescribing inventory formats).

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## APPENDIX

### The Co-operative Banks (Nomination) Rules. 1985

In exercise of the powers conferred by section 52 read with sections 45ZA. 45ZC.45ZE. read with section 56 of the Banking Regulation Act. 1949 (10 of 1949) and after consultation with the Reserve Bank of India the Central Government hereby makes the following rules namely-

#### 1. Short title and commencement:

- (1) These rules may be called the Co-operative Banks (Nomination) Rules. 1985.
- (2) They shall come into force on the date of their publication in the Official Gazette.

#### 2. Nominations in respect of deposits:

- (1) The nominations to be made by the depositor or, as the case may be all the depositors together in respect of a deposit held by a cooperative bank to the credit of one or more individuals shall be in Form DA I.
- (2) The said nomination may be made only in respect of deposits which is held in the individual capacity of the depositor and not in any representative capacity is the holder (in office or otherwise).
- (3) Where the nominee is a minor, the depositor or as the case may be, all the depositors together, may while making the nomination, appoint another individual not being a minor to receive the amount of the deposit on behalf the nominee in the event of the death of the depositor or as the case may be, all the depositors during the minority of the nominee.

(4) In the case of a deposit made in the name of a minor, the nomination shall be made by a person lawfully entitled to act on behalf of the minor

(5) The cancellation of the said nomination to be made by the depositor or, as the case may be, all the depositors together, shall be in Form DA2

(6) A variation of the said nomination to be made by the depositor or, as the case may be, all the depositors together, shall be in Form DA3.

(7) The said nomination shall be made in favour of only one individual.

(8) (a) A nomination, cancellation of nomination or variation of nomination may be made as aforesaid at any time during which the deposit is held by a co-operative bank to the credit of the depositor or depositors, as the case may be.

(b) In the case of a deposit held to the credit of more than one depositor, the cancellation or variation of a nomination shall not be valid unless it is made by all the depositors surviving at the time of the cancellation or variation of the nomination.

(9) The co-operative bank shall acknowledge in writing, to the concerned depositor or depositors, the filing of the relevant duly completed Form of nomination or cancellation of nomination or variation of nomination, as the case may be, in respect of a deposit.

(10) The relevant duly completed form of nomination or cancellation of nomination or variation of nomination filed with the co-operative bank, shall be registered in the books of the cooperative bank.

(11) A nomination or cancellation of nomination or variation of nomination shall not cease to be in force merely by reason of the renewal of the deposit.

### 3. Nomination in respect of articles in safe custody

(1) The nomination to be made by an individual (hereinafter referred to as the depositor) in respect of articles left in safe custody with a co-operative bank shall be in Form SCI.

(2) Where the nominee is a minor the depositor may while making the nomination appoint another individual not being a minor to receive the said articles on behalf of the nominee in the event of the death of the depositor during the minority of the nominees.

(3) Where the articles are left in safe custody with a co-operative bank in the name of a minor the nomination shall be made by a person lawfully entitled to act on behalf of the minor.

(4) The cancellation of the said nomination to be made by the depositor shall be in Form SC2.

(5) A variation of the said nomination to be made by the depositor shall be in Form SC3.

(6) The said nomination shall be made in favour of only one individual.

(7) A nomination cancellation of nomination or variation of nomination may be made by the depositor at any time during which the articles so deposited are held in safe custody by the cooperative bank.

(8) The co-operative bank shall acknowledge in writing to the depositor, the filing of the relevant duly completed Form of nomination or cancellation of nomination or variation of nomination, as the case may be, in respect of the articles so deposited.

(9) The relevant duly completed form of nomination or cancellation of nomination or variation of nomination filed with the co-operative bank, shall be registered in the books of the cooperative bank.

### 4. Nomination in respect of safety locker



- (1) The nomination to be made by an individual who is a sole hirer of a locker from a cooperative bank shall be in Form SL1.
- (2) Where the locker is hired from a co-operative bank by two or more individuals jointly, the nomination to be made by such hirers shall be in Form SL1A.
- (3) In the case of a sole hirer of a locker, nomination shall be made in favour of only one individual.
- (4) Where the locker is hired in the name of a minor, the nomination shall be made by a person lawfully entitled to act on behalf of the minor.
- (5) The cancellation of the said nomination to be made by the sole hirer or as the case may be, joint hirers of a locker, shall be in Form SL2.
- (6) A variation of the said nomination to be made by the sole hirer of a locker shall be in Form SL3.
- (7) A variation of the said nomination to be made by the joint hirers of a locker, shall be in Form SL3A.
- (8) A nomination, cancellation of nomination or variation of nomination may be made as aforesaid, at any time during which the locker is under hire.
- (9) A co-operative bank shall acknowledge in writing to the sole hirer or joint hirers, the filing of the relevant duly completed Form of nomination or cancellation of nomination or variation of nomination as the case may be, in respect of the locker so hired.
- (10) The relevant duly completed Form of nomination or cancellation of nomination or variation of nomination filed with the co-operative bank, shall be registered in the books of the cooperative bank.

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UBD.BR.764/B.1-84/85

March 29, 1985

NOTIFICATION

**Sub : Banking Regulation Act, 1949 (As Applicable to Co-operative Societies)-Sections 45ZC(3) and ZE(4)**

Form of inventory to be prepared by cooperative banks while returning articles left in safe custody and permitting the removal of contents of safety lockers

In exercise of the powers conferred on the Reserve Bank of India by sub-section (3) of section 45 ZC and sub-section (4) of section 45 ZE read with Section 56 of the Banking Regulation Act, 1949, the Reserve Bank of India hereby directs that the inventory to be prepared before returning articles left in safe custody and the inventory to be prepared before permitting removal of the contents of a safety locker, shall respectively be in the appropriate Forms set out as enclosed or as near thereto as circumstances require.

Sd/-

**(P. D. Ojha)**  
Executive Director