

## APPENDICES

## APPENDIX 1

### Key Events: 1967–1981

#### **1967**

*2 January*

M.R. Bhide, Deputy Governor, appointed as Chairman of the Life Insurance Corporation of India.

*February*

Industrial dispute between Reserve Bank of India and its workmen employees; Justice T.L. Venkatarama Aiyar appointed as arbitrator.

*17 April*

Size of currency notes reduced to economize the cost of imported currency note paper.

*28 April*

Reserve Bank's directive dated 28 October 1966 on credit expansion by banks ceases to operate.

*April*

Union Budget for 1967–68 seeks to limit the outlays of the central government strictly to resources that can be mobilized in a non-inflationary manner.

*May*

Committee on Foreign Collaboration under the chairmanship of Dr A. Ramaswamy Mudaliar submits its Report.

*1 July*

L.K. Jha appointed Governor of RBI.

Post of Secretary in RBI upgraded.

The Companies Tribunal (Abolition) Act, 1967, abolishes the Companies Tribunal set up under the Companies (Amendment) Act, 1963, and restores the old scheme of vesting jurisdiction in the central government or the court.

*17 July*

The Deposit Insurance Corporation (Amendment) Bill, 1967 introduced in the Lok Sabha with a view to extending the scheme of deposit insurance to cover state and central cooperative banks and larger primary non-agricultural credit societies, i.e. urban cooperative banks, with paid-up capital and reserve of Rs 1 lakh or more.

*31 July*

Branch expansion programme of banks extended by two years.

*18 August*

Monopolies and Restrictive Trade Practices Bill introduced in Rajya Sabha.

*October*

ECGC introduces a new guarantee known as the 'export performance guarantee' to serve as a counter-guarantee to banks in India, to enable them to give more credit freely.

*November*

The Reserve Bank provides certain guidelines in regard to bank advances against shares for creating a better climate in the capital markets, with a view to secure better alignment of the banking system with the need for economic planning.

*2-4 December*

Fifth Indian Cooperative Congress held at New Delhi.

*14 December*

Deputy Prime Minister and Minister of Finance announce in the Lok Sabha that the government will soon set up a commission to examine and report on matters that affect development of the banking industry.

*22 December*

National Credit Council (NCC) set up to assess the demand for bank credit, to determine priorities for the grant of loans and advances, to coordinate lending and investment policies as between commercial and cooperative banks, to consider other allied issues.

*23 December*

Banking Laws (Amendment) Bill, 1967 introduced in Lok Sabha following announcement of the policy of social control over banks with a view to secure better alignment of the banking system with the needs of economic policy, to introduce necessary reforms in banking in order to remove deficiencies, and to promote more purposeful distribution of credit consistent with basic economic and social objectives.

1967

Steering Group on Framework for Incomes, Price Policy under the chairmanship of Dr B.K. Madan submits Report.

Study Group for Banking Industry under the chairmanship of B.N. Adarkar constituted. (Report submitted in 1968.)

Working Group on Industrial Financing through Cooperative Banks (Part I) constituted under the chairmanship of P.N. Damry. (Report submitted in 1968.)

**1968**

*1 January*

Deposit insurance cover raised from Rs 1,500 to Rs 5,000.

*2 March*

Bank rate reduced to 5 per cent from 6 per cent.

*16 March*

First meeting of the National Credit Council and appointment of a Standing Committee with Governor, RBI, as chairman.

*24 March*

Agreement between Government of India and Governments of the Gulf states of Qatar, Dubai, Abu Dhabi Ajman, Sharjah, Ummal Qaiwan, Ras al Khaimah and Fujairah, as regards rupee notes returned by them repayable in sterling.

*1 April*

Demonetization of quaternary coins (the quaternary alloy rupee, half rupee, quarter rupee and cupro-nickel four-annas 'scaloped' coins).

*April*

Government of India appoints a Working Group to draw up a model scheme for the working of the Agricultural Credit Corporation proposed to be set up, as per the recommendation of the Informal Group on Institutional Arrangement for Agricultural Credit in the states of Assam, West Bengal, Bihar, Orissa and Rajasthan and the Union Territories of Manipur and Tripura, where the cooperative credit structure was considered to be weak.

*1 May*

The Bill for setting up the Agricultural Credit Corporation passed in Parliament.

*3 May*

The Companies (Amendment) Bill, 1968 introduced in Parliament for abolishing the system of managing agencies, as well as of Secretaries and Treasurers.

*31 May*

The first amendment to the Articles of Agreement of the International Monetary Fund approved by the Board of Governors. The First Amendment helped the IMF to introduce facilities based on SDRs in the Fund.

*15 June*

RBI announces Export Credit (Interest Subsidy) Scheme.

*1 July*

Public Provident Fund Scheme set up to be operated by the Union government through the agency of the State Bank of India and its subsidiaries.

*24 July*

Second Meeting of the National Credit Council and setting up of five Study Groups for further study on issues like deposit mobilization by banks, credit needs of industry/trade, organizational set-up for social control of banks, adoption of area/project approach in extension of credit and finance for road transport operators.

*15 August*

The Central Laws (Extension to Jammu and Kashmir) Act, 1968 becomes effective for making the Companies Act, 1956 applicable to all categories of companies in the state of Jammu and Kashmir.

*1 September*

Gold (Control) Act, 1968 passed to bring the administration of the control on a permanent statutory footing.

*19 October*

Diplomatic bond store accounts introduced. Authorized dealers could open such accounts in the names of foreign diplomats or trade missions in India.

*27 December*

The Deposit Insurance Corporation (Amendment) Bill, 1968 comes into force. The Bill proposed to extend the scheme of DI to cover state, central and larger primary non-agricultural credit societies, i.e. urban cooperative banks with paid-up capital of Rs 1 lakh or more.

*1968*

*Without Reserve*, house journal, introduced in the Bank; the name was given by G.I.S. Pais.

Agricultural Finance Corporation Ltd. incorporated.

Banking Laws (Amendment) Act, 1968 prescribing the constitution of the Board of Directors of banks comes into force.

Study Group on Area/Project Approach in Implementing Schemes for Extending Commercial Bank Credit to Agriculture (including commercially viable projects in

the Rural Electrification and Minor Irrigation Fields) constituted under the chairmanship of P.N. Damry. (Report submitted in 1969.)

Study Group on the Extent to which Credit Needs of Industry and Trade are likely to be inflated, and how such trends can be checked, constituted under the chairmanship of V.T. Dehejia. (Report submitted in 1969.)

Study Group on the Provision of Credit Facilities for Road Transport Operators constituted under the chairmanship of B.K. Dutta. (Report submitted in 1969.)

