Annex: Chronology of Major Policy Developments

Announcement Date		Measures
A) Scheduled Commercial Banks (SCBs)		
2005		
April	7	ï The restructured lending and deposit rates of interest in case of amounts disbursed on or before October 2003 under RIDF IV to VII, were effective from April 16, 2005.
	8	ï The cut off date for lapsing of sanction and completion of disbursement for the cases sanctioned for 2004-05 (under PMRY) in Andaman & Nicobar Islands was extended from March 31, 2005 to September 30, 2005.
	11	ï Detailed guidelines issued to banks on rural lending under Annual Credit Plans on the basis of Potential Linked Plans (PLPs) prepared by NABARD. ï Banks to pay compensation for delayed credit under ECS/EFT/SEFT *suo moto*.
	13	ï The rate of interest to be charged on group loans under SGSY linked to per capita size of the loans.
	15	ï Banks to put in place a Business Continuity Plan, including a robust information risk management system, within a fixed time frame.
	16	ï Banks to take necessary action to convert the existing *ad hoc* Committees on Procedures and Performance Audit of Public Services (CPPAPS) into a Standing Committee on Customer Service.
	19	ï Banks advised on the role of customer service committee of the Board for monitoring the implementation of awards under the Banking Ombudsman Scheme.
	27	ï Banks permitted to shift their rural branches within the block/service area without obtaining prior approval of the Reserve Bank, subject to their complying with certain conditions.
	30	ï Banks allowed to formulate schemes, subject to the approval of the Reserve Bank, for providing services at the premises of a customer within the framework of Section 23 of Banking Regulation Act, 1949. ï Banks with capital of at least nine per cent of the risk weighted assets for both credit risk and market risk for both Held for Trading (HFT) and Available for Sale (AFS) categories may transfer the balance in excess of five per cent of securities included under HFT and AFS categories in the Investment Fluctuation Reserve (IFR) to Statutory Reserve, which is eligible for inclusion in Tier I capital.
May	4	ï General permission granted to banks to declare dividends under fulfilment of a few conditions, including observance of minimum CRAR and NPA ratio, subject to a ceiling of dividend payout ratio of 40 per cent. ï Effective quarter ended June 2005, the time limit for filing the monthly and quarterly off-site returns changed to 15 days and 21 days, respectively, from the close of the relevant period for all categories of banks.
	11	ï Detailed guidelines were issued for merger/amalgamation of private sector banks, laying down the process of merger proposal, determination of swap ratios, disclosures, the stages at which Boards will get involved in the merger process and norms of buying/selling of shares by the promoters before and during the process of merger.
	12	ï Comprehensive guidelines were issued, allowing all Regional Rural Banks (RRBs) to undertake insurance business on a referral basis, subject to certain conditions.
	13	ï The Vision Document on Payment and Settlement System 2005-08 was released.
	20	ï Banks to initiate early action with regard to scheme for ëSmall Enterprises Financial Centresí (SEFCs) envisaged for forming a strategic alliance between branches of banks and SIDBI located in the clusters for improving credit flow to the SSIs sector.
	26	ï Banks were advised to put in all efforts to achieve the credit mobilisation targets under SGSY during 2005-06 including the minimum subsidy credit ratio as fixed by the Government and to maintain per family investment of Rs.25,000.

Annex: Chronology of Major Policy Developments *(Continued)*

Announcement Date		Measures
2005		
June	7	ï Banks were allowed to extend financial assistance to Indian companies for acquisition of equity in overseas joint ventures/wholly owned subsidiaries or in other overseas companies, new or existing, as strategic investment in terms of a Board approved policy, duly incorporated in the loan policy of the bank.
	9	ï Instructions issued to banks, in supersession of all earlier instructions, on settlement of claims in respect of deceased depositors, covering aspects relating to *i)* access to balance in deposit account; *ii)* premature termination of term deposit accounts; *iii)* treatment of flows in the name of the deceased depositor; *iv)* access to the safe-deposit lockers/ safe custody articles; and *v)* time limit for settlement of claims. ï Banks (both in private and public sector) need not obtain approval of the Reserve Bank for permitting any of their whole-time officers or employees (other than a Chairman/CEO) to become Director or a part-time employee of any other company.
	14	ï Processing charges waived for all electronic products for transactions under EFT, SEFT and ECS facility involving Rs.2 crore and above with immediate effect upto the period ending March 31, 2006.
	20	ï Banks advised that while furnishing data/information to the Government or other investigating agencies, they should satisfy themselves that the information is not of such a nature as to violate the provisions of the laws relating to secrecy in banking transactions.
	24	ï For the purpose of Section 20 of the Banking Regulation Act, 1949, the term ëloans and advancesí shall not include line of credit/ overdraft facility extended by settlement bankers to National Security Clearing Corporation Limited (NSCCL) to facilitate smooth settlement.
	25	ï Banks opting for rights issues should henceforth make complete disclosures of the regulatory requirements in their offer documents.
	29	ï Banks advised to have a Board mandated policy in respect of their real estate exposure covering exposure limits, collaterals to be considered, margins to be kept, sanctioning authority/level and sector to be financed. Banks also directed to report their real estate exposure under certain heads and disclose their gross exposure to real estate sector and provide details of the break-up in their Annual Report.
July	1	ï Fresh investments by banks in venture capital made ineligible for classification under priority sector lending with immediate effect. Investments in venture capital made by banks up to June 30, 2005 made ineligible for classification under priority sector lending with effect from April 1, 2006.
	5	ï Banks allowed the discretion to approach any general insurance company (which is a member of General Insurersí Public Sector Association of India) or any private sector general insurance company to provide personal accident insurance cover to *Kisan* Credit Card (KCC) holders at competitive rates/terms.
	13	ï Banks advised to furnish information on pricing of services for products based on RTGS / SEFT/ EFT/ECS infrastructure. ï Guidelines issued on sale/purchase of NPAs, including valuation and pricing aspects, and prudential and disclosure norms.
	20	ï Banks permitted to offer internet banking services without the prior approval of the Reserve Bank but subject to fulfillment of certain conditions.
	23	ï Select commercial banks have been delegated the authority to grant permission to companies listed on a recognised stock exchange, to hedge the price risk in respect of any commodity (except gold, silver, petroleum and petroleum products) in the international commodity exchanges/markets.
	26	ï The risk weight for credit risk on capital market and commercial real estate exposure increased from 100 per cent to 125 per cent.

