

*Regulatory and Other Measures**

November 2010

RBI/2010-11/253 Ref. No. RPCD.CO.FID.
BC.No. /12.01.012/2010-11 dated November
1, 2010

Opening and operating the accounts of the beneficiaries of Indira Gandhi National old Age Pension Scheme (IGNOAPS)

The Chairman & Managing Director/Chief
Executive Officer

All Scheduled Commercial Banks
(Including Regional Rural Banks)

Government of India has advised that the Committee on National Policy on Older Persons in their 4th review meeting stressed on the need for an elderly friendly policy and to take concrete steps to make available adequate resources to this segment of the population. One of the decisions of the Committee was that the money should be directly transferred to the bank accounts of beneficiaries of Indira Gandhi National Old Age Pension Scheme.

2. Accordingly, you are advised to instruct your branches to facilitate opening of bank accounts of the beneficiaries of IGNOAPS to enable the Government of India to transfer the funds directly in to these accounts.

RBI/2010-11/259 Ref. No. DPSS (CO)
RTGS No.1008/04.04.002/2010-2011 dated
November 03, 2010

Electronic Funds Transfer Infrastructure in India – Usage of RTGS and NEFT

Chairman and Managing Director/
Chief Executive Officer of all banks
participating in RTGS and NEFT

Please refer to our earlier circulars DPSS
(CO) RTGS No. 729/04.04.002/2006 – 2007

* Important regulatory items issued during November 2010.

dated December 1, 2006 (introducing the threshold value limit for customer transactions in RTGS to ₹1 lakh) and DPSS (CO) No. 611 / 03.01.03 (P) / 2008 – 09 dated October 8, 2008 (levy of service charges for electronic payment products).

2. The Indian RTGS system has displayed tremendous growth in both transactions volume and the values that it has been processing since its inception in March, 2004. With the increasing number of electronic payment transactions, it has become expedient to position the Indian RTGS system primarily for processing and settling large value payment orders. Further, the Reserve Bank has set up a robust retail electronic funds transfer system in the form of National Electronic Funds Transfer (NEFT) system, with near real-time settlement finality with 11 settlement cycles in a day.

3. It has, therefore, been decided in consultation with system participants to increase the threshold value limit for RTGS transactions from the present limit of ₹1 lakh to ₹2 lakhs. As an incentive to customers to move their transactions to NEFT, a new value band in the ₹1 lakh to ₹2 lakh segment has been created, with customers having to pay lower charges *vis-à-vis* RTGS transactions. The details of the existing service charges and the revised service charges are given below :

System	Value Band	Customer Charges	
		Existing	Revised
RTGS	₹ 1 lakh to ₹ 2 lakhs	₹ 25	–
	above ₹ 2 lakhs to ₹ 5 lakhs	₹ 25	₹ 25
	above ₹ 5 lakhs	₹ 50	₹ 50
NEFT	up to ₹ 1 lakh	₹ 5	₹ 5
	above ₹ 1 lakh to ₹ 2 lakhs	₹ 25	₹ 15
	above ₹ 2 lakhs	₹ 25	₹ 25

4. The service charges in the value band ₹1 lakh to ₹2 lakhs at ₹15/- per transaction in NEFT, effectively provides a saving of ₹10/- per transaction to the customer. Thus, the special niche value band created in NEFT, is a value proposition for customers providing funds transfer in a timely manner with wider geographical coverage at a lesser cost. This measure would also significantly contribute to further improving the efficiency of the RTGS system.

5. The revised threshold limits for customer transactions in RTGS system and revised NEFT service charges will be implemented with effect from November 15, 2010.

6. All member banks are advised to encourage customers to take advantage of this facility.

RBI/2010-11/260 Ref. No. DBOD. Ret. BC. No. 57/12.06.004/2010-11 dated November 03, 2010

State Bank of Indore excluded from the Second Schedule to the RBI Act, 1934

Exclusion from the Second Schedule to the Reserve Bank of India Act, 1934 – State Bank of Indore.

All Scheduled Commercial Banks

We advise that the name of 'State Bank of Indore' has been excluded from the Second Schedule to the Reserve Bank of India Act, 1934 by notification DBOD. No. Ret. BC. 37/12.06.004/2010-11 dated August 27, 2010, published in Gazette of India (Part III – Section 4) dated September 25 – October 1, 2010.

DBOD.No.Ret.BC. 37/12.06.004/2010-11
dated August 27,2010

Notification

In exercise of the powers conferred under Clause (b) of sub section (6) of Section 42 of the Reserve Bank of India Act, 1934 (2 of 1934), the Reserve Bank of India hereby directs exclusion of the 'State Bank of Indore' from the Second Schedule to the said Act, as the said bank has ceased to carry on banking business with effect from August 26, 2010.

RBI/2010-11/265 Ref. No. DPSS (CO) RTGS
No.1051/04.04.002/2010-2011 dated
November 9, 2010

Electronic Funds Transfer Infrastructure in India – Usage of RTGS and NEFT

Chairman and Managing Director/
Chief Executive Officer of all banks
participating in RTGS and NEFT

Please refer to our circular DPSS (CO)
RTGS No. 1008/04.04.002/2010-2011 dated
November 3, 2010 on the captioned subject.

2. Based on requests received from the
participant member banks, it is clarified that
the revised customer charges for the
transactions routed through RTGS are
applicable for amounts starting from ₹2 lakhs
and above.

3. Accordingly, the value band ₹2 lakh to
₹5 lakh will attract a maximum customer
charge of ₹25.

RBI/2010-11/274 Ref. DBOD.Ret..BC. No. 62/
12.06.031/2010-11 dated November 15, 2010

Exclusion from the Second Schedule to the Reserve Bank of

India Act, 1934 – the Bank of Rajasthan Limited

All Scheduled Commercial Banks

We advise that the name of 'The Bank
of Rajasthan Limited' has been excluded
from the Second Schedule to the Reserve
Bank of India Act, 1934 by notification
DBOD.No.PSBD/2866/16.01.056/2010-11
dated August 18, 2010, published in the
Gazette of India (Part III – Section-4) dated
September 11, 2010 – September 17, 2010.

RBI/2010-11/285 Ref. No. RPCD.CO.RF.
BC.No.29/07.38.01/2010-11 dated November
19, 2010

Disclosing all information relating to processing fees/charges

All State Co-operative Banks (StCBs) and
Central Co-operative Banks (CCBs)

Please refer to our circular
RPCD.CO.RF.BC.No.78/07.38.01/2008-09
dated December 19, 2008 containing
guidelines on the captioned subject wherein
banks were advised to ensure that all
information relating to charges/fees for
processing are invariably disclosed in the
loan application forms and that banks must
inform 'all-in-cost' to the customers to
enable them to compare the rates charged
with other sources of finance.

2. With a view to bringing in fairness and
transparency, banks are advised that they
must transparently disclose to the borrower
all information about fees/charges payable
for processing the loan application, the
amount of fees refundable if loan amount
is not sanctioned/disbursed, pre-payment
options and charges, if any, penalty for

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delayed repayments if any, conversion charges for switching loan from fixed to floating rates or vice versa, existence of any interest reset clause and any other matter which affects the interest of the borrower. Such information should also be displayed in the website of the banks, if any, for all categories of loan products.

3. In other words, banks must disclose 'all in cost' inclusive of all such charges involved in processing/sanction of loan application in a transparent manner to enable the customer to compare the rates/charges with other sources of finance. It should also be ensured that such charges/fees are non-discriminatory.