Study Group on Deposit Mobilization by Commercial and Cooperative banks constituted under the chairmanship of T.A. Pai. (Report submitted in 1969.)

Working Group on Banking Statistics (V.G. Pendharkar and others) set up to prescribe form for collection of data on sectoral allocation of credit. (Report submitted in 1968.)

Study Group on Export Credit System in India under the chairmanship of Yoshi Aki Toda. (Report submitted in 1968.)

Study Group on Organizational Framework for the Implementation of Social Objectives constituted under the chairmanship of Dr D.R. Gadgil. (Report submitted in 1969.)

## **1969**

### *January*

Pre-shipment Credit Scheme introduced. Refinance in regard to packing credit for exporters to be given under the amended Section 17(3A) of RBI Act, 1934 and not under Section 17(4)(C) as earlier. The change was meant to allow banks to get refinance from the RBI by giving declarations.

### *29 January*

Banking Commission set up by Government of India with R.G. Saraiya as chairman. (Report submitted on 9 February 1972.)

### *1 February*

Gold held in Issue Department of Reserve Bank of India revalued.

### *21 April*

New draft of the Fourth Five-Year Plan (1969–74) presented in Parliament.

### *28 May*

Company's (Amendment) Act, 1969 enacted, banning contribution to/for political parties/purposes.

### *19 July*

The Banking Companies (Acquisition and Transfer of Undertakings) Ordinance, 1969 (8 of 1969) promulgated.

Nationalization of fourteen major Indian scheduled commercial banks.

*25 July*

Banking Companies (Acquisition and Transfer of Undertakings) Bill, 1969 introduced in Lok Sabha.

*1 September*

RBI prescribes the pattern of interest on bank deposits, and prohibits payment of interest on current accounts and on deposits for a period of up to fourteen days as well as payment of brokerage on deposits.

*24 September*

National Institute of Bank Management (NIBM) registered under Societies Registration Act, 1860.

*29 September*

Cooperative Bankers Training College (CBTC) at Poona commences its first course.

*November*

Split in the Congress party.

*December*

Lead Bank Scheme introduced after considering the recommendation of the Study Group (with Prof D.R.Gadgil as chairman) and the Nariman Committee for adoption of an area approach for development of banking and credit structure.

*1969*

Expert Group on State Enactments having a bearing on Commercial Bank Lending to Agriculture constituted under the chairmanship of R.K. Talwar. (Report submitted in 1969.)

Study Group on Indigenous Bankers constituted under the chairmanship of H.T. Parekh. (Report submitted in 1971.)

Committee on Branch Expansion Programmes constituted under the chairmanship of F.K.F. Nariman. (Report submitted in 1969.)

Working Group on the Insurance of Loans and Advances granted by Commercial and Cooperative banks to certain priority sectors constituted under the chairmanship of S.S. Shiralkar. (Report submitted in 1969.)

Study Group on Banking Costs constituted under the chairmanship of Rameshwar Thakur. (Report submitted in 1971.)

**1970**

*1 January*

First allocation of special drawing right (SDR) by IMF for smooth functioning of international monetary system. Allocation to India in the first year worked out to about \$131 million.

*21 January*

RBI removes the ceiling rate of interest on advances given by large scheduled commercial banks except for export credit.

*January*

RBI prescribes for the first time minimum interest rate to be changed by banks on advances against sensitive commodities.

*5 February*

Statutory liquidity ratio maintained by banks raised from 25 to 26 per cent by March 1970 (further raised by stages up to 28 per cent by August 1970).

*10 February*

Supreme Court strikes down the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1969.

*14 February*

Fresh ordinance to take over undertakings of all selected fourteen banks with effect from the original date, viz. 19 July 1969.

*February*

Agricultural Credit Board set up within RBI by reconstituting the standing Advisory Committee on Rural and Cooperative Credit with fourteen members and the Governor as chairman.

*1 March*

Foreign Travel Scheme revised to allow residents to travel abroad without 'P form' formalities, provided they had not been outside India (except Nepal) during the three-year period prior to the date of the trip to be undertaken.

*31 March*

Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970), receives assent of the President of India.

*1 April*

Deposit insurance cover raised from Rs 5000 to Rs 10,000 per depositor in the same right and in the same capacity.

*3 April*

Managing agency system abolished by the Companies (Amendment) Act, 1969.

*16 April*

Non-resident (External) Account established for private individuals of Indian nationality or origin, resident outside India.

*24 April*

SLR raised from 26 to 27 per cent.



*April*

RBI approves issuance of participation certificates (PCs).

*4 May*

B.N. Adarkar appointed RBI Governor.

*8 May*

Indian currency retired from the Sultanate of Muscat and Oman because they introduced their own national currency.

*1 June*

Monopolies and Restrictive Trade Practice Act, 1969 comes into force.

*16 June*

S. Jagannathan appointed RBI Governor.

*18 July*

Central government reconstitutes Board of Directors of each of the fourteen nationalized banks under Section 7(3)(a) of the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970. The newly constituted Boards include a representative each from the Reserve Bank of India and Government of India, and a few non-officials.

*2 August*

Monopolies and Restrictive Trade Practice Act, 1969, Commission set up.

*28 August*

SLR raised from 27 to 28 per cent. Also NLR on excess borrowings from RBI raised from 32 to 33 per cent.

*September*

Committee on Differential Interest Rates constituted under the chairmanship of Dr R.K. Hazari to examine the question of differential rates for favouring borrowers of low income groups. (Report submitted on 25 March 1972.)

*October*

Study Group on Term Loan Participation Arrangement constituted under the chairmanship of K.N.R. Ramanujam. (Report submitted in 1971.)

FAO commemorative coins in the denomination of Rs 10 and 20 paise issue by Government of India through the offices of RBI to celebrate the twenty-fifth anniversary of the Food and Agriculture Organization.

*1 November*

New Bills Rediscounting Scheme introduced under Section 17(2)(a) of Reserve Bank of India Act becomes effective.

*December*

Standing Committee (I) set up by the RBI.

Parliament dissolved and general election was called for.

*1970*

Working Group on Financing of Industrial Estate set up with K.N.R. Ramanujam as chairman. (Report submitted in 1972.)

Reserve Bank of India Officer Cadre Review Committee set up with Justice J.L. Jain as chairman. (Report submitted in 1972.)

Working Group on Resource Mobilization, Profitability etc. of State Financial Corporations constituted under the chairmanship of K.N.R. Ramanujam. (Report submitted in 1970.)

Committee to Review the Special Credit Schemes of banks with particular reference to their Employment Potential constituted under the chairmanship of V.D. Thakkar. (Report submitted in 1970.)

Study Group on Enlarging the use of Bill of Exchange as an instrument of credit and Creation of Bill Market constituted under the chairmanship of M. Narasimham. (Report submitted in 1970.)