Annex: Chronology of Major Policy Developments *(Continued)*

Announcement Date		Measures
2005		
July	29	ï Guidelines issued for relief measures by banks in areas affected by unprecedented rains and floods in Maharashtra. Accordingly, banks were advised to consider granting consumption loans to the affected persons upto Rs.5,000 without any collateral and Rs.10,000 at the discretion of the branch manager, depending on the repaying capacity of the borrower.
August	2	ï Banks to issue necessary instructions to the Controlling Offices of currency chest branches to ensure verification of balances as per the stipulated minimum periodicity and that the essential safeguards in the internal control system (such as surprise verification/joint custody) are adhered to. ï In view of the unprecedented floods in Maharashtra and the need to provide immediate succour, banks were advised to observe minimum formalities for enabling affected persons to open bank account quickly.
	3	ï Banks advised to formulate a detailed mid-term corporate plan of branch expansion for a three-year period with the approval of the Board. The plan should cover all categories of branches/offices having customer contact, including specialised branches, extension counters and number of ATMs. The plan should be formulated on district-wise basis giving number of branches proposed to be opened in metropolitan/urban/semi-urban/rural areas. The proposal for branch expansion with the above mentioned details should be submitted on an annual basis by December every year.
	19	ï In pursuance to the announcement made by the Union Finance Minister for stepping up credit to small and medium enterprises, public sector banks were advised to initiate steps to improve the flow of credit to the sector. A reporting and monitoring system for the same was also prescribed. Similar guidelines were issued to private sector banks, foreign banks, RRBs and LABs on August 25, 2005.
	23	ï Banks were advised to make all out efforts in achieving the targets set for increasing the credit flow to SCs/STs under priority sector advances as well as under the Government sponsored schemes such as SGSY, SJSRY, SLRS and PMRY. Banks were also asked to ensure that sufficient publicity is given on the facilities extended to SCs/STs and all the instructions contained in the Master Circular on credit facilities to SCs/STs are strictly followed. ï The KYC procedure for opening bank accounts simplified for those persons who intend to keep balances not exceeding Rs.50,000 in all their accounts taken together and the total credit in all the accounts taken together is not expected to exceed Rs.1,00,000 in a year. Banks may open accounts with introduction from another account holder (holding account for at least six months) who has been subjected to full KYC procedure or any other evidence as to identify the customer to the satisfaction of the bank. Similar guidelines were also issued to RRBs.
	31	ï Banks were advised that for the purpose of Section 20 of the Banking Regulation Act, 1949, the term ëLoans and Advancesí shall not include line of credit/overdraft facilities extended by settlement bankers to Clearing Corporation of India Ltd. (CCIL).
September	1	ï Banks participating in the Pilot Cheque Truncation Project at New Delhi were advised to address issues requiring urgent action including finalisation of the ëpoint of truncationí for their outward presentations and the point of processing for inward payments, of the instrument, amendment of their existing internal banking and clearing manuals, use of new processing tools, and deciding upon the systems for storage of inward and outward images. ï It was clarified to the banks that with respect to transactions matched on the NDS-OM module, since CCIL is the central counterparty to all deals, exposure of any counterparty for a trade is only to CCIL and not to the entity with whom a deal matches. However, all Government securities transactions, other than those matched on NDS-OM will continue to be physically confirmed by the back offices of the counterparties, as hitherto.
	3	ï Guidelines on one time settlement scheme for SME accounts issued to public sector banks for recovery of NPAs below Rs.10 crore.

