

Press Releases

April–May 2009

Our Goal Must Be to Make A Difference; RBI Governor tells Staff; Releases Special RBI Platinum Jubilee Logo

April 2, 2009

The Reserve Bank of India, established on April 1, 1934 celebrates the year 2009-2010 as its Platinum Jubilee Year.

Marking Platinum Jubilee (75 years) birthday is a momentous milestone in the history of the Reserve Bank and a time for joy and celebration. It is also an occasion to reflect on the evolution of the Reserve Bank and to ensure how in the changing environment to fulfill our mandate "to operate the currency and credit system of the country to its advantage"... "Our goal must be to make a difference to the life of every Indian, every day," said Dr. D. Subbarao, Governor, Reserve Bank of India in his message to all RBI employees today on the occasion of the beginning of the Reserve Bank of India's Platinum Jubilee Celebrations.

The Governor also released a special logo on the occasion. The logo uses colours of the national flag indicating the strong linkage that the Reserve Bank has with the country's economy. The logo also has Mahatma Gandhi in it taken from the currency note which is the link between the Reserve Bank and the common person. In sum, the logo represents the continuation of the Reserve Bank's commitment to be a more responsive, relevant, professional and effective public policy institution. The logo will be used throughout the Platinum Jubilee year in all RBI communication.

The Reserve Bank of India will soon announce a detailed plan for marking its Platinum Jubilee.

RBI's In-principle Approval to Four Companies to set up CICs

April 17, 2009

The Reserve Bank of India has, on April 16, 2009, issued 'in-principle-approval' to four companies to set up credit information companies (CICs). These are: (i) Credit Information Bureau (India) Ltd., (ii) Equifax Credit Information Services Pvt. Ltd, (iii) Experian Credit Information Company of India Pvt. Ltd, and (iv) Highmark Credit Information Services Pvt. Ltd.

The Reserve Bank of India had invited applications from companies interested in continuing/commencing business of credit information under the Credit Information Companies (Regulation) Act, 2005. It received 13 applications. The Reserve Bank set up a High Level Advisory Committee (HLAC) for expert opinion on the applications received and recommending the names of the companies which the Reserve Bank could consider for granting Certificate of Registration for setting up or continuing as a credit information company.

De-sequestering of MSS Balances

May 5, 2009

On a review of its cash position, the Government of India, in consultation with the Reserve Bank of India, decided to transfer an amount of Rs.28,000 crore from the MSS cash account to the normal cash account of the Government of India on May 2, 2009. An equivalent amount of Government securities

would accordingly form part of the normal borrowing of the Government of India for the fiscal year 2009-10.

It may be recalled that following the amendment to the Memorandum of Understanding on the Market Stabilisation Scheme (MSS), an amount of Rs.12,000 crore was transferred from the MSS cash account to the normal cash account of the Government of India on March 4, 2009. An equivalent amount of Government securities accordingly formed part of the normal borrowing of the Government of India for the fiscal year 2008-09. It was also decided that based on the emerging fund requirements of the Government, Rs.33,000 crore of MSS balances will be de-sequestered against the approved market borrowing programme or bought back in the fiscal year 2009-10.

The MSS outstanding as on May 2, 2009 is Rs.42,773 crore (Face Value).

RBI to conduct Only One LAF from May 6

May 5, 2009

On a review of the current liquidity conditions, it has been decided that only one Liquidity Adjustment Facility (LAF) will be conducted in the forenoon between 9.30 AM and 10.30 AM with effect from May 6, 2009. The Second LAF will be conducted only on reporting Fridays between 4.00 PM and 4.30 PM. All other conditions governing the LAF remain the same.

It may be recalled that on September 16, 2008, the Reserve Bank had announced, inter alia, that a Second LAF would be conducted on a daily basis till further notice.

Certificate of Registration - Cancelled

May 6, 2009

The Reserve Bank of India has cancelled the certificate of registration granted to the following companies, having their registered offices at the address shown against them, for carrying on the business of a non-banking financial institution. Following cancellation of the registration certificate the companies cannot transact the business of a non-banking financial institution.