Study Group on Bank Procedures constituted under the chairmanship of D.R. Joshi. (Report submitted in 1971.)

**1971***1 January*

Second allocation of SDRs made by the IMF.

*9 January*

Bank rate changed from 5 per cent to 6 per cent.

*14 January*

Credit Guarantee Corporation of India Ltd. promoted by RBI to administer one or more credit guarantee schemes.

*January*

Standing Committee (II) set up by RBI to advise the Agricultural Credit Board in regard to long-term credit for agriculture.

*March*

Military crackdown in East Bengal leads to serious financing problem for evacuees seeking refuge in India.

In the general elections that characterized the use of the slogan 'Garibi Hatao' (abolish poverty), landslide victory for Congress (Indira).

*1 April*

Credit Guarantee Corporation of India (Small Loans) Guarantee Scheme, 1971 brought into force.

*8–10 April*

Sixth Indian Cooperative Congress at New Delhi.

*12 April*

Industrial Reconstruction Corporation of India Ltd. promoted by IDBI registered as a public limited Company with headquarters at Calcutta.

Committee on Differential Interest Rates submits its Report to Government of India. (Government announces its decision on 25 March 1972.)

*30 June*

Old Bill Market Scheme closed.

*1 July*

Credit Guarantee Corporation of India Small Loans (Financial Corporations) Guarantee Scheme, 1971, introduced.

Deposit Insurance Corporation cover extended to 385 cooperative banks in the states of Maharashtra, Madhya Pradesh, Andhra Pradesh and Union Territory of Goa, Diu and Daman.

Andhra Pradesh Chit Funds Act, 1971 comes into force.

*15 August*

Convertibility of the US dollar suspended.

*22 August*

Government of India announces that the gold and therefore dollar parity of the Indian rupee will remain unchanged. RBI announces that it will both buy and sell the pound sterling for ready delivery at rates to be determined every day on the basis of US dollars 13.3333 per Rs 100, and the standing value of that dollar equivalent at the London markets' spot rates for dollars plus \$0.0175.

*23 August*

Rupee repegged from sterling to the US dollar.

*August*

India–Soviet Union Treaty for mutual support in the event of an attack by a third party.

*1 October*

Deposit insurance premium reduced to 4 paise per Rs 100 of assessable deposits.

Credit Guarantee Corporation of India (Service Cooperative Societies) Guarantee Scheme, 1971 introduced.

*October*

State-level Bankers' Committees set up to consider problems requiring inter-bank coordination.

*18 December*

Smithsonian Agreement concluded by rich industrial countries (G-10) for realignment of exchange parities. The US dollar devalued in terms of gold to \$38 per ounce of gold as against \$35 per ounce earlier.

*20 December*

Rupee repegged from US dollar to sterling. A central rate for the rupee in terms of sterling at Rs 100 = \$5.2721 adopted by the government as a result of the Smithsonian Agreement, and the IMF notified that it would also take advantage of the wider band of 2.25 per cent on either side of this rate for buying and selling rate for sterling in \$5.285 and \$5.2592 per Rs 100 for buying and selling respectively.

*December*

Study Group on greater exchange of credit information among banks recommends establishment of a central agency in the form of an autonomous body called Credit Information Trust.

RBI asked banks for relaxations in credit limits as well as Credit guarantee provisions in view of the abnormal situation created by Indo-Pakistan conflict.

*1971*

East Pakistan army surrenders to the Indian army—Bangladesh comes into being. Working Group on Finance for Tea Industry set up with B.K. Dutt as chairman. (Report submitted in 1972.)

**1972***1 January*

Third allocation of SDR made under the first basic period.

*9 February*

Banking Commission submits its report to Government of India.

*25 March*

Government of India announces concessional interest rates on advances by public sector banks to selected low income groups (Differential Interest Rate Scheme). The differential rate of interest is fixed uniformly at 4 per cent, i.e. 2 per cent below the Bank rate.

*3 April*

Import policy for 1972–73 stresses the importance of achieving self-reliance.

*April*

Committee on Banking Statistics set up with A. Raman as chairman. (Report submitted in 1972.)

*April–May*

Third United Nations Conference on Trade and Development (UNCTAD-III) at Santiago passes resolution concerning international monetary system.

*23 June*

Pound sterling left to float and exchange control imposed by UK virtually puts an end to the sterling area.

UK decides to join the European Economic Community.

*26 June*

The RBI's buying and selling rates for spot sterling fixed at 5.2910 and 5.2632 per Rs 100 respectively in view of the decision of the UK to allow the sterling to float on the exchanges.

*26 July*

Committee of Twenty established to work out international monetary reforms.

*4 August*

Minimum liquidity requirement increased to 29 per cent. NLR raised to 34 per cent.

*August*

Commemorative coins in connection with the twenty-fifth anniversary of Indian independence issued in denominations of Rs 10 and 50 paise.

*3 November*

Classification of foreign countries into two categories for purposes of the Indian Exchange Control: (a) External Account Countries (b) Bilateral Account Countries.

*17 November*

Minimum liquidity requirement raised to 30 per cent.

*December*

Basic Statistical Returns (BSR) Scheme introduced in place of Uniform Balance Book (UBB) with coverage in terms of deposits and advances of scheduled commercial banks.

*1972*

Introduction of combined seniority for Class III and officer staff.

Reserve Bank of India Act, 1934 and ARC Act, 1963 amended for enabling the RBI to grant long-term loans to the Corporation from the long-term operation fund.

Banking Laws Committee under the chairmanship of Dr P.V. Rajamannar

constituted by the government for review of laws affecting and concerning banks. Study Team on Cooperative Agricultural Credit Institutions in Maharashtra set up with Dr C.D. Datey as chairman. (Interim report submitted in 1974.)

Study Team on Overdues of Cooperative Credit Institutions constituted. (Report submitted in 1974.)

Committee on Delayed Payment of Bills of Small Industries on Government Departments and Large Industries set up with K.N.R. Ramanujam as chairman. (Report submitted in 1972.)

Working Group on Finance for the Coal Industry set up with P.C.D. Nambiar as chairman. (Report submitted in 1972.)

Study Team on the Two-Tier Cooperative Credit Structure in Kerala constituted with Dr C.D. Datey as chairman. (Interim report submitted in 1973.)

General insurance companies nationalized.

### **1973**

#### *1 January*

UK enters the European Economic Community.

#### *February*

Second formal devaluation of the US dollar.

#### *March*

RBI deploys a series of restricted measures to contain the expansion of bank credit.

#### *17 March*

All advances to various public sector and quasi-government undertakings including State Electricity Boards, as also advances against the guarantee of central and state governments, brought under the purview of the RBI's Credit Authorization Scheme.