Annex: Chronology of Major Policy Developments *(Continued)*

Announcement Date		Measures
2005		
September	5	ï Banks, which are nominated to import gold, were allowed to extend gold (metal) loans to domestic jewellery manufacturers, who are not exporters of jewellery, subject to certain conditions.
	8	ï The policy for authorisation of the branches of banks in India liberalised and rationalised with a framework for a branch authorisation policy made consistent with the medium term corporate strategy of banks and public interest. While considering applications for opening branches, weightage would be given to the nature and scope of facilities provided by banks to common persons, particularly in underbanked areas, actual credit flow to the priority sector, pricing of products and overall efforts for promoting financial inclusion, including introduction of appropriate new products and the enhanced use of technology for delivery of banking services. ï Banks were advised to implement a debt restructuring mechanism for units in SME sector. Detailed guidelines were laid down relating to eligibility criteria for SMEs and accounts, viability criteria, prudential norms for restructured accounts, treatment of additional finance, asset classification and repeated restructuring.
	9	ï Industrial Development Bank of India (IDBI) Ltd. was excluded from the Second Schedule to the Reserve Bank of India Act, 1934 with effect from April 2, 2005.
	24	ï Bank of Punjab Ltd. was merged with Centurion Bank Ltd. with effect from October 1, 2005.
October	1	ï Conversions/rescheduling of loans in the case of natural calamities, when there is delay in declaration of *Annewari* by the State Government, may be proceeded following such declaration by the District Consultative Committee (DCC).
	9	ï The limit of consumption loan to be provided to the affected persons in the state of Jammu and Kashmir and other parts of North India in the wake of the earthquake increased up to Rs.5,000 without any collateral. This limit may be enhanced to Rs.10,000 at the discretion of the branch manager, depending on the repaying capacity of the borrower. Banks may also consider provision of financial assistance for the purpose of repairs/reconstruction of dwelling units, *etc*., damaged on account of earthquake.
	10	ï Banks, which have maintained capital of at least nine per cent of the risk weighted assets for both credit risks and market risks for both HFT and AFS category as on March 31, 2006, would be permitted to treat the entire balance in the IFR as Tier I capital. For this purpose, banks may transfer the entire balance in the IFR ëbelow the lineí in the Profit and Loss Appropriation Account to Statutory Reserve, General Reserve or balance of Profit and Loss Account.
	15	ï Revised guidance note on management of operational risk issued to banks. The design of risk management framework should be oriented towards the banksí own requirements dictated by the size and complexity of business, risk philosophy, market perception and the expected level of capital. The risk management systems in the bank should, however, be adaptable to changes in business, size, market dynamics and introduction of innovative products by banks in future.
	17	ï Banks to provide details to the customers in their Pass Book/Account Statement regarding the credits effected through ECS. Similar approach to be adopted for capturing the sender/remittance details of other electronic payment products like EFT, SEFT and RTGS.
	18	ï Banks to take appropriate action to ensure successful implementation of SGSY as per the recommendations of the Central Level Coordination Committee (CLCC). The recommendations include, delegation of powers to branch managers to sanction SGSY applications, disposal of all the pending applications as at the end of the year by the first quarter of the succeeding year, utilisation of micro-finance institutions for bridging the credit gap, making efforts to achieving the desired credit to subsidy ratio of 1:3, submission of status report to Ministry of Rural Development on the under-performance of their bank branches, and maintaining separate record in respect of SGSY distinct from IRDP.

Annex: Chronology of Major Policy Developments *(Continued)*

Announcement Date		Measures
2005		
October	25	ï Reverse repo rate and repo rate, under the liquidity adjustment facility (LAF) of the Reserve Bank, increased by 25 basis points each from October 26, 2005 to 5.25 per cent and 6.25, respectively.
November	2	ï Banks (excluding RRBs) advised that while considering granting advances against jewellery, they may keep in view the advantages of hallmarked jewellery and decide on the margin and rates of interest thereon.
	4	ï The general provisioning requirement for ëstandard advancesí, with the exception of banksí direct advances to agricultural and SME sectors, increased from the present level of 0.25 per cent to 0.40 per cent.
	9	ï Banks to set up Special Sub-Committees of DLCC in the districts having credit deposit ratio less than 40 per cent, in order to monitor and to draw up monitorable action plans to increase the ratio. The districts having ratios between 40 per cent and 60 per cent will be monitored by DLCC under the existing system.
	10	ï Revised guidelines on CDR mechanism issued. The major modifications included, extension of the scheme to entities with outstanding exposure of Rs.10 crore or more, requirement of support of 60 per cent of creditors by number in addition to the support of 75 per cent of creditors by value, discretion to the core group in dealing with wilful defaulters, linking the restoration of asset classification to implementation of the CDR package within four months, restricting the regulatory concession in asset classification and provisioning to the first restructuring, convergence in the methodology for computation of economic sacrifice, limiting the Reserve Bankís role to providing broad guidelines for CDR mechanism, enhancing disclosures in the balance sheet, pro-rata sharing of additional finance requirement by both term lenders and working capital lenders, and allowing one-time settlement as a part of the CDR mechanism to make the exit option more flexible. ï For the purpose of CDR mechanism for SMEs involving wilful defaulters, banks were advised to review the reasons for classification of the borrower as wilful defaulter specially in old cases where the manner of classification of a borrower as a wilful defaulter was not transparent and satisfy itself that the borrower is in a position to rectify the wilful default status, provided an opportunity is granted to him under the Debt Restructuring Mechanism for SMEs. Such exceptional cases may be admitted for restructuring with the approval of the Board only.
	11	ï With a view to achieving the objective of greater financial inclusion, all banks were advised to initiate steps within one month, to make available a basic banking ëno-frillsí account either with ënilí or very low minimum balances and to report to the Reserve Bank on a quarterly basis. Banks were also advised to give wide publicity including on their web sites, to the facility of such ëno-frillsí account, indicating the charges in a transparent manner. Similar guidelines issued to RRBs on December 27, 2005.
	16	ï All the present SEFT clearing banks were advised to migrate to NEFT system by December 15, 2005. Banks, which fulfill the eligibility criteria for participation in RTGS, were invited to participate in the NEFT. As NEFT serves all the bank customers using SEFT, the SEFT system would be discontinued from January 1, 2006.
	21	ï Banks were advised to have a well documented policy and a Fair Practices Code for credit card operations. The Fair Practices Code for credit card operations released by IBA in March 2005 could be adopted by banks for this purpose. Guidelines include norms relating to issue of cards, interest rate and other charges, wrongful billing, use of DSAs / DMAs and other agents, protection of customer rights, right to privacy, customer confidentiality, fair practices in debt collection, redressal of grievances, internal control and monitoring system, and right to impose penalty.
	22	ï Agency banks to confirm that they have filed the Annual Information Returns in respect of all their authorised branches which have accepted the subscription of Rs.5 lakh or more in respect of Saving Bonds issued by them during the period April 1, 2004 to March 31, 2005.
	23	ï Banks were advised to develop appropriate delivery channels of electronic payment services using the payment systems developed by the Reserve Bank, like RTGS, ECS, EFT and NEFT, with no further delay. The service charges may also be reviewed keeping in view the need for promotion of electronic payment culture.