Sr. No.	Company's name	Address of Registered office	Date of cancellation
1.	M/s Alps Motor Finance Limited	Flat U, South Patel Nagar Market, New Delhi-110008	March 25, 2009
2.	M/s Alliance Techno Projects Ltd.	7, Netaji Subhash Marg, New Delhi-110002	April 01, 2009
3.	M/s Rahul Finlease Private Limited	G-8/941, Sector 15, Rohini, New Delhi-110085	April 01, 2009
4.	M/s Dwaraka Leasing Limited	F-21, A First Floor, B Road, Lado Sarai, New Delhi-110030	April 01, 2009
5.	M/s Abhivadan Capital Services (Pvt.) Limited	E-4/21, First Floor, Krishna Nagar, New Delhi-110051	April 01, 2009
6.	M/s B.V.Leasing Limited	2994/2-B Ranjit Nagar, P.O. Patel Nagar, New Delhi-110008	April 01, 2009

By the powers conferred under Section 45-IA (6) of the Reserve Bank of India Act, 1934, the Reserve Bank can cancel the registration certificate of a non-banking financial company. The business of a non-banking financial institution is defined in clause (a) of Section 45-I of the Reserve Bank of India Act, 1934.

Certificate of Registration of M/s Alishan Securities & Credits Private Limited - Cancelled

May 11, 2009

The Reserve Bank of India has on March 25, 2009 cancelled the certificate of registration granted to M/s Alishan Securities & Credits Private Limited, having its registered office at A-124/1, Wazirpur Industrial Area, Delhi-110052 for carrying on the business of a non-banking financial institution. Following cancellation of the registration certificate the company cannot transact the business of a non-banking financial institution.

By the powers conferred under Section 45-IA (6) of the Reserve Bank of India Act, 1934, the Reserve Bank can cancel the registration certificate of a non-banking financial company. The business of a non-banking financial institution is defined in clause (a) of Section 45-I of the Reserve Bank of India Act, 1934.

Issue of Rs.500 Denomination Banknotes with 'L' Inset Letter in both numbering panels in Mahatma Gandhi Series – 2005 bearing the signature of Dr. D. Subbarao, Governor

May 13, 2009

The Reserve Bank of India will shortly issue Rs.500 denomination banknotes with 'L' inset letter in both numbering panels in Mahatma Gandhi Series - 2005 bearing the signature of Dr. D. Subbarao, Governor. Except for the change in the inset letter, the design of these notes to be issued now is similar in all respects to the banknotes in

Mahatma Gandhi Series - 2005, with additional / new security features issued on October 21, 2005. All banknotes in the denomination of Rs.500 issued by the Reserve Bank in the past will continue to be legal tender.

RBI Board meets today at Bengaluru

May 14, 2009

The Central Board of the Reserve Bank of India met today at Bengaluru. The meeting reviewed key economic, monetary and financial developments and the various steps taken by the Reserve Bank to preserve financial stability and arrest the moderation in growth momentum in the context of the recession in major economies of the world. Dr. D. Subbarao, Governor, Reserve Bank of India chaired the meeting.

The following members were present in the meeting of the Central Board: Shri Y.H. Malegam, Prof U.R. Rao, Shri Lakshmi Chand, Shri H.P. Ranina, Dr. Ashok Ganguly, Smt. Shashi Rajagopalan, Dr. A. Vaidyanathan, Prof M. M. Sharma, Shri Sanjay Labroo and Shri Ashok Chawla, Finance Secretary, Government of India, Deputy Governors of the Reserve Bank, Dr. Rakesh Mohan, Smt. Shyamala Gopinath and Smt. Usha Thorat were also present.

The Central Board of Directors of the Reserve Bank meets at least once every quarter. The Board has scheduled meetings in Mumbai, Chennai and Kolkata each year. The post-budget meeting of the Board, traditionally held in New Delhi, is addressed by the Union Finance Minister. The other meetings of the Board are held in the remaining state capitals by rotation. The main function of the Central Board of the

Reserve Bank is to provide overall direction to its affairs.

