

RBI Press Release

Banks to Register Nomination Facility in Deposit Accounts in Passbooks (June 7, 1999)

The Reserve Bank of India has decided to introduce the practice of recording on the face of the passbooks the position regarding availment of nomination facility. The banks will now be able to record on the face of the passbook the position regarding availment of nomination facility by a depositor. The bank will record this on the passbook with a legend "Nomination Registered". The facility intends to facilitate expeditious settlement of claims by banks in the accounts of deceased depositors and to minimise hardship caused to the family members of the deceased depositors in this regard. This facility is also extended to term deposit receipts.

The Reserve Bank of India has taken the decision after considering a suggestion that when a bank account holder has availed himself of nomination facility, it may be indicated on the passbook issued so that, in case of death of the account holder, his relatives can know from the passbook that the nomination facility has been availed of by the deceased depositor and take suitable action.

Reserve Bank Makes Available Draft Guidelines on Forward Rate Agreement/ Interest Rate Swaps on its Website (June 22, 1999)

In the Governor's statement on 'Monetary and Credit Policy for the year 1999-2000' announced on April 20, 1999, it was indicated that to facilitate hedging of interest rate risks and ensuring orderly development of the derivatives market, guidelines for interest rate swaps (IRS) and forward rate agreements (FRAs) will be issued.

Accordingly, draft guidelines on FRAs/IRS have been finalised in close consultation with market participants. These guidelines will be issued on July 5, 1999, after taking into account, further suggestions if any, from the market.

Draft guidelines are available at Reserve Bank website www.rbi.org.in. Suggestions may be sent at the following address :

Adviser-in-Charge,
Monetary Policy Department,
Reserve Bank of India, 24th Floor,
Central Office, S.B. Marg, Fort,
Mumbai 400 001.

Fax No. : 91-22-265 1685/ 270 0850/269 3204

E-mail : mpdrbi@bom7.vsnl.net.in

RBI Discontinues Receipt of Return of Deposits from Non-Banking Non-Financial Companies (June 25, 1999)

The Reserve Bank of India has decided to discontinue the system of receiving copies of return on

deposits from the non-banking non-financial companies from the current reporting period, i.e., March 31, 1999 onwards.

In terms of the provisions contained in the Companies Act, 1956, the non-banking non-financial companies were required to submit the return on deposits mobilised by them to the Registrar of Companies. Copies of these returns were also being received in the Reserve Bank for statistical purpose.

Status on Year 2000 Compliance in The Banking and Financial Sector (June 29, 1999)

The Reserve Bank of India has been undertaking number of initiatives for Year 2000 compliance of the banking and financial sectors. A Monograph 'Year 2000 Preparations in the Banking and Financial Sector' was first brought out by the Reserve Bank of India in December 1998. It gave an update on Y2K compliance in the banking and financial sector as on November 1998. The monograph has now been updated till May 1999. It is an effort to build confidence in the minds of the public involved in different economic activities. It gives an account of the initiatives taken by the Reserve Bank and the financial sector for achieving Y2K compliance, in co-ordination with the Government of India, Indian Banks' Association, associations of trade, commerce and industry, SEBI, insurance, power, telecom and transport services. The Monograph 'Year 2000 Preparations in the Banking and Financial Sector' is available on the Reserve Bank website (URL: www.rbi.org.in) and will be updated periodically.

The updated version of the monograph 'Year 2000 Preparations in the Banking and Financial Sector' focusses on the need for business continuity planning. This involves continued testing of the systems and preparation of detailed contingency plans and their testing in simulated environment. The key objective of contingency planning is to identify possible risks to what is critical for business continuity and development and implementation of strategies to reduce the risks or mitigate their impact. The Reserve Bank has advised banks and financial institutions to keep up-to-date printed hard copies of the important books of accounts and customer accounts, etc., as a part of contingency plan. This would help temporary switchover to manual procedures with ease in the event of any disruption caused due to year 2000. Further, they have been advised to identify possible sources of liquidity and take measures to ensure adequate supply of cash through the currency chests. The Reserve Bank has stressed the need for having key personnel with the knowledge and skill to respond to particular difficulties during the roll over period and the first few months of the year 2000. The Reserve Bank has also taken all measures to be Y2K compliant in all its operational departments.

The Reserve Bank is in the process of installing the state-of-the-art technology mainframe systems at National Clearing Cells at Mumbai, Chennai, Calcutta and New Delhi. These would be live during July-October 1999. The solution has already been tested for Y2K compliance. Around 70 percent of commercial banks are reported to be Y2K compliant up to May 1999; and the rest are expected to be Y2K compliant by June 1999. Non-banking subsidiaries of commercial banks are already Y2K compliant. In respect of financial institutions, around 40 per cent are Y2K compliant, whereas another about 23 per cent are expected to be compliant before June end.

The Working Group set up by the Reserve Bank to monitor Y2K compliance in the banking and financial sector, at its meeting held today proposed that at its next meeting representatives of apex bodies in the financial sector such as, SEBI, IRA, IDBI, NABARD, NHB, GIC, LIC, UTI, etc., may be invited to review the progress of Y2K compliance in their respective sectors.