

**PSBs can now open Savings Accounts
in the Name of Collector/DM/DC**

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The Reserve Bank of India has now decided to allow public sector banks to open savings bank accounts in the name of Collector/District Magistrate/District Commissioner in respect of funds released for implementation of member of Parliament Local Area Development Scheme (MPLADS) where the works under the scheme are executed through Planning Department of the State Government. Public sector banks may also open savings bank accounts under MPLADS scheme in the name of District Rural Development Agency (DRDA). The banks were earlier prohibited by the Reserve Bank of India from opening savings bank accounts, inter alia, in the name of Government departments/bodies depending upon budgetary allocations for performance of their functions except certain organisations/agencies which were exempted from this prohibition.

Scheduled commercial banks had earlier been advised to (i) introduce annual composite cash credit limits to all agricultural borrowing families and (ii) consider designing a fully liquid savings module with an appropriate return and in-build the same in the loan product which will take care of the farmers' interests in the event of adverse price fluctuations or natural calamities. It has, therefore, been decided to allow scheduled commercial banks to pay interest at their discretion, at a rate based on their perception and other relevant factors on the minimum credit balance in the composite cash credit accounts of farmers during the period from the 10th to the last day of each calendar month.

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