#### *30 March*

NLR raised to 37 per cent.

#### *19 April*

Economic Commission for Asia and Far East approves the proposal for setting up an Asian Clearing Union.

#### *31 May*

Bank rate revised from 6 to 7 per cent; CRR raised from 3 to 5 per for a period of one year ending 28 June 1974 with provision for payment of interest at the rate of 4.75 per cent per annum on such additional reserve, raised further to 6 per cent with effect from 8 September 1973 and 7 per cent with effect from 22 September 1973, to remain in force till last Friday of September 1974.

*29 June*

NLR raised to 39 per cent from 37 per cent.

*13 July*

Concessionary refinance entitlements withdrawn with the exception of (i) a limited amount of refinancing of export credit and (ii) refinancing credit given to primary cooperative societies and farmers' service societies.

*1 September*

Miscellaneous Non-Banking Companies (Reserve Bank) Direction, 1973 becomes effective. Directives sought to regulate the acceptance of deposits by companies under certain schemes.

*19 September*

The Foreign Exchange Regulation Act, 1973 enacted by replacing, with effect from 1 January 1974, the Foreign Exchange Regulation Act, 1947.

*22 September*

CRR raised to 7 per cent.

*5–24 September*

At the Committee of Twenty and annual meetings of the IMF, it becomes clear that there would be no early agreement on reforming the international monetary system.

*1 October*

'Pre-zero sterling accounts' (i.e. resident of India holding sums in pound sterling accounts prior to 8 July 1947 who had been permitted to maintain these accounts in sterling and to make foreign or domestic transfers out of them without special permission from the Reserve Bank) required to be repatriated before 1 November 1973.

*10–17 October*

Six members of OPEC increase crude oil prices by about 70 per cent.

*16 November*

Maximum rate on borrowing from RBI stepped up from 12 to 15 per cent (applicable to net liquidity ratio level of below 33 per cent).

*November*

Amendment of State Bank of India Act, 1955 and SBI (Subsidiary Bank) Act, 1959 receives the assent of the President. Amendment removes some restrictions as to the kind of bank's business along with other issues of internal management.

*8 December*

SLR raised from 30 to 32 per cent.

*13 December*

Call money market rate shoots up to all-time high of 30 per cent and the Indian Banks' Association has to intervene and fix a ceiling rate of 15 per cent.

*23 December*

Six OPEC members announce further hikes in the prices of crude oil.

*24 December*

RBI (Amendment) Bill 1973 introduced. Bill envisages extension of the scope of refinance facilities from RBI to scheduled commercial banks and state cooperative banks.

Form of balance sheet set out in the third schedule of the BR Act amended requiring banks to show inter-bank deposits as a separate item and foil window dressing by banks at the end of the year.

*1973*

Coal industry nationalized.

Committee on Cooperative Land Development Banks set up with K. Madhava Das as chairman. (Report submitted in 1974.)

Study Group on Extension of Credit Limits on Consortium/Participations Basis set up with G. Laxminarayanam as chairman. (Report submitted in 1974.)

Committee to Review the System of Lending under Consortium Arrangement set up with J.V. Shetty as chairman. (Report submitted in 1973.)

Study on Financing the Crash programme for the Development of Sericulture in Karnataka made by B. Venkata Rao.

Working Group on Export Financing including Deferred Payment set up under the chairmanship of M. Narasimham. (Report submitted in 1973.)

**1974**

*1 January*

Foreign Exchange Regulation Act, 1973 came into force.

*1 April*

The Reserve Bank raises the ceiling rate on savings deposits from 4 to 5 per cent, and the maximum rate on deposits for a period exceeding five years from 7.25 to 8 per cent to encourage savings.

Interest payable by RBI to commercial banks on additional deposit under Section 42(1) of RBI Act raised from 4.75 to 5.25 per cent.

*4 April*

India signs agreement to set up an Asian Clearing Union at ECAFE session in Colombo. Agreement came into force on 9 December 1974.



*12–13 June*

It is agreed to set up an Interim Committee at the IMF. Also agreed to have a method of valuing SDRs, guidelines for exchange rate floating, oil facility and early adoption of an extended fund facility.

*June*

Study Group to examine the Working of Control over Non-banking Companies constituted under the chairmanship of James S. Raj. (Report submitted in 1974.)

*July*

Measures to contain inflation initiated vigorously.

*22 July*

RBI announces a package of measures to contain credit expansion. Bank rate stepped up by 2 percentage points to a record level of 9 per cent.

Maximum rate of borrowing from RBI increased from 15 to 18 per cent.

Premature withdrawal of deposit to carry interest at least 2 per cent less than the rate applicable to the period for which the deposit had remained with a bank.

RBI prohibits banks from payment of interest on savings bank accounts opened in the name of any trading and business concern. (RBI directive of 17 June 1981 exempted organizations engaged in socially desirable activities, societies, etc.).

RBI announces general hike in structure of interest rates covering both lending and deposits. Maximum rate on fixed deposits of over five years raised from 8 to 10 per cent with effect from 23 July 1974.

*29 July*

CRR lowered from 7 to 5 per cent, SLR raised from 32 to 33 per cent.

*July*

Study Group to frame guidelines for follow-up of bank credit constituted under the chairmanship of Shri Prakash Tandon. (Report submitted on 9 August 1975.)

*1 July*

New basket of sixteen currencies for valuing SDRs introduced.

*13 September*

Extended fund facility (EFF) established in the IMF.

*2 October*

Interim and Development Committees set up.

*22 November*

RBI issues directives to regulate the interest payable by cooperative banks on deposits.

*9 December*

Asian Clearing Union established and its clearing operation to be denominated in member's currency or AMU which would be equivalent to one SDR.

Union of Burma Bank, Rangoon established.

*13 December*

Reserve Bank of India (Amendment) Act, 1974 with amendments of the provisions of Chapter IIIB of the RBI ACT, 1934, vesting the Bank with greater powers to exercise control over non-banking institutions receiving deposits and financial institutions, comes into force.

*14 December*

CRR reduced from 5 to 4.5 per cent.

*28 December*

CRR reduced to 4 per cent from 4.5 per cent, NLR lowered to 39 per cent.

## **1975**

*1 January*

Capital of Deposit Insurance Corporation raised to Rs 2 crore.

*1 February*

The Companies (Amendment) Act, 1974 inserting a section 58A in the Companies Act, 1956, to regulate acceptance of deposits by non-banking companies, comes into force.

*3 February*

The Companies (Acceptance of Deposits) Rules, 1975 comes into force.

*March*

'Customer Service in Bank'—Working Group appointed by Government of India. (Report submitted in 1977.)

