

# Institution Building

(1960 - 1971)

- May 1960  
The failure of Laxmi Bank and the subsequent failure of the Palai Central Bank catalyzed the introduction of deposit insurance in India.
- 1960  
Policy of reconstruction / compulsory amalgamation of banks introduced to consolidate the Banking sector. Powers to do so acquired by RBI Act amendment. Between 1960 to 1982 over 200 banks were merged or liquidated.
- 1961  
Third Five Year Plan commences.
- 7 Dec 1961  
Deposit Insurance introduced in India as a depositor protection measure. It was intended to increase the confidence of the depositors in the banking system, to facilitate the mobilisation of deposits and promote greater stability and growth of the banking system.
- 15 May 1962  
The Reserve Bank of India Act, 1934, the Indian Coinage Act, 1906 and the Currency Ordinance, 1940 extended to Goa, Daman and Diu consequent to their liberation.
- 1 Mar 1962  
P.C. Bhattacharyya appointed Governor.
- May 1962  
New Bank Branch Licensing policy laid stress on opening of offices in 'unbanked' and 'underdeveloped' areas.
- 16 Sep 1962  
Cash Reserve Ratio of banks was fixed uniformly at 3 % of their Demand and Time Liabilities with the flexibility to vary it between 3 and 15%.
- 1962  
Chapter IIIA incorporated in RBI Act empowered the Bank to collect information in regard to credit facilities granted by individual banks and notified financial institutions to their constituents. 1974 the scope of the term credit information was enlarged to cover the means antecedents, history of financial transactions and the creditworthiness of any borrower or class of borrowers.
- 1962  
The Banking Regulation Act amended. Scheduled Banks to maintain minimum liquid assets (SLR) of not less than 25% of the Demand and Time Liabilities.
- 1 Jul 1962  
Agricultural Refinance Corporation (ARC) set up to provide Refinance to central land mortgage banks, state coop banks, scheduled commercial banks who were shareholders.
- 26 Aug 1963  
Staff Training College established at Madras started a pilot course representing one of the early HRD endeavours in the services sector.
- 1 Feb 1964  
RBI empowered to regulate the deposit acceptance activities of non banking institutions. New chapter IIIB inserted in RBI Act.
- Feb 1964  
Unit Trust of India established to extend facilities for an equity type investment to small investors and also mobilize resources and channel them into investments so as to facilitate the growth of the economy. Commenced operations in July 1964.
- 1 Jul 1964  
IDBI established as a subsidiary of the Reserve Bank of India with the purpose of providing long term industrial finance. Took over business of Refinance Corporation for Industry in September, 1964.
- 20 Nov 1965  
Credit Regulation introduced to align the growth of bank credit with Plan requirements. Later evolved into the Credit Authorisation Scheme (CAS).
- 1 Mar 1966  
Operations of co-operative banking system brought under the regulatory ambit of the RBI. Banking Laws.
- Mar 1966  
A new Department of Non Banking Companies established at RBI Calcutta.
- 6 Jun 1966  
Rupee devalued by 36.5 % The US Dollar which earlier was equivalent to Rs 4.75 now rose to Rs 7.50.

- 2 Jul 1966  
12 State Cooperative Banks included in Second Schedule of RBI Act.
- 17 Apr 1967  
Size of Bank notes reduced.