Annex: Chronology of Major Policy Developments *(Continued)*

Announcement Date		Measures
2005		
December	5	ï Banks were advised to consider increasing the limit of consumption loan to be provided to the calamity affected persons in Tamil Nadu upto Rs.5,000 without any collateral. This limit may be enhanced to Rs.10,000 at the discretion of the branch manager, depending on the repaying capacity of the borrower.
	6	ï State level in-charges of Small Farmersí Agri-Business Consortium (SFAC) and Nodal Officers of SFAC to be invited in the Sub-Committee of State Level Bankersí Committee (SLBC) as ëSpecial Inviteesí to discuss the problems, if any, faced in the implementation of Scheme for establishment of Agri-Clinics/Agri-business in rural areas. ï All private sector banks were advised to ensure that they actively participate in the various fora under Lead Bank Scheme to increase the flow of credit to agriculture, priority sector and weaker sections of the society. ï Draft guidelines were issued on outsourcing of financial services by banks.
	21	ï Profit making banks permitted make donations during a financial year (which can not be carried forward) aggregating upto one per cent of the published profit of the banks for the previous year. Loss-making banks were permitted to make donations totalling Rs.5 lakh only in a financial year including donations to exempted entities/funds.
	27	ï Banks (excluding RRBs) are not allowed to extend advances, including to their employees/ Employee Trusts set up by them, for the purpose of purchasing their (banksí) own shares under ESOP/IPO or from the secondary market. This prohibition will apply irrespective of whether the advances are unsecured or secured. ï Guidelines on General Credit Card (GCC) scheme issued to banks (including RRBs) for issuing GCC in rural and semi-urban areas, based on the assessment of income and cash flow of the household similar to that prevailing under normal credit card. Interest rate on the facility may be charged, as considered appropriate and reasonable. Banks advised to utilise the services of local post offices, schools, primary health centers, local government functionaries, farmersí association/ club, well-established community-based agencies and civil society organisations for sourcing of borrowers for issuing GCC. ï For accelerating the flow of credit by RRBs, a few measures were introduced including; i) provision of lines of credit by sponsor banks at reasonable rates of interest; ii) borrowing by RRBs from/ place funds with other RRBs including those sponsored by other banks subject to counter-party credit risk policy and limits; iii) organising training programme/s with help from the Reserve Bank and NABARD in the regulatory and operational aspects of the Repo/CBLO market; iv) setting up an off-site ATM in its area of operation after assessing the cost and benefit; v) opening of currency chests to be considered by the Reserve Bank; vi) reviewing of the existing norms by RBI for conduct of various types of foreign exchange transactions by RRBs; and vii) handling pension and other Government business as sub-agents. ï Banks (including RRBs) and LABs advised to provide a simplified mechanism for one-time settlement of loans where the principal amount is equal to or less than Rs.25,000 and which have become doubtful and loss assets as on September 30, 2005. In case of loans granted under Government-sponsored schemes, banks may frame separate guidelines following a state-specific approach to be evolved by the SLBC. The borrowers whose accounts are settled under this mechanism will be eligible for fresh loans.
	28	ï Banks were advised to make available all printed material used by retail customers including account opening forms, pay-in-slips and passbooks in trilingual form *i.e.*, English, Hindi and the concerned Regional Language. Similar guidelines were issued to RRBs, on December 30, 2005.
2006		
January	20	ï Banks were advised to ensure filing of the Returns under Banking Cash Transaction Tax (BCTT), every month and in case the particular bank has no collection under BCTT a ëNILí Return may be filed.

Annex: Chronology of Major Policy Developments *(Continued)*

Announcement Date		Measures
2006		
January	23	ï The revised guidelines on branch authorisation policy include, i) requirement of approaching Central Office of the Reserve Bank for licencing, obviating the need for approaching Regional Offices; ii) listing of types of branches for which proposal should be submitted; iii) reporting of opening of all types of branches; iv) the validity and the extension of authorisation granted; v) shifting of branch; vi) conversion of specialised branch, conversion of extension counter into a full-fledged branch; viii) conversion of rural branch into satellite office; and viii) merger of rural branch. ï Banks were prohibited from crediting ëaccount payeeí cheque to the account of any person other than the payee named therein. Where the drawer/payee instructs the bank to credit the proceeds of collection to any account other than that of the payee, the instruction being contrary to the intended inherent character of the ëaccount payeeí cheque, bank should ask the drawer/payee to have the cheque or the account payee mandate thereon withdrawn by the drawer. This instruction would also apply with respect to the cheque drawn by a bank payable to another bank.
	25	ï Banks advised to augment their capital funds by issue of the following additional instruments: i) innovative perpetual debt instruments (IPDI) eligible for inclusion as Tier 1 capital, ii) debt capital instruments eligible for inclusion as upper Tier 2 capital, iii) perpetual non-cumulative preference shares eligible for inclusion as Tier 1 capital, and iv) redeemable cumulative preference shares eligible for inclusion as Tier 2 capital. ï FIIs registered with SEBI and NRIs permitted to subscribe to the issue of perpetual debt instruments eligible for inclusion as Tier-I capital and debt capital instruments as upper Tier-II capital, subject to certain limits. ï Guidelines issued to banks for the use of business facilitator and correspondent models to achieve greater financial inclusion and to†increase the outreach of the banking sector. The guidelines include, i) eligible entities and scope of activities under business facilitator and correspondent models; ii) payment of commission/ fees and other terms and conditions for these entities; iii) redressal of grievances; and iv) compliance with know your customer (KYC) norms.
	31	ï ING Bank N.V. excluded from the Second Schedule to the Reserve Bank of India Act, 1934 with effect from October 28, 2005.
February	2	ï Guidelines on securitisation of standard assets issued to all banks (excluding RRBs). The guidelines include definitions and norms relating to true sale, criteria to be met by SPV, special features including representations and warranties and re-purchase of assets from SPVs, policy on provision of credit enhancement, liquidity and underwriting facilities, policy on provision of services, prudential norms for investment in the securities issued by SPV and accounting treatment of the securitisation transactions.
	6	ï In order to obviate the time lag between the issue of orders by the Government on dearness relief and other allowances for the pensioners, pension paying banks may put in place a mechanism to immediately obtain copies of Government Orders and release it to the pension paying branches for action at their end.
	7	ï Banks (excluding RRBs) were advised to review their existing procedure for export credit, Gold Card Scheme, export credit for non-star exporters and other issues on the lines prescribed in the notification in this regard.
	15	ï Banks were advised to examine the provisions of Prevention of Money Laundering Act (PMLA), 2002 as also the Rules notified there under on July 1, 2005 and initiate measures considered necessary to ensure compliance. The Rules include, maintenance of records of transactions, preservation of information and reporting to financial intelligence unit-India, Ministry of Finance. Similar guidelines were issued to RRBs on March 9, 2006.
	20	ï Banks were advised that loans to power distribution corporations/companies, emerging out of bifurcation/restructuring of SEBs, may also be classified as indirect finance to agriculture, subject to certain conditions.