*14 March*

An oil facility for 1975 established in IMF.

*19 May*

N.C. Sengupta appointed RBI Governor.

*1 August*

A subsidy account set up to assist countries affected by the cost of using the 1975 oil facility.

*9 August*

Study Group to frame guidelines for follow-up of Bank Credit, constituted in July 1974 (chairman: Shri Prakash Tandon), submits Report.

*20 August*

K.R. Puri appointed RBI Governor.

*31 August*

Interim Committee agrees upon sale of one-sixth of the Fund's gold (25 million ounces) for benefiting developing countries, setting up of a Trust Fund, and restitution of one-sixth of the Fund's gold to all the members.

*1 September*

Rupee repegged from pound sterling to a weighted basket of currencies; margin would be maintained within 2.25 per cent on either side.

*25 September*

Exchange value of rupee delinked from sterling and linked to movements in a basket of selected foreign currencies (major trading partners).

*26 September*

Promulgation of Regional Rural Banks Ordinance, 1975. (Later replaced by Regional Rural Bank Act, 1976.)

*2 October*

Establishment of first regional rural banks (RRBs) in Uttar Pradesh.

*1 November*

Asian Clearing Union (ACU) commences clearing operations.

Foreign Currency (Non-Resident) Accounts Scheme in US dollar and pound sterling introduced for protecting the exchange risk of depositors who are non-resident Indians and persons of Indian origin.

Net liquidity ratio system of borrowing discontinued and basic refinance limit introduced.

FC(NR) Accounts Scheme: non-resident Indians and persons of Indian origin resident abroad permitted to open and maintain foreign currency (non-resident) accounts in designated foreign currencies.

*15 November*

Agricultural Refinance (Amendment) Act, 1975 comes into force and Agricultural Refinance Corporation renamed as Agricultural Refinance and Development Corporation; the change seeks to enlarge the activities of the Corporation.

*29 November*

Directives to non-banking financial companies amended, further extending time to liquidate deposits held in excess of the prescribed ceiling.

*13 December*

Banking Regulation (Companies) Rule, 1949 amendment prescribing the forms for reporting information by banking companies comes into force.

*1975*

Committee of Direction (consisting of senior representatives of Reserve Bank, State Bank and some other banks) constituted by RBI for an ongoing review of the lending norms recommended by the Study Group on follow-up of Bank Credit.

Committee on integration of Cooperative Credit Institutions under the chairmanship of Dr R.K. Hazari set up. (Report submitted in 1975.)

Study Team on the Working of the Exchange Control Department constituted. (Report submitted in 1975.)

Final Report of the Study Team on Cooperative Agricultural Credit Institutions in Maharashtra under chairmanship of Dr C.D. Datey submitted.

Study Group on the Working of the Lead Bank Scheme in Gujarat and Maharashtra constituted under the chairpersonship of Dr (Kum.) Meenakshi Tyagarajan. (Report submitted in 1975.)

Companies (Acceptance of Deposits) Rules, 1975.

Working Group on Regional Rural Banks set up with M. Narashimham as chairman. (Report submitted in 1975.)

High Power Committee for Examining Bank Credit Problems of Small-Scale Industries constituted with I.C. Puri as chairman. (Report submitted in 1978.)

Committee on Integration of Cooperative Credit Institutions under the chairmanship of Dr R.K. Hazari set up. (Report submitted in 1975.)

Study Team on Cooperative Agricultural Credit Institutions in Maharashtra under chairmanship of Dr C.D. Datey submits final report.

**1976**

*1975–76*

Commodity prices record a decline of 6 per cent, in sharp contrast to an actual rise of 16.8 per cent in 1974–75.

A package of reforms relating to the future of the international monetary system reached at IMF.

Village Adoption Scheme introduced.

A separate comprehensive legislation in place of Chapter III B of the RBI Act, 1934, for the purpose of tightening control over deposit acceptance activities of financial companies, as recommended by the Study Group, accepted.

*1 February*

Duty drawback credit scheme introduced for grant of interest-free advance up to 90 days by banks to exporters against duty drawback entitlement.

*9 February*

Regional Rural Banks Act, 1976 (21 of 1976) receives assent of the President.

*16 February*

IDBI delinked from Reserve Bank of India.

Unit Trust of India which hitherto had been an associate institution of the Reserve Bank of India becomes an associate institution of the IDBI.

*15 March*

A ceiling on lending rates charged by larger commercial banks imposed so as to bring about an appropriate relationship between the Bank rate and the lending rate. Banks to use their resources more efficiently than before for augmenting incomes

*30 April*

Governors of the IMF approve Second Amendment of the Articles of Agreement.

*April*

Working Group on 'Operational efficiency and profitability of banks' constituted with J.C. Luther as chairman. (Report submitted in 1977.)

*5 May*

Trust Fund established in IMF. Proposal to sell one-sixth of the gold reserves of IMF over a period of two years through auctions to be announced by the Fund. One-sixth of the gold to be restituted to members.

*June*

Guidelines for charging of penal rates by banks issued.

*1 July*

Non-Banking Companies (Reserve Bank) Directions, 1977 and Miscellaneous Non-Banking Companies (Reserve Bank) Directions 1977, issued in supersession of the earlier directions, become effective.

Non-Banking Financial Companies and Miscellaneous Non-Banking Companies (Advertisement) Rules, 1977 issued by the government come into force.

Deposit insurance cover raised from Rs 10,000 to 20,000.

*August*

Working Group to examine the special socio-economic factors of the North-Eastern region to identify the factors impeding the flow of bank credit, and to make appropriate recommendation for speedy banking development in the region, set up with Kum. Nalini Ambegaonkar as convenor. (Report submitted in 1977.)

Expert Group on Agricultural Credit Schemes of commercial banks constituted in pursuance of the recommendations of the Estimates Committee of the Fifth Lok Sabha .

*15 August*

Development-oriented designed coins having a common theme, 'Food and Work for All', in the denominations of 50 rupees, 10 rupees issued for sale, and in 10 paise and 5 paise issued for circulation.

*4 September*

CRR raised from 4 to 5 per cent.

SLR raised from 37 to 38 per cent.

*20 October*

New two-rupee note with picture of 'Aryabhata' issued with new series.

*October*

Working Group to study problems arising out of the Adoption of the Multi-agency Approach in Agricultural Financing, and to suggest solutions, set up with C.E. Kamath as chairman. (Report submitted in 1978.)

*1 November*

Duty Drawback Credit Scheme, 1976 introduced.

*13 November*

CRR raised to 6 per cent plus 10 per cent of the incremental demand and time liabilities accruing since 14 January 1977, and payment of 5.5 per cent interest on the additionally impounded reserves implemented. SLR raised to 39 per cent.

