

Appendix Table I.2: Money Market Policy Measures

Sr. No.	Items	Measures	Announcement Date
1	2	3	4
1.	Call/Notice Money Market	Permission to non-bank entities to lend in the call/notice money market by routing their operations through PDs was extended from end-December 1999 to end-June 2000.	October 29, 1999
		Above permission extended to end-December 2000.	April 27, 2000
		Above permission extended further to end-June 2001.	October 10, 2000
2.	Certificates of Deposit	The minimum maturity of CDs reduced from 3 months to 15 days.	April 27, 2000
		Restriction on transferability period for CDs proposed to be withdrawn.	October 10, 2000
3	Commercial Paper	Draft guidelines on CP issued.	July 6, 2000
		Final guidelines on CP issued. Greater flexibility to corporates to raise resources through CP.	October 10, 2000
4.	Money Market Mutual Funds (MMMFs)	MMMFs permitted to offer 'cheque writing' facility to their investors.	April 29, 1999.
		MMMFs allowed to be set up as a separate entity in the form of a 'Trust' only and not in the form of a Money Market Deposit Account (MMDA).	November 2, 1999
		MMMFs brought within the purview of SEBI regulations. Banks required to seek clearance from the Reserve Bank for setting up MMMFs.	March 7, 2000
5.	Repos and Reverse Repos Market	Non-bank entities permitted to undertake repos.	April 20, 1999
		35 non-banking entities (24 of which were earlier permitted to undertake only reverse repos) permitted to undertake repos and reverse repos in notified government securities.	July 29, 1999
		The Reserve Bank permitted all the 64 non-bank entities, maintaining SGL and current account with the Reserve Bank, Mumbai, to undertake repos and reverse repos in notified government securities.	March 7, 2000
6.	Forward Rate	Guidelines for undertaking FRAs/ IRSs issued.	July 7, 1999

Agreements (FRAs)/ Interest Rate Swaps (IRSs)	Commercial Banks (excluding RRBs), PDs and all-India Financial Institutions were allowed to undertake FRAs/IRSs for their own balance sheet management and for market making purposes. Corporates were allowed to undertake FRAs/IRSs only for hedging their own balance sheet exposures.	October 29, 1999
	Mutual Funds were allowed to undertake FRAs/IRSs with banks, PDs and FIs for hedging their own balance sheet risks. MFs were, however, not allowed to undertake market making in FRAs/IRSs.	
	'Interest rates implied in the foreign exchange forward market' permitted to be used as an additional benchmark in the pricing of rupee interest rate derivatives.	April 27, 2000
7. Term Deposits raised by FIs	Mandatory rating for term deposits accepted by AIFIs.	October 10, 2000
8. Other Measures	Scheduled commercial banks permitted to offer 'cheque writing facility' to gilt funds and liquid income schemes of mutual funds predominantly investing in money market instruments (not less than 80 per cent of their corpus) subject to the same safeguards prescribed for MMMFs.	November 2, 1999
