

RBI/2006-07/213
DBOD.No.Inf. BC. 48 /11.01.009/2006-07

December 18, 2006

To

The Chairmen & Managing Directors
of all Public Sector Banks

Dear Sir,

Review of circulars issued to Public Sector Banks (PSBs)

In the light of changes that have taken place in the banking scenario, it was observed that certain circulars issued to Public Sector Banks (PSBs) during the period from January, 1991 to June, 2004 on operational matters like recovery of NPA dues, housekeeping, branch network, customer service etc. have since lost their relevance. In view thereof, a comprehensive review of all such circulars issued during the aforesaid period was carried out. It has now been decided in consultation with Government of India to withdraw 41 circulars, as detailed in the enclosed statement.

You are advised to carefully go through the list of circulars in the enclosed statement and in case it is felt that the instructions in some of the circulars are still relevant for your bank, kindly ensure that they are implemented with suitable Board approved policies/procedures for substituting the same.

Yours faithfully,

(Malvika Sinha)
General Manager

Annexure

Circulars issued to PSBs during the period January 1991 to June 2004 for withdrawal

I. Circulars on Capital Gains Account Scheme 1988 – Interest Rates, Clarifications on Scheme etc.

Sr. No.	Circular No.	Subject Matter in brief	Gist of Circular
1	DBOD No. Dir BC 111/C.347-91 dated 12.4.91 together with the notification	Interest Rates on Deposits – Capital Gains Accounts Scheme, 1988	Revision of interest rates on the deposits made in Account A (5%) and Account B (5% to 8%) under the Capital Gains Accounts Scheme
2	DBOD No. Dir BC 9/C 347-91 dated 4.7.91 together with the notification	-do-	Revision of the interest rates on the deposits made in Account A (5%) and Account B (9% to 13 %) under the Capital Gains Accounts Scheme
3	DBOD No. Dir BC 40/C 347-91 dated 8.10.91 together with the notification	-do-	Revision of the interest rates on the deposits made in Account A (5%) and Account B (11% to 13 %) under the Capital Gains Accounts Scheme
4	DBOD No. BC 116/13.01.01/92 dated 21.4.92 together with the notification	-do-	Revision of the interest rates on the deposits made in Account A (5%) and Account B (not exceeding 13%) under the Capital Gains Accounts Scheme. The banks were also advised to use discretion in offering rates of interest which were to be based on cost of funds, return on funds etc. The banks were also advised to have uniform rates across all their branches and for all their customers
5	DBOD No. BC 126 A/13.01.01/92 dated 23.4.92 together with the notification	-do-	Revision of the interest rates on the deposits made in Account A (6%) under the Capital Gains Accounts Scheme
6	DBOD No. BC 33/13.01.01/92 dated 8.10.92 together with the notification	-do-	Revision of the interest rates on the deposits made in Account A (6%) and Account B (not exceeding 12%) under the Capital Gains Accounts Scheme
7	DBOD No. BC 88/13.01.01/93 dated 27.2.93 together with the notification	-do-	Revision of the interest rates on the deposits made in Account A (6%) and Account B (not exceeding 11%) under the Capital Gains Accounts Scheme
8	DBOD No. BC 137/13.01.01/93 dated 23.6.93 together with the notification	-do-	Revision of the interest rates on the deposits made in Account A (5%) and Account B (not exceeding 11%) under the Capital Gains Accounts Scheme
9	DBOD No. BC 159/13.01.01/93 dated 1.9.93 together with the notification	-do-	Revision of the interest rates on the deposits made in Account A (5%) and Account B (not exceeding 10%) under the Capital Gains Accounts Scheme
10	DBOD No. BC 121/13.01.01/94 dated 17.10.94 together with the notification	-do-	Revision of the interest rates on the deposits made in Account A (4.5%) and Account B (not exceeding 10%) under the Capital Gains Accounts Scheme
11	DBOD No. Dir BC 16/13.01.01/95 dated 9.2.95 together with the notification	-do-	Revision of the interest rates on the deposits made in Account A (4.5%) and Account B (not exceeding 11%) under the Capital Gains Accounts Scheme
12	DBOD No. Dir BC 48/13.01.01/95 dated 17.4.95 together with the notification	-do-	Revision of the interest rates on the deposits made in Account A (4.5%) and Account B (not exceeding 12%) under the