*15 November*

Guidelines for the levy of service charge on borrowal accounts (processing fees) issued.

*1 December*

Exchange Control Cells opened at Bhubaneswar and Gauhati.

*1976*

Cheques to incorporate two uniform code numbers for banks and bank branches.

High Power Committee constituted to monitor the progress of the Lead Bank Scheme, to issue policy guidelines for effective functioning of the Scheme.

Inter-Institutional Group on Financing of Gobar Gas Plants by banks under the chairmanship of S.N. De submits final report.

Committee on Transfer of Loan Account under the chairmanship of R.K. Talwar submits report.

**1977***1976–77*

Integrated Rural Development Programme (IRDP) initiated.

The government drops the proposal for amendments to the RBI Act prohibiting the acceptance of deposits by un-incorporated bodies in view of divergent opinions on the constitutionality of the amendment.

Government of India Notification that the current account balances maintained by cooperative banks are to be treated as cash reserves and liquid assets for the purpose of Sections 18 and 24 of the B.R. Act applicable to Cooperative Societies.

*14 January*

CRR on incremental deposits at 10 per cent imposed.

*1 April*

Union of Burma Bank, Rangoon joins Asian Clearing Union and designates the Myanmar Foreign Trade Bank, Rangoon for clearing operations.

*April*

Food for work programme introduced by government.

Money supply with the public introduces new reference series.

*2 May*

M. Narasimham appointed RBI Governor up to 30 November.

*6 May*

Compulsory Deposit Scheme for income tax payers extended by two years.

*24 May*

RBI directs authorized dealers to discontinue the ir discounting of foreign currency usance bills abroad.

*27 May*

Bill Market Scheme made available on discretionary basis.

*31 May*

RBI announces changes in the minimum interest rates payable by commercial banks on savings and term deposits.

*1 June*

The base level not eligible for refinance from RBI raised from Rs 1000 crore to Rs 1500 crore.

*June*

Committee to study all aspects of the Functioning of Public Sector Banks set up with James S. Raj as chairman. (Report submitted in 1978.)

Guidelines and procedure to be followed for transfer of borrowal accounts among hanks issued.

Review Committee on Regional Rural Banks set up with Prof M.L. Dantawala as chairman. (Report submitted in 1978.)

*1 July*

Interest rate structure of deposits lowered in selective way for rationalization of the structure.

For the first time, savings bank accounts classified in two categories—accounts with cheque facilities and without cheque facilities with rate of interest of 3 per cent and 5 per cent respectively.

Non-Banking Companies (Reserve Bank) Directions, 1977 and Miscellaneous Non-Banking Companies (Reserve Bank) Directions 1977 issued in supersession of the earlier directions, become effective.

Non-Banking Financial Companies and Miscellaneous Non-Banking Companies (Advertisement) Rules, 1977 issued by the government come into force.

*August*

Expert Group on Agricultural Credit Schemes of Commercial Banks in pursuance of the recommendations of the Estimates Committee of the Fifth Lok Sabha, with Dr C.D. Datey as chairman, set up. (Report submitted in 1978.)

*1 September*

FERA 1973 extended to the state of Sikkim.

*October*

Working Group on Operational Efficiency and Profitability of Bank with J.C. Luther as chairman submits its Report.

*1 November*

Returning Indians Foreign Exchange Entitlement Scheme (RIFEE) introduced.

*1 December*

I.G. Patel takes over as RBI Governor.

*1977*

Committee on Urban Cooperative Banks set up with K. Madhava Das as chairman. (Report in 1978.)

Working Group to Examine the Role of Banking System in Providing Finance for Housing Schemes set up with R.C. Shah as chairman. (Report in 1978.)

Study Group on the formation of a consortium of Indian and Foreign Banks set up with P.C.D. Nambiar as chairman. (Report in 1979.)

Study Group on Interest Rates in Cooperative Credit Structure with K. Madhava Das as chairman set up. (Report in 1978.)



Second Working Group on Money Supply in India under the chairmanship of M.L. Ghosh submits report.

Study Team on Agricultural Credit Institutions in Bihar and Madhya Pradesh under the chairmanship of Dr C.D. Datey submits report.

Committee on Integration of Cooperative Credit Institutions under the chairmanship of G. Venkatanarayana submits report.

## **1978**

*17 January*

High Denomination Bank Notes (Demonetization ) Ordinance, 1978 (No. 1 of 1978). Demonetization of High Denomination notes (viz. Rs 1000, Rs 5000 and Rs 10000) effected and declared Holiday under NI Act 188. Later enacted as the High Denomination Bank Notes (Demonetization) Act, 1978 (No. 11 of 1978).

*1 April*

New IRDP launched

Companies (Acceptances of Deposits) Rules, 1975 amendments become effective.

*April*

Amendment to Non-Banking Companies and Miscellaneous Non-Banking Companies (Advertisement) Rules, 1977.

*3 May*

RBI commences auction of gold out of government stock among dealers holding licenses issued under the Gold (Control) Act, 1968.

*27 May*

The Deposit Insurance Corporation (Amendment and Miscellaneous Provisions) Bill, 1978 receives the assent of the President.

*3 June*

RBI (Amendment) Act, 1978 receives the assent of the President and comes into force with effect from 21 July 1978.

*7 June*

The Reserve Bank purchases 25 million grams of gold from the IMF under India's entitlement in respect of profits from sale of the Fund's gold for the benefit of developing countries and makes payment in foreign currencies of Rs 123 crore but valued at Rs 21 crore in the RBI balance sheets under statutory provisions relating to 'gold held in RBI'.

*15 July*

Deposit Insurance Corporation takes over the undertaking of the Credit Guarantee Corporation of India Ltd. and is consequently renamed Deposit Insurance and

Credit Guarantee Corporation (DICGC). The capital of DICGC increased from 2 crore to 10 crore fully contributed by Reserve Bank as the only shareholder.

*16 August*

Amendment of Regulation 7 of the Reserve Bank of India Scheduled Bank's Regulation 1951 for classification of banks' savings deposits into demand and time liabilities as required under Section 42(2) of RBI Act, 1934.

*21 August*

Scheme for export of gold jewellery with facility for replenishment of gold by import introduced by Government of India.

*8 October*

Working Groups set up at a meeting of the Prime Minister with the chief executives of major commercial banks and financial institutions for greater flow of credit to the neglected and weaker sections of the society, and for augmenting employment opportunities with the help of bank finance, with Ms. Kusumlata Mittal as chairperson. (Report in 1978.)

*27 October*

Finance Minister's high-powered meeting to look into the problems of sick units.

*October*

Steering Committee to frame and review policies in respect of RRBs constituted.

