

RBI/ 2005-06/150
DBOD.No.Leg.BC. 30 /09.11.013/2005-06

August 31, 2005

To
All Schedule Commercial Banks
(Excluding RRBs)

Dear Sir,

Section 20 of the Banking Regulation Act, 1949 - Line of Credit / Overdraft facility to Clearing Corporation of India Ltd. (CCIL)

Please refer to our circular DBOD.No.Leg.BC. 98/09.11.013/2004-05 dated June 24, 2005 exempting from the purview of Section 20 of the Banking Regulation Act, 1949, the line of credit / overdraft facility extended by settlement bankers to National Securities Clearing Corporation Ltd. (NSCCL).

2. It has been further decided in exercise of the powers conferred by clause (a) of the Explanation under sub-section (4) of Section 20 of the Banking Regulation Act, 1949 (10 of 1949), that for the purpose of aforesaid Section, the term "loans and advances " shall not include line of credit / overdraft facility extended by settlement bankers to Clearing Corporation of India Ltd. (CCIL) to facilitate smooth settlement.

Yours faithfully,

(Anand Sinha)

Chief General Manager-in-Charge