Prior to the meeting of the Central Board of the RBI, the Governor called on Shri B. S. Yeddyurappa, the Hon'ble Chief Minister of Karnataka. A significant decision taken at the meeting was to launch a pilot programme for financial literacy in the State of Karnataka. This programme, to be launched by the RBI in collaboration with the State Government, will involve introduction of financial and related material in the curriculum of its schools and colleges. Steps will also be taken to make financial literacy part of non-formal education. In the meeting the Chief Minister stressed the importance of cooperation of banks for increasing the flow of credit to agriculture and weaker sections. The Chief Minister also emphasised that the flow of education loans was unsatisfactory. He requested the Governor to speak to the banks to cooperate with the State Government in making its development programmes successful.

Subsequently, the Governor had a meeting with the senior officials of the State Government, commercial banks and financial institutions represented in Karnataka, to discuss the State-specific issues relating to banking. Pursuant to the deliberations at the meeting, the following decisions were taken:

- a) All villages in Karnataka with a population of more than 2000 would be targeted for 100% financial inclusion to secure voluntary and involuntary financial inclusion by March 31, 2010;
- b) All households across all villages in Karnataka which have been issued photo identity cards by the State Government

will be covered under the financial inclusion programme through opening of "no frills" accounts by March 31, 2010;

- c) In order to focus on the quality of financial inclusion, at least 50% of all the "no frills" accounts existing as on March 31, 2009 will be made active by March 31, 2010;
- d) A special SLBC meeting will be convened dedicated to address various issues in grant of education loans with a view to streamlining the procedures and systems including those relating to grant of interest subvention for education loans by the State Government, so as to be ready for handling the rush of the education loan applications for the ensuing academic session;
- e) The SLBC will have a meeting with the MSME associations to identify and understand the issues in implementing the RBI requirement of earmarking a sub-limit, in the credit facilities extended to large corporates, towards payment of dues of the MSEs;
- f) All issues relating to Electronic Benefit Transfer (EBT) for effecting payments to beneficiaries of NREGA Scheme, pension, etc., in the State of Karnataka shall be resolved so as to EBT in full shape by August 15, 2009.

RBI seeks Comments on Draft Guidelines on Stripping/Reconstitution of Government Securities

May 14, 2009

The Reserve Bank of India has today placed on its website "Draft Guidelines on

Stripping/Reconstitution of Government Securities" for comments/views. Comments/views on the draft guidelines may be sent by post to the Chief General Manager, Internal Debt Management Department, Reserve Bank of India, Mumbai 400001 or can be emailed on or before May 29, 2009.

The Reserve Bank of India will finalise and issue the guidelines after examining the views/feedback received.

Issuance Calendar for Marketable Dated Securities

May 18, 2009

An indicative calendar for marketable dated securities for Rs.2,41,000 crore for the first half of the year 2009-2010 covering the period from April 1, 2009 to September 30, 2009 was released on March 26, 2009.

On a review of the emerging requirements of the Government, market conditions and other relevant factors, the Government of India, in consultation with the Reserve Bank of India, have decided to increase the issuance size of the dated securities from Rs.12,000 crore to Rs.15,000 crore in each of the two auctions scheduled to be held during the period from May 15-29, 2009.

RBI places on its Website Draft Report of the High Level Committee to Review the Lead Bank Scheme for Public Comments

May 21, 2009

The Reserve Bank of India has today placed on its website www.rbi.org.in the Draft Report of the High Level Committee

to Review the Lead Bank Scheme for public comments. Comments may be addressed either by post to the Chief General Manager, Reserve Bank of India, Rural Planning and Credit Department, Central Office, Fort, Mumbai - 400 001 or sent by Fax to 022-22610948 or sent by e-mail on or before June 20, 2009.

Negotiated Dealing System – Changes in the operational process relating to auction of the Government of India securities

May 22, 2009

The Reserve Bank of India, in consultation with the Government of India, has decided to make the following changes in the manner in which bids are submitted in the auctions of the Government of India securities so as to improve the efficiency of the auction procedure, particularly early announcement of the results of the auction by 2:30 P.M.