			Capital Gains Accounts Scheme
13	DBOD No. Dir BC 111/13.01.01/95 dated 29.9. 95 together with the notification	-do-	Revision of the interest rates on the deposits made in Account A (4.5%) and Account B (not exceeding 12% upto 2 years and free above 2 years) under the Capital Gains Accounts Scheme
14	DBOD No. Dir BC 92/13.01.01/96 dated 1.7.96 together with the notification	-do-	Revision of the interest rates on the deposits made in Account A (4.5%) and Account B (not exceeding 11% upto 1 year and free over 1 year) under the Capital Gains Accounts Scheme
15	DBOD No. Dir BC136/13.01.01/96 dated 19.10.96 together with the notification	-do-	Revision of the interest rates on the deposits made in Account A (4.5%) and Account B (not exceeding 10% upto 1 year and free over 1 year) under the Capital Gains Accounts Scheme
16	DBOD No. Dir BC 36/13.01.01/97 dated 15.4.97 together with the notification	-do-	Revision of the interest rates on the deposits made in Account A (4.5%) and Account B (not exceeding Bank Rate minus 2% upto 1 year and free over 1 year) under the Capital Gains Accounts Scheme
17	DBOD No. Dir BC 72/13.01.01/97 dated 25.6.97 together with the notification	-do-	Revision of the interest rates on the deposits made in Account A (4.5%) and Account B (not exceeding Bank Rate minus 2% i.e 8% upto 1 year and free above 1 year) under the Capital Gains Accounts Scheme
18	DBOD No. Dir BC 122/13.01.01/97 dated 21.10.97 together with the notification	-do-	Revision of the interest rates on the deposits made in Account A (4.5%) and Account B (free) under the Capital Gains Accounts Scheme
19	DBOD No. Dir BC 160/13.03.00/2000 dated 1.4.2000 together with the notification	-do-	Revision of the interest rates on the deposits made in Account A (4%) and Account B (free) under the Capital Gains Accounts Scheme
20	DBOD No. Dir BC 109/13.03.00/2000-01 dated 19.4.2001 together with the notification	-do-	Reducing the minimum maturity period from 15 days to 7 days in respect of single term deposit of Rs.15 lakhs and above where the banks have freedom to charge differential rates of interest

II. Circulars on Guidelines for recovery of NPA Dues, one-time settlement Scheme, Compromise Settlement, Constitution of Settlement Advisory Committee

21	DBOD No. BC. 77/11.05.001/91-92 dated 4.2.92	20 Largest Sticky Accounts	The Public sector banks were advised to discontinue submission of quarterly statements pertaining to 20 large sticky Accounts to DBOD
22	DBOD No. BC 48/21.01.040/92 dated 28.10.92	Delegation of powers- Writing off bad debts/losses, compromise proposal etc.	With a view to expedite decision making, it was decided that the Board of Directors of individual public sector banks may delegate suitable powers for write-off bad debts/ losses and compromise proposals to the various functionaries subject to safeguards /conditions and reporting as the Boards may prescribe. The circular also laid down the aspects which the banks should scrupulously follow for approving write-off and compromise proposals.

23	DBOD No. BP BC 57/ 21.01.040/99 dated 27.5.99	Guidelines for constitution of Settlement Advisory Committees	Guidelines for setting up of SACs and compromise settlement of NPAs of small sector by the Public Sector Banks. The guidelines were operative only upto September, 30, 2000.
24	DBOD No.BP.BC.176/ 21.01.040/2000 dated 20.5.2000	Guidelines for constitution of Settlement Advisory Committees	The banks were advised to look into the functioning of SACs to make them an effective medium for recovery of chronic NPAs of the small sector. The banks were also advised to furnish the position in regard to the recovery of NPAs through SACs as on March 31, 2000 as also the constraints if any faced by them.
25	DBOD No. BP.BC. 95/21.04.117/2000-01 dated 28.3.2001	Guidelines for recovery of dues relating to Non-Performing assets (NPAs) of Public Sector Banks	Guidelines for recovery of dues relating to Non-Performing Assets (NPAs) of Public Sector Banks. The time limit for disposal of cases received under non-discretionary and non-discriminatory mechanism for recovery of NPAs through compromise settlements was extended till June 30, 2001.
26	DBOD No. BP.BC. 100/21.04.040/2000-01 dated 10.4.2001	Guidelines for recovery of dues relating to non-performing assets (NPAs) of Public Sector Banks	Guidelines for recovery of dues relating to Non-Performing Assets (NPAs) of Public Sector Banks. The time limit for disposal of cases received under non-discretionary and non-discriminatory mechanism for recovery of NPAs through compromise settlements was extended till September 30, 2001.
27	DBOD No. BP.BC. 53/21.04.117/2001-02 dated 22.12.2001	One Time Settlement of NPAs – Small Loan Accounts with sanction limit upto Rs 25000/-	The banks were advised to formulate a policy for recovery of dues pertaining to loans outstanding upto Rs 25000. The banks were advised that the guidelines should also cover suit filed and decreed debts. The guidelines were to be operative upto June 30, 2002.
28	DBOD No. BC 65/ 21.04.117/2002-03 dated 29.1.03	Revised guidelines for compromise settlement of chronic Non-performing Assets (NPAs) of Public Sector Banks	The circular provided for a simplified non-discretionary and non-discriminatory mechanism for compromise settlement of chronic NPAs below the prescribed value ceiling of Rs 10 crore. The revised guidelines covered all sectors and the last date for receipt of applications was initially April 30, 2003. The guidelines did not cover cases of wilful default, fraud and misfeasance.
29	DBOD No. BP.BC108/ 21.04.117/2002-03 dated 23.5.03	Revised guidelines for compromise settlement of chronic Non-performing Assets (NPAs) of Public Sector Banks	The time period for receipt of applications under the OTS Scheme set out in the circular of January 29, 2003 was extended to September 30, 2003 and processing time was extended upto December 31, 2003
30	DBOD No. BP.BC66/ 21.04.117/2003-04 dated 5.2.04	Revised guidelines for compromise settlement of chronic Non-performing Assets (NPAs) of Public Sector Banks upto Rs 10 crore.	The time period for receipt of applications under the OTS Scheme set out in the circular of January 29, 2003 was further extended to July 31, 2004 and processing time was extended upto October 31, 2004

