

December 21, 2005

**All Scheduled Commercial Banks  
(Excluding RRBs)**

**Donations by banks**

Please refer to our circulars DBOD.No.Dir.BC.15/13.01.01/2002-03 dated August 6, 2002 and DBOD.No.Dir.BC.65/13.01.01/2004-05 dated December 29, 2004 on the above subject. In supersession of the instructions contained therein, it has been decided that henceforth, the policy relating to donations given by banks to various entities may be formulated by the banks' Boards of Directors, keeping in view the following general principles:

- (i) The profit making banks may make donations during a financial year aggregating upto **one per cent** of the published profit of the banks for the previous year. In some cases, banks create funds for specific purposes to encourage research and development in fields related to banking. The Board of the banks may determine the amount of contribution to be made to such funds. The contribution made to such funds in a year will be reckoned for computation of the one percent ceiling.
- (ii) The donations out of the research and development funds should normally be made for setting up professional chairs, granting fellowships/ scholarships for studies and research at universities and approved institutions and for commissioning special projects for investigation, analysis and research for areas pertaining to banking, finance, statistics, management and economics, etc.
- (iii) The donations to Prime Minister's National Relief Fund (Procedure to be followed for remitting the contributions / donations to the fund is indicated in the Annexure) and subscriptions / contributions to professional bodies / institutions related to banking industry like Indian Banks' Association, National Institute of Bank Management, Indian Institute of Banking and Finance, Institute of Banking Personnel Selection and Foreign Exchange Dealers' Association of India may be excluded from the limit indicated in para (i) above.
- (iv) Loss-making banks can make donations totalling Rs.5 lakh only in a financial year including donations to exempted entities / funds indicated in para (iii) above.

- (v) Unutilised portion of the limit of one percent should not be carried forward to the next year.
- (vi) The banks may continue to submit annual review of donations to their Boards of Directors, as hitherto.

Yours faithfully,

**(P. Vijaya Bhaskar)**  
**Chief General Manager**

Encl.: Annexure

**Procedure to be followed for remitting contributions / donations to Prime Minister's National Relief Fund (PMNRF)**

In consultation with the Prime Minister's Office (PMO) and Indian Banks' Association (IBA), it has been decided that all the branches of commercial banks will receive donations/contributions and nominate a Nodal Branch in New Delhi for the purpose of collection and remitting of contribution to Prime Minister's National Relief Fund (PMNRF). PMO has also identified 12 (twelve) branches (list enclosed) as designated branches, which are maintaining PMNRF a/c to receive the funds remitted by the nodal branches.

- (i) Each collecting branch would send the collection to the respective nodal branch of its bank in New Delhi each day along with the details of the donor cheque / draft No., address and amount of contribution.
- (ii) The nodal branches will in turn remit the funds to any of the 12 designated branches, which are maintaining PMNRF a/c.
- (iii) The banks which do not have any branch in New Delhi may collect the donations and remit through a single DD/EFT to any of the 12 designated branches along with details of the donor, cheque/draft No., address and amount of contribution.
- (iv) On-line remittance of donations may be accepted by those banks, which offer such services. These banks should however display this prominently on their Website.
- (v) All these services by the banks would be provided free of charge.
- (vi) Contribution to the PMNRF has been notified for 100% deduction from taxable income under Section 80(G) of the Income-tax Act.
- (vii) The official receipts would be issued to the donor by the PMO as per the current practice.
- (viii) In order to facilitate smooth transmission of funds to the PMNRF Account, RBI has nominated Regional Director, Reserve Bank of India, New Delhi as the Coordinating Officer who would be available for any clarification.

**List of nodal branches designated by the Prime Minister's Office (PMO) for receiving donations/contributions to PMNRF Account**

- (i) Central Bank of India, 70, Janpath, New Delhi,
- (ii) State Bank of India, Institutional Division, Parliament Street, New Delhi
- (iii) Union Bank of India, 14/15F, Connaught Place, New Delhi
- (iv) Dena Bank, Mangal Bhawan, Arya Samaj Road, Karol Bagh, New Delhi
- (v) Syndicate Bank, South Block, New Delhi
- (vi) Corporation Bank, M-41, Connaught Circus, New Delhi.
- (vii) Bank of India, 54, Janpath, New Delhi
- (viii) Indian Overseas Bank, Parliament Street, New Delhi.
- (ix) Punjab National Bank, Parliament Street, New Delhi
- (x) Indian Bank, P45/90, Connaught Circus, New Delhi.
- (xi) Allahabad Bank, Parliament Street, New Delhi
- (xii) Citi Bank, 3rd Floor, Jeewan Bharti Building, 124, Connaught Circus, New Delhi