1. Dated securities

a. Competitive Bids

All competitive bids shall be submitted electronically on the Negotiated Dealing System (NDS). Persons, other than NDS members, shall route their competitive bids through an NDS member. Competitive bids may be submitted between 10:30 A.M. and 12:30 P.M. on the day of the auction, as hitherto.

b. Non-competitive bids

Retail and eligible institutional investors, desirous of participating in the auction under the Non-competitive Bidding Scheme, would be required to maintain a

gilt account with a bank or a Primary Dealer. Under the Scheme, an investor can submit a single bid only in an auction of a dated security through a bank or a Primary Dealer. Non-competitive bids may be submitted electronically on the NDS between 10:30 A.M. and 11:30 A.M. **No bids under the Non-competitive Bidding scheme shall be accepted after 11:30 A.M.**

c. Bids in physical format

No bids, either competitive or non-competitive shall, henceforth, be accepted in physical format in the auctions of Government of India dated securities, except in extraordinary situations as may be specified by the Reserve Bank of India.

2. Treasury Bills

a. Competitive Bids

Competitive bids in Treasury Bill auctions shall be submitted electronically between 10:30 A.M. and 12:30 P.M., as hitherto, but no physical bids would be accepted, except in extraordinary situations as may be specified by the Reserve Bank of India.

b. Non-competitive Bids

Investors, eligible to bid under the Non-competitive Bidding Scheme for Treasury Bills, may continue to tender physical bids, till further notice. Such non-competitive bids may be submitted by 11:30 A.M.

The above changes shall be operational with immediate effect.

It may be recalled that the Annual Policy Statement for the year 2008-09 had announced the setting up of an Internal Working Group (Chairman: Shri H.R.Khan)

to review the extant auction procedure and make suggestions to reduce the time taken for completion of the auction process with a view to improving the overall efficiency in the primary market auctions of the Government securities on par with the best international practices. The Annual Policy Statement for the year 2009-10 had announced that some the recommendations made by the Working Group would be implemented shortly. The above changes in the auction procedure are in line with the recommendations of the Working Group.

Reserve Bank Cancels the Licence of Citizen Co-operative Bank Ltd., Burhanpur

May 29, 2009

In view of the fact that Citizen Co-operative Bank Ltd., Burhanpur, (M.P), had ceased to be solvent, all efforts to revive it in close consultation with the Government of Madhya Pradesh had failed and the depositors were being inconvenienced by continued uncertainty, the Reserve Bank of India delivered the order cancelling its licence to the bank after the close of business on May 27, 2009. The Registrar of Co-operative Societies, Madhya Pradesh State has also been requested to issue an order for winding up the bank and appoint a liquidator for the bank. It may be highlighted that on liquidation, every depositor is entitled to repayment of his/her deposits up to a monetary ceiling of Rs. 1,00,000/- (Rupees one lakh only) from the Deposit Insurance and Credit Guarantee Corporation (DICGC) under usual terms and conditions.

The bank was granted a licence by Reserve Bank on August 5, 1982 to

commence banking business. The statutory inspection of the bank with reference to its position as on June 30, 2004 had indicated that its financial position was impaired, and it was issued directions under Section 35 A of the Banking Regulation Act, 1949 (As applicable to Co-operative Societies) from the close of business of January 15, 2005 restricting its operations. Subsequent inspections *i.e.* March 31, 2007 and March 31, 2008 also revealed that the bank's financial position deteriorated further.

The Reserve Bank of India issued a show cause notice to the bank on September 19, 2008, asking it to show cause as to why the licence granted to it to conduct banking business should not be cancelled. The reply to the show cause notice was examined. The bank did not have a viable plan of action for its revival. In the absence of any viable proposal to turn around and achieve the required regulatory prescriptions the possibility of revival of the bank was remote. Therefore, the Reserve Bank of India took the extreme measure of cancelling licence of the bank in the interest of the bank's depositors. With the cancellation of its licence and commencement of liquidation proceedings, the process of paying the depositors of Citizen Co-operative Bank Ltd., Burhanpur (M.P) will be set in motion subject to the terms and conditions of the Deposit Insurance Scheme.

Consequent to the cancellation of its licence, Citizen Co-operative Bank Ltd., Burhanpur (M.P) is prohibited from carrying on 'banking business' as defined in Section 5(b) of the Banking Regulation Act, 1949 (AACS) including acceptance and repayment of deposits.

OTHER
ITEMS

Press Releases

For any clarifications, depositors may approach Shri. R.N.Swami, Assistant General Manager, Urban Banks Department, Reserve Bank of India, Bhopal. His contact details are as below:

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