Banking Laws (Amendment) Act, 2012, (Central)

Section 6 - Amendment of Section 18

In section 18 of the principal Act,--

(i) in sub-section (1),--

(a) for the words "shall maintain in India", the words "shall maintain in India on a daily basis" shall be substituted;

(b) for the words "at least three per cent.", the words "such per cent." shall be substituted;

(c) after the words "second preceding fortnight", the words "as the Reserve Bank may specify, by notification in the Official Gazette, from time to time, having regard to the needs of securing the monetary stability in the country" shall be inserted;

(d) in the Explanation, in clause (a), in sub-clause (ii), the words "or from the Development Bank" shall be omitted;

(ii) after sub-section (1), the following sub-sections shall be inserted, namely:--

"(1A) If the balance held by such banking company at the close of business on any day is below the minimum specified under sub-section (1), such banking company shall, without prejudice to the provisions of any other law for the time being in force, be liable to pay to the Reserve Bank, in respect of that day, penal interest at a rate of three per cent. above the bank rate on the amount by which such balance falls short of the specified minimum, and if the shortfall continues further, the penal interest so charged shall be increased to a rate of five per cent. above the bank rate in respect of each subsequent day during which the default continues.

(1B) Notwithstanding anything contained in this section, if the Reserve Bank is satisfied, on an application in writing by the defaulting banking company, that such defaulting banking company had sufficient cause for its failure to comply with the provisions of sub-section (1), it may not demand the payment of the penal interest.

(1C) The Reserve Bank may, for such period and subject to such conditions as may be specified, grant to any banking company such exemptions from the provisions of this section as it thinks fit with reference to all or any of its offices or with reference to the whole or any part of its assets and liabilities.".