*November*

Private sector banks advised about a formal obligation on them to undertake, on the same basis as public sector banks, responsibilities in regard to priority sector advance, credit-deposit ratio in rural and semi-urban branches, Differential Interest Scheme, etc.

*1 December*

SLR raised from 33 to 34 per cent.

Exchange Control Cell of the Hyderabad office of the RBI upgraded as a full-fledged office.

*12 December*

Prize Chit and Money Circulation Schemes (Banking) Act, 1978 comes into force.

*26 December*

RBI acquires gold from the IMF under its restitution plan, which involves a payment of Rs 7 crore, and shown in the Reserve Bank's books at Rs 6 crore in accordance with the statutory provision.

*December*

The Banking Law (Amendment) Bill, 1978 seeking to amend, *inter alia*, the RBI Act, 1934, with a view to prohibiting the acceptance of deposits by unincorporated

bodies except from a specified number of depositors introduced in parliament lapses in view of the dissolution of the then Lok Sabha.

*1978*

*Revised Exchange Control Manual* brought out.

Study Team on Agricultural Credit Institutions in Uttar Pradesh with Dr C.D. Datey as chairman submits report.

Committee to Estimate the Demand for Pump-sets during 1978–83 and study the Policy and Procedure of Financing it constituted with Dr Nilkantha Rath as chairman. (Report in 1979.)

Study Group to Assess the Credit Needs of Handlooms submits report.

Committee on Credit Control System constituted with Sampat P. Singh as chairman. (Report submitted in 1978.)

Inter-Institutional Group on Coordination between Term-Lending Institutions and Commercial Banks constituted with A.K. Bhuchar as chairman. (Report submitted in 1978.)

Ground water over Exploitation on Committee set up with J.K. Jain as chairman. (Report submitted on 1980.)

**1979**

*1978–79*

The Banking Laws (Amendment) Bill, 1978 introduced in the Lok Sabha. The Bill contains amendments to Bankers Books Evidence Act, 1891, Banking Regulation Act 1949, State Bank of India Act, 1955, State Bank of India (Subsidiary Banks) Act, 1959, DICGC Act, 1961 and Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970.

A new cell called 'Rural Planning and Credit Cell' set up to ensure proper implementation of the multi-agency approach to credit in rural areas.

*1 January*

SDR 4 billion allocated as the first of the three annual allocations in the basic period, 1979–81.

*30 January*

Exchange rate for the rupee determined with reference to a basket of a selected number of major international currencies with the pound sterling as the intervention currency and a wider band adopted not exceeding 5 per cent instead of 2.25 per cent on either side of the middle rate.

*23 February*

Chit Funds Bill, 1979, drawn up by the RBI, introduced in the Parliament. The Bill is intended to regulate the conduct of conventional chit fund business on a uniform basis throughout the country.

*2 March*

The Executive Board of the IMF, on completion of the review on conditionality, codifies the existing guidelines.

*30 March*

Penalty for non-compliance of CRR and SLR introduced.

*June*

Setting up of National Industrial Tribunal and referring of the industrial dispute between workmen employees and RBI for adjudication.

*9 June*

National Rural Development Seven Year Bond issued.

*21 June*

Participation certificate brought under SLR/CRR with effect from the last Friday of July 1979.

*28 June*

OPEC announces increase of 25 per cent in crude oil prices.

*9 July*

Seven-year National Rural Development Bonds issued by Government of India.

*13 September*

Maximum rate on advances stepped up from 15 to 18 per cent for larger banks and from 16 to 19 per cent for smaller banks.

*1 October*

Rate of interest on savings/term deposits raised.

*1979*

Working Group on Apex Financial Institutions for the Small and Decentralized Sectors of Industry set up with W.S. Tambe as chairman. Submits report.

Study Group on Pension Scheme set up with W.S. Tambe as chairman. (Report in 1981.)

Working Group on Integration of Credit Guarantee Schemes for Small-Scale Industries and Other Small Borrowers with H.L. Anand as convenor submits report.

Working Group to Review the System of Cash Credit with K.B. Chore as chairman submits report.

Committee to Review Arrangements for Institutional Credit for Agriculture and Rural Development (CRAFICARD) set up with B. Sivaraman as chairman. (Report in 1981.)

**1980***1979–80*

Reserve Bank advises that: (i) public sector banks should strive to raise the proportion of advances to priority sectors from 33.33 per cent to 40 per cent by 1985; (ii) banks should actively provide financial support to the weaker sections of the population.

*1 January*

A new series of Rs 100 notes with a different colour scheme with a novel feature incorporated below Asoka Pillar issued.

At the IMF, SDRs allocated to members as per the rules under the 1979–81 basic period.

*17 January*

Gold Jewellery Export Replenishment Scheme suspended in view of the high level of international gold price.

*March*

Banks advised to step up priority sector advances to 40 per cent of total advances by 1985.

*1 April*

Sixth Five Year Plan launched.

*March*

RBI appoints two Working Groups: (i) to examine and report on the modalities of implementation of Priority Sector Lending and the Twenty-Point Programme by banks with K.S. Krishnaswamy as chairman; (ii) to review the system of data collection for monitoring banks' advances to Priority Sectors and Twenty-Point Programme with A. Seshon as convenor. (Report in 1980.)

*13 March*

RBI constitutes, pursuant to decision taken at the Finance Minister's meeting on 6 March 1980, a Working Group to examine and report on the modalities of implementation of the Twenty-Point Programme.

*15 April*

Nationalization of six private sector banks. Bill passed by the Lok Sabha on 16 June 1980 and received the assent of the President on 11 July 1980.

*1 July*

Deposit insurance cover raised from Rs 20,000 (in force since 1976) to Rs 30,000. Refinance against advances to farmers under Small Farmers' Window discontinued.

*11 July*

Banking Companies (Acquisition and Transfer of Undertakings) Ordinance, 1980 enacted (40 of 1980).

*27 July*

Participation certificates treated as deposits and come under CRR and SLR in phased manner by 29 September 1979.

*14 October*

New scheme permitting export of gold jewellery against gold supplied by foreign buyers introduced by the government in substitution of the earlier scheme, viz. Gold Jewellery Export Replenishment Scheme introduced on 17 August 1978 and suspended on 17 January 1980.

*19 October*

Government authorizes PDO, RBI and SBI and its subsidiaries to repay National Defence Gold Board, 1980, in gold with effect from 27 October 1980.

*29 October*

Instruction on the modalities of implementation of priority sector lending and the Twenty-Point Economic Programme issued.

*31 October*

Banks exempted from the requirement of keeping additional CRR of 10 per cent of their incremental net demand and time liabilities accruing since 14 January 1977.

*December*

Adoption by Reserve Bank of India of the recommendations of the Chore Committee.

Working Group to Review the System of Cash Credit.

*1980*

Reserve Bank of India (Note Refund) Rules further liberalized.

Indianization of foreign companies and dilution of foreign equity under Section 29(2) FERA, 1973.

National Bank for Agriculture and Rural Development Act, 1981 (61 of 1981).

Study Group to Examine issues relating to the setting up of Soft Loan Assistance Fund for Rehabilitation of Sick Small-Scale Industrial Units set up with Dr P.D. Ojha as chairman. (Report in 1985.)

Working Group to Review the Training Arrangement in Banks set up with P.D. Kasbekar as chairman submits report.

Working Group to Review Reserve Bank Officers Training with V.R. Cirvante as chairman submits report.

Committee on Financing of Tea Industry set up with K.B. Chore as chairman. (Report in 1981.)

## **1981**

### *1980–81*

Tax on interest income by the bank reimposed at 7 per cent in the budget. Interest rates on advances adjusted upward on a pro-rate basis to include the tax element with the intention to pass on the tax burden to the borrower.

‘Rural Women’s Advancement’ commemorative coins in Rs 100, Rs 10, 25 paise and 10 paise issued by the government. While 25 paise and 10 paise coins are for regular circulation, coins in the denomination of Rs 10 and Rs 100 are sold by India Government Mint, Bombay, as proof sets/uncirculated coins.

New branch licensing policy covering the period January 1982 to March 1985 emphasizing special attention to cover unbanked pockets in less accessible areas of different states taken up.

### *1 January*

Deposit Insurance and Credit Guarantee Corporation’s authorized capital raised to Rs 15 crore.

Third and final allocation of SDRs to members of IMF made under the basic period, 1979–81.

Neighborhood Travel Scheme introduced for travel to Bangladesh, Mauritius and Sri Lanka. This arrangement not to combine with the existing Foreign Travel Scheme.

### *15 January*

Government of India announces special bearer bond to mop up ‘unaccounted money’.

### *2 February*

Special Bearer Bond, 1991 of face value of Rs 10,000 each for canalizing unaccounted money for productive purposes introduced by Government of India placed on sale and remains on tap till 30 April 1981. (Government of India announced its decision, in October 1981, to place these bonds on sale again from 1 to 31 December 1981.)

### *March*

CRAFICARD furnishes recommendations for institutional credit for agriculture and rural development.

### *2 March*

Revised deposit and lending rates become effective.

Interest rates on deposits revised upward.

New Lending Rates Policy prescribed; records a shift from earlier practice of prescribing various ceiling rates for different categories of borrowers to a rationalized system of four slabs of fixed rates for different categories on gradation basis for bringing uniformity in the rates charged by different banks for the same category of advances, particularly of priority sector advances; earlier policy of prescribing general minimum lending rates (MLR) abolished. Lending rates applicable to RRBs advised on 23 March 1981.

*11 March*

Executive Board of the IMF introduces the policy of enlarged access.

*1 April*

Credit Guarantee for SSI Scheme introduced by DICGC, Credit Guarantee Organization (Reserve Bank), and central government's Credit Scheme which was in operation since July 1960 stands cancelled; at the government's request the DICGC will discharge the obligation of the government out of the government's scheme as their agent.

*2 April*

New series of Rs 50 notes with new colour scheme and new 'note' issued.

*April*

Department of Administration and Personnel reorganized into Department of Administration and Personnel Policy Department.

RBI issues amendments to the Direction to Non-Banking Companies consequent to amendments made to the Companies (Acceptance of Deposits) Rule, 1975.

Department of Accounts and Expenditure set up in April 1965 reorganized into three departments: Department of Currency Management, Department of Expenditure and Budgetary Control, and Department of Government and Bank Accounts.

*1 May*

All authorized dealers (ADs) in foreign exchange allowed to release foreign exchange quotas to eligible travellers under the Foreign Travel Scheme (previously, only fourteen nationalized banks and SBI were permitted).

*2 May*

RBI advises banks to charge interest on advances against fixed deposits at 2 per cent higher than the rate of interest payable on the deposit.

*May*

CRR to go up from 6 to 7 per cent in two stages and interest rate on discretionary refinance and on rediscounting of bills raised from 11 per cent to 14 per cent.

*1 July*

Sub-office at Gauhati converted into a full-fledged Issue Office.



*11 July*

Bank rate raised from 9 per cent fixed on 23 July 1974 to 10 per cent.

Ordinance promulgated by Government of India prohibiting companies (including banking companies), cooperative societies, firms to repay any person any deposit otherwise than by an account payee cheque/draft when such repayment amounts to Rs 10,000 or more.

*31 July*

CRR raised to 6.5 per cent from 6 per cent which was fixed on 13 November 1976.

*21 August*

CRR raised from 6.5 to 7 per cent.

*25 September*

SLR raised from 34 per cent fixed on 1 December 1978 to 34.5 per cent.

*1 October*

Reserve Bank changes exchange rate quotations from a 'ready' or 'cash' basis to 'spot' basis (delivery after two business days); however, quotation on a 'cash' basis will be applied in exceptional cases and for valid reasons upon application.

*6 October*

Government of India, Ministry of Industry announces a set of new policy guidelines on industrial sickness (modified on 15 February 1982)

*30 October*

SLR raised from 34.5 per cent to 35 per cent.

RBI raises CRR from 7 to 7.25 percent from 27 November 1981, to 7.5 per cent from 25 December 1981, to 7.75 per cent from 29 January 1982, and to 8 per cent from 26 February 1982 (last phase rescinded later).

*November*

Working Group to review the working of the Lead Bank Scheme set up.

*10 December*

Working Group to review the existing system of inspection of commercial banks and to suggest improvements appointed by RBI.

*December*

Special Bearer Bonds launched by the government.

*1981*

Banking Laws (Amendment) Bill, 1978, lapses and a new Bill to give effect to the government's suggestion introduced.

Reorganization of Research Departments.

Committee to Examine the Legal and Other Difficulties Faced by Banks and

Financial Institutions in Rehabilitation of Sick Industrial Undertakings and suggest Remedial Measures, including changes in the law, set up with T. Tiwari as chairman. (Report in 1983.)

Study Group on Deployment of Resources by State and Central Cooperative Banks set up with Dr M.V. Hate as chairman. (Report in 1981.)

Study Group on Agricultural Credit Institutions in Himachal Pradesh and Jammu Kashmir with K. Madhava Das as chairman submits report.

Working Group on Savings set up with Prof K.N. Raj as chairman. (Report in 1982.)

Working Group on Accounting Procedure and Maintenance of Records at Bank Branches set up under the chairmanship of Shri M.N. Goiporia, chairman, Dena Bank. (Report in 1981.)