III Circular on Customer Service – Recommendations and Implementation thereof, Assurance to Rajya Sabha

31	DBOD No. Leg BC 59/C 466(iv)-91 dated 10.12.91	Customer Service – Payment of interest at Savings Bank rate for the delay in collection of outstation cheques (Recommendation No.78)	Clarification that interest payable on delayed collection was applicable for all accounts and not just individual accounts.
----	--	--	---

IV. Circular on Public Premises (Eviction of unauthorized occupants) Act, 1971

32	DBOD No. BC 103/22.01.003/94 dated 13.9.94	Public premises (Eviction of unauthorised Occupants) Act, 1971	The circular had mentioned that it was reported that the PSBs had initiated eviction proceedings against lawful tenants under PP Act thereby creating hardship for the tenants. The banks were advised to adhere to the Government of India guidelines on Public Premises Act.
----	--	---	--

V. Circular on Reconciliation of Inter Branch Accounts - Report

33	DBOD No. Fol. BC 1/C.124 (V) –91 dated 1.7.91 read with DBOD BP NO. 62/21.03.038/2004-05 dated 30.12. 2004	Reconciliation of Inter-branch accounts-Report.	The circular provided for discontinuance of the submission of half-yearly statement relating to the position of reconciliation to RBI C.O. However, it advised the PSBs to furnish a copy of the review on reconciliation put up to the bank's Board to the Central Office. The banks were advised to send copies of both the reviews on the position of reconciliation and the half-yearly statement on the position of reconciliation to the DBOD at the ROs of RBI.
----	--	---	--

VI. Circular on expansion of Network of Specialised branches

34	DBOD No. BC 12/09.07.001/91-92 dated 31.7.92	Expansion of network of specialised branches.	The circular had advised the public sector banks to expand the specialized service branches and take appropriate steps in order to provide for improved and efficient service to the customers.
----	--	---	---

VII. Circular on Empanelment of Advocates by Public Sector Banks

35	DBOD No. BP.BC 62/C 469(W) –91 dated 4.1.91	Empanelment of Advocates by Public Sector Banks	Guidelines for empanelment of advocates by Public Sector Banks prepared in consultation with Gol.
----	---	---	---

VIII. Circulars on other matters

36	DBOD No. Leg. BC 15/C 46(IV) –91 dated 9.8.91	Strengthening of the existing system of monitoring of implementation of the instructions issued by the Government/ RBI	Advise to the banks to strengthen the existing system of monitoring of implementation of instructions received from RBI and Government of India in relation to customer service. The circular also advised the banks that in case of deceased depositor's claim above Rs. 25000/- may also be settled by banks if they are fully satisfied with the merit of the cases.
37	DBOD No. BC 167/17.03.001/93 dated 14.9.93	Settlement of disputes between public sector banks	The banks were advised that RBI would act as an arbitrator in case of inter-bank disputes involving an amount of Rs.

			50,000/- or less.
38	DBOD No. BC 60/ 16.13.100/95 dated 19.5.95	Declaration of Dividends	Declaration of dividends
39	DBOD No. 269/ 09.07.007/97-98 dated 22.12.97	Acceptance of direct taxes under Voluntary Disclosure of Income Scheme (VDIS), 1997	Acceptance of direct taxes under Voluntary Disclosure of Income Scheme (VDIS), 1997
40	DBOD.BP.BC 96/21.04.018/2000-01 dated 28.3.01	Annexing of Balance Sheet, Profit & Loss Account, Auditors' Report and Directors' Report in respect of subsidiaries to Parent Bank's Balance Sheet	Annexing of Balance Sheet, Profit & Loss Account, Auditors' Report and Directors' Report in respect of subsidiaries to Parent Bank's Balance Sheet
41	DBOD No. BP BC 134/21.04.01/2000-01 dated 22.6.01	Annexing of Audited Balance Sheet in respect of subsidiaries to Parent Bank's Balance Sheet	Annexing of Audited Balance Sheet in respect of subsidiaries to Parent Bank's Balance Sheet