Annex: Chronology of Major Policy Developments *(Continued)*

Announcement Date		Measures
2006		
February	27	ï Banks (excluding RRBs) made eligible to apply for primary dealership subject to the following guidelines: i) banks which do not at present have a partly or wholly owned subsidiary and fulfill the following criteria (a) minimum net owned funds of Rs.1,000 crore, (b) minimum CRAR of nine per cent (c) net NPAs of less than three per cent, and d) a profit making record for the last three years; (ii) Indian banks which are undertaking PD business through a partly or wholly owned subsidiary and wish to undertake PD business departmentally by merging/taking over PD business from their partly/wholly owned subsidiary, subject to fulfilling the criteria as laid down above; (iii) foreign banks operating in India who wish to undertake PD business departmentally by merging the PD business being undertaken by group companies, subject to fulfillment of the above criteria.
March	1	ï Banks were advised while appraising loan proposals involving real estate, they should ensure that the borrowers should have obtained prior permission from Government/local Governments/other statutory authorities for the project, wherever required.
	3	ï Banks were advised to expedite the process of allotting Indian Financial System Codes (IFSC) to the branches. It was also decided that IFSC of the branch be printed just above the MICR band on the cheques, preferably above the serial number of the cheque.
	6	ï The name of ëCenturion Bank Limitedí has been changed to ëCenturion Bank of Punjab Limitedí in the Second Schedule to the Reserve Bank of India Act, 1934 with effect from October 17, 2005.
	9	ï Banks were advised that they may first credit the proposed relief to the farmerís account before March 31, 2006 and thereafter seek reimbursement. The modalities of interest calculation was also laid out. This measure was announced to grant relief of two percentage points in the interest rate, as envisaged in the Union Budget Speech, on the principal amount upto Rs.1 lakh on crop loans availed by the farmers for *Kharif* and *Rabi* 2005-06. ï An additional nine branches of nine banks were designated for the purpose of collection of contribution to Prime Ministerís National Relief Fund (PMNRF), in addition to the already designated branches of twelve banks.
	16	ï The concessions/credit relaxations to borrowers/customers in the state of Jammu and Kashmir will continue to be operative for a further period of one year *i.e.*, upto March 31, 2007.
	17	ï The name of ëUFJ Bank Ltdí excluded from the Second Schedule to the Reserve Bank of India Act, 1934 with effect from January 1, 2006. The name of ëThe Bank of Tokyo - Mitsubishi, Ltdí changed to ëThe Bank of Tokyo - Mitsubishi UFJ, Ltdí in the Second Schedule to the Reserve Bank of India Act, 1934 with effect from January 1, 2006.
	21	ï Banks were advised to suitably extend the banking hours of their branches authorised to conduct Government business by keeping the counters open for the purpose, taking into account security aspects of the bank branch concerned to accomodate the rush of the assesses for payment of taxes. No assessee should be turned away from the bank without payment of tax and special clearing (with return clearing) may be conducted in the evening/night of March 31, 2006.
	24	ï As the performance of implementing banks in respect of sanction and disbursement under PMRY for 2005-06 is not satisfactory, the Ministry of Agro and Rural Industries, Government of India decided to extend the cut-off date for lapsing of sanction and completion of disbursement for the sanction cases of 2005-06 by a further period of two months, *i.e.*, upto May 31, 2006. ï Norms relating to risk weight and exposure norms for bills discounted under letter of credit (LC) revised for banks. Accordingly, i) bills purchased/discounted/negotiated under LC (where the payment to the beneficiary is not made ëunder reserveí) will be treated as an exposure on the LC issuing bank and not on the borrower; ii) all clean negotiations as indicated above will be assigned the risk weight as is normally applicable to inter-bank exposures, for capital adequacy purposes; and iii) in the case of negotiations ëunder reserveí the exposure should be treated as on the borrower and risk weight assigned accordingly.
	29	ï Banks to deduct income tax at source while disbursing interest payment under the Senior Citizens Savings Scheme (SCSS)-2004.
	31	ï It has been decided to extend the exemption granted to RRBs from ëmark to marketí norms in respect of their investments in SLR securities by one more year *i.e.*, for the financial year 2006-07.

Annex: Chronology of Major Policy Developments *(Continued)*

Announcement Date		Measures
2006		
April	4	ï Banks were advised that principal and interest due on working capital loans in poultry industry as also installments and interest on term loans therein which have fallen due for payment on/after the onset of bird flu, *i.e.*, February 1, 2006 and remaining unpaid may be converted into term loans. The converted loans may be recovered in installments based on projected future inflows over a period up to three years with an initial moratorium of up to one year. Other measures include a proposal from Union Government for grant of a one time interest subvention of four per cent per annum on the outstanding principal amount as on March 31, 2006 (not including any part of the principal amount that has become overdue) to all poultry units availing loans from banks.
	5	ï Banks were advised to instruct designated branches to strictly adhere to the direction that only one bond ledger account (BLA) shall be opened in the name of each investor for operations in relief/ savings bonds. The existing multiple BLAs, if any, in the name of the same investor should be reviewed and merged into one BLA.
	12	ï Banks (excluding RRBs) were advised to furnish annual return in the revised format within one month in respect of non-SSI (sick/weak) industrial units beginning from March 31, 2006. As a one time measure, the banks are required to furnish data in the revised format for the period ending March 31, 2004 and March 31, 2005 by May 2006. ï Banks were advised to charge specific transfer fee in case of transfer of account from one deposit office to another, in terms of Senior Citizens Savings Scheme (Amendment) Rules, 2006, where the deposit is rupees one lakh or above, a transfer fee of rupees five per lakh of deposit for the first transfer and rupees ten per lakh of deposit for the second and subsequent transfers shall be payable.
	13	ï Banks were advised that the Government of India have allocated a target of 3,84,340 persons to States/UTs under PMRY for the year 2006-07.
	20	ï Banks were advised that the term ëloan or advanceí in clause (a) of the Explanation under sub-section 4 of Section 20 of the Banking Regulation Act, 1949 (10 of 1949), shall not include a credit limit granted under credit card facility provided by the bank to its Directors to the extent the credit limit so granted is determined by the bank by applying the same criteria as applied by it in the normal conduct of the credit card business.
May	2	ï Credit mobilisation target for the year 2006-07 under SGSY was fixed at Rs.2,814 crore by the Government of India. State Level Bankersí Committees (SLBCs) should finalise the targets of individual banks on the basis of acceptable parameters like resources and number of rural/semi urban branches, so that each bank will be in a position to arrive at its corporate target. Banks were advised to make efforts to achieve the credit targets, minimum subsidy credit ratio as fixed by the Government and maintain per family investment of Rs.25,000.
	8	ï The rates of agency commission payable to banks for conduct of Government business has been revised. For ëother paymentsí excluding ëreceiptsí and ëpension paymentsí rates applicable from July 1, 2006 would stand at nine paisa per Rs.100 turnover in place of Rs.50 per transaction applicable currently. ï Banks were advised to take corrective action to rectify deficiencies in Annual Information Returns filed under Section 285 BA of Income Tax Act, 1961 for the Financial Year 2004-05 and submit a ëSupplementary Information Reportí, if need be, to the Income Tax Department. The necessary information for 2005-06 is to be furnished before May 31, 2006.
	16	ï Banks (including RRBs) were advised to display and update, on their website, the details of various service charges in the prescribed format. SCBs are also to display the charges relating to certain services as prescribed in their offices/branches. This may also be displayed in the local language.
	17	ï RRBs, were advised that with approval of their Board of Directors, they may enter into agreements with mutual funds for marketing their units subject to certain conditions, including i) the bank should act as an agent of the customers; ii) the purchase of MF units should be at the customersí risk and without the bank guaranteeing any assured return; iii) the bank should not acquire such units of mutual fund from the secondary market; iv) the bank should not buy back units of mutual funds from the customers; and v) compliance with extant KYC/AML guidelines.

Annex: Chronology of Major Policy Developments *(Continued)*

Announcement Date		Measures
2006		
May	23	ï It was clarified to banks that the interest subvention related to relief measures to specific categories of poultry industry will be calculated at four percentage points on the term loans and working capital loans outstanding as on March 31, 2006.
	25	ï The risk weight on exposure of banks to commercial real estate increased to 150 per cent from 125 per cent. Further, total exposure of banks to venture capital funds will form a part of its capital market exposure and, henceforth, a higher risk weight of 150 per cent will be assigned to these exposures.
	29	ï The general provisioning requirement for banks on standard advances in specific sectors, *i.e.*, personal loans, loans and advances qualifying as capital market exposures, residential housing loans beyond Rs.20 lakh and commercial real estate loans increased to 1.0 per cent from the present level of 0.40 per cent. ï Banks (excluding RRBs) were advised to disclose in the ëNotes on Accountí the information providing details of break-up of provisions and contingencies shown under the head ëExpenditureí in Profit and Loss Account as follows: i) provisions for depreciation on investment; ii) provision towards NPA; iii) provision towards standard asset; iv) provision made towards income tax; and v) other provision and contingencies (with details).
June	5	ï In pursuance with the announcement in the Union Budget, 2006-07, the Government will provide interest subvention of two per cent per annum to public sector banks (PSBs) and RRBs in respect of short-term production credit up to Rs.3 lakh provided to farmers. The amount of subvention will be calculated on the amount of the crop loan disbursed from the date of disbursement/drawal up to the date of payment or up to the date beyond which the outstanding loan becomes overdue *i.e.*, March 31, 2007 for *Kharif* and June 30, 2007 for *Rabi*, respectively, whichever is earlier. This subvention will be available to PSBs and RRBs on the condition that they make available short-term credit at ground level at seven per cent per annum. In case of RRBs, this will be applicable only to short term production credit disbursed out of their own funds and will exclude such credit supported by NABARD refinance. Banks were advised to immediately, provide their estimates of short-term production credit to farmers up to Rs.3 lakh for *Kharif* and *Rabi* 2006-07, separately.
	8	ï Banks (excluding RRBs) were advised not to enter into swap transactions involving conversion of fixed rate rupee liabilities in respect of innovative Tier I/Tier II bonds into floating rate foreign currency liabilities. Further, with regard to swaps already entered into, banks are to follow certain procedure for accounting gains / losses arising out of such swap transactions.
	12	ï Bureau of Indian Standards (BIS) has formulated a comprehensive National Building Code (NBC) of India 2005, providing guidelines for regulating the building construction activities across the country. The Code contains all the important aspects relevant to safe and orderly building development such as administrative regulations, development control rules and general building requirements; fire safety requirements; stipulations regarding materials, structural design and construction (including safety); and building and plumbing services. The boards of banks were advised to consider this aspect for incorporation in their loan policies. Similar guidelines were issued to RRBs on June 22, 2006.
	13	ï The Empowered Committees (EC) for RRBs, constituted by the Reserve Bank at its Regional Offices, would deliberate and make recommendation on the applications for opening, shifting or merger of branches of RRBs. The Reserve Bank would take into account the ECís recommendation and dispose of such applications expeditiously. Similarly, requests from RRBs for conduct of foreign exchange business, as limited authorised dealers for current account transactions, would be considered by the Reserve Bank after clearance by the EC.
	22	ï Revised norms issued to banks (excluding RRBs) on utilisation, creation, accounting and disclosures of floating provisions, *i.e.*, provisions which are not made in respect of specific non-performing assets or are made in excess of regulatory requirement for provisions for standard assets.
	27	ï In order to start a robust state-of-the-art nationwide ECS covering more branches and locations with centralised data submission system, banks were advised to furnish certain information indicating their level of preparedness for the project.

Annex: Chronology of Major Policy Developments *(Continued)*

Announcement Date			Measures
2006			
July	4	ï	Banks were advised to initiate steps for incorporating an appropriate mandate management routine for handling ECS (Debit) transactions.
	12	ï	Banks were permitted to phase out the additional general provisioning on standard advances in specific sectors *i.e.*, personal loans, loans and advances qualifying as capital market exposures, residential housing loans beyond Rs.20 lakh and commercial real estate loans. Additional provisioning requirement over the financial year 2006-07 would stand at (a) 0.55 per cent for the quarter ended June 2006; (b) 0.70 per cent for the half-year ending September 2006; (c) 0.85 per cent for the quarter ending December 2006; and (d) 1.00 per cent for the year ending March 2007.
	14	ï	Banks were advised not to associate themselves with internet based electronic purse schemes which are in the nature of acceptance of deposits that can be withdrawn on demand.
	17	ï	Banks were advised to ensure that all the farmersí loan-accounts in the notified districts, which are overdue as on July 01, 2006, are rescheduled on the lines of the package of ëRelief Measures to the Vidarbha Region in Maharashtraí announced by the Honíble Prime Minister and the interest thereon (as on July 01, 2006) is fully waived. Fresh finance may be ensured to such farmers. The total amount of credit of Rs.1,275 crore envisaged to be released by banks will be allocated by Bank of Maharashtra (as SLBC Convenor) among the banks functioning in the districts.
	20	ï	Banks were advised to place service charges and fees on the homepage of their website at a prominent place under the title ëService Charges and Feesí so as to facilitate easy access by the bank customers. A complaint form, along with the name of the nodal officer for complaint redressal, may be provided in the homepage itself to facilitate complaint submission by the customers. The complaint form should also indicate that the first point for redressal of complaints is the bank itself and that complainants may approach the Banking Ombudsman only if the complaint is not resolved at the bank level within a month.
August	1	ï	Accounting and related aspects for ëWhen Issuedí transactions in Central Government securities issued.
	3	ï	A new district *viz.*, Tarn Taran covering three tehsils, *viz.*, Tarn Taran (200 villages), Khadoor Sahib (96 Villages) and Patti (197 Villages) has been carved out of the existing district of Amritsar with effect from June 16, 2006. Lead Bank responsibility of the new district has been assigned to Punjab National Bank.
	9	ï	Additional guidelines issued on relief measures to be extended by banks in areas affected by natural calamities.
		ï	Banks were advised that they need not maintain a separate SGL account for PD business. Banks undertaking PD business departmentally may maintain a single SGL account. They would, however, need to keep separate books of accounts internally for monitoring on an ongoing basis, maintenance of the minimum stipulated balance of Rs.100 crore of Government securities and for recording the transactions undertaken by the PD business.
	10	ï	Guidelines were issued on penal rate of interest in case of default in maintaining stipulated balances under CRR. With effect from the fortnight beginning June 24, 2006 penal interest would be charged as follows: i) in cases of default in maintenance of CRR requirement on a daily basis, which is presently 70 per cent of the total CRR requirement, penal interest would be recovered for that day at the rate of three per cent per annum above the bank rate on the amount by which the amount actually maintained falls short of the prescribed minimum on that day; and if the shortfall continues on the next succeeding day/s, penal interest would be recovered at a rate of five per cent per annum above the Bank Rate; (ii) in cases of default in maintenance of CRR on average basis during a fortnight, penal interest would be recovered as envisaged in sub-section (3) of Section 42 of Reserve Bank of India Act, 1934. Similar guidelines were issued to RRBs on August 11, 2006.
	22	ï	Banks permitted to offer internet based foreign exchange services, for certain transactions, in addition to the local currency products already allowed to be offered on internet based platforms, subject to certain conditions.

Annex: Chronology of Major Policy Developments *(Continued)*

Announcement Date		Measures
2006		
August	24	ï All banks were advised to recognise interest subsidy eligibility certificate issued by *Khadi* and Village Industries Commission (KVIC) for extending credit to *khadi* institutions and entrepreneurs, provided KVICís assessment for working capital requirement does not exceed the assessment made by banks by more than 10 per cent.
		ï To further improve customer service for outstation investors, half-yearly interest/ principal of relief/ savings bonds to investors may be made at a place of their choice, either by issue of a demand draft, free of cost, or an ëat parí cheque payable at all branches of the bank.
September	1	ï Within the overall target for priority sector lending and the sub-target of 10 per cent for the weaker sections, sufficient care should be taken to ensure that the minority communities also receive an equitable portion of the credit. The above requirement should be considered by lead banks while preparing district credit plans.
		ï In order to improve the quality of service available to customers in branches, banks were advised to ensure that full address/telephone number of the branch is invariably mentioned in the pass books/statement of accounts issued to account holders. Similar guidelines were issued to RRBs on September 15, 2006.
	4	ï It was clarified to the banks that instructions on moratorium, maximum repayment period, additional collateral for restructured loans and asset classification in respect of fresh finance will be applicable to all affected restructured borrowal accounts, including accounts of industries and trade, besides agriculture. Asset classification of the restructured accounts as on the date of natural calamity will continue if the restructuring is completed within a period of three months from the date of natural calamity.
	14	ï Banks were advised to delegate adequate powers to the bank managers for sanctioning loans without referring to higher authorities and following of the procedure for calculating interest on loans, excluding subsidy amount under SGSY Scheme.
	18	ï The name of ìChohung Bankî has been changed to ìShinhan Bankî in the Second Schedule to the Reserve Bank of India Act, 1934 with effect from August 12, 2006.
	20	ï Banks were advised that the exposure of banks to entities for setting up Special Economic Zones (SEZs) or for acquisition of units in SEZs which includes real estate would be treated as exposure to commercial real estate sector with immediate effect and banks would have to make provisions as also assign appropriate risk weights for such exposures as per the existing guidelines. ï Detailed instructions issued to Banks under Section 17(1) and 17(1)(b)(ii) of BR Act 1949 regarding transfer of profit to their Reserve Fund.
October	4	ï Banks were advised to invariably offer pass book facilities to all its savings bank account holders (individuals). In case the bank offers the facility of sending the statement of account and the customer chooses to get statement of account, the bank must issue monthly statement of accounts. Similar guidelines were issued to RRBs on October 13, 2006.
	5	ï Operational guidelines were issued for banks undertaking/proposing to undertake primary dealer business.
	11	ï Banks were advised that it would not be mandatory to put a clause in the guarantee issued by them, regarding an obligation on the part of the beneficiary of the guarantee to seek confirmation of the controlling office/head office.
	18	ï The banks were advised to ensure that all the loan accounts of the farmers in the specified districts which are overdue as on July 1, 2006 are rescheduled on the lines of package of relief measures for the debt stressed farmers of 25 districts in the states of Andhra Pradesh, Karnataka and Kerala.
	31	ï All SCBs (excluding RRBs) advised that in view of the current macroeconomic and overall monetary conditions, the fixed repo rate under the liquidity adjustment facility (LAF) of the Reserve Bank has been increased by 25 basis points with effect from Second LAF of October 31, 2006 to 7.25†per cent from 7.00 per cent. The reverse repo rate under the LAF remains unchanged at 6.00 per cent. All other terms and conditions of the current LAF Scheme will remain unchanged.

Annex: Chronology of Major Policy Developments *(Continued)*

Announcement Date		Measures
		B) Co-operative Banks
2005		
April	11	ï The normal donations (for development of co-operative movement, charitable or any other public purpose) to be made during a year, in aggregate, to be restricted to a ceiling of one per cent of the published profits of the Urban Co-operative Banks (UCB) for the previous year. Such normal donations, together with those that may be made to national funds and other funds recognised/sponsored by the Central/State Governments, during a year, would not exceed two per cent of the published profits of the bank for the previous year.
	15	ï UCBs were advised to reduce the prudential exposure limits on advances to 15 per cent and 40 per cent of the ëCapital Fundsí in case of single borrower and group of borrowers, respectively. The definitions of capital funds and exposure were also modified for this purpose. UCBs are to bring down the outstanding or the sanctioned exposure limit exceeding the revised limit within a maximum period of two years, *i.e.*, by March 31, 2007.
	19	ï UCBs, which have granted loans and advances against the guarantee/surety of the directors and/or their relatives prior to October 1, 2003, were advised that they may not unwind the position and may continue with the guarantee/surety of the directors and/or their relatives till the maturity of the facility. However, no fresh borrowals should be allowed by the UCBs with the guarantees/surety of their directors and/or their relatives.
	28	ï UCBs were advised to explore the option of merger/amalgamation wherever necessary for revitalising and rehabilitating the weak scheduled UCBs.
May	4	ï UCBs were advised to forward in the quarterly statement on ëconsolidated position of frauds outstandingí a footnote detailing the position of frauds outstanding in the housing loan segment, effective quarter ended March 2005.
	6	ï State Co-operative Banks (StCBs) and District Central Co-operative Banks (DCCBs) allowed to undertake insurance business on a referral basis, without any risk participation through their network of branches, subject to certain conditions.
	11	ï The eligibility to participate in repo market was extended to non-scheduled UCBs and listed companies, having a gilt account with a scheduled commercial bank subject to certain conditions.
	17	ï The investment limit in plant and machinery for the seven items belonging to sports goods which are already reserved for manufacture in SSI sector, as per Government of India, Gazette Notification No.SO 1109 (E) dated October 13, 2004, has been enhanced from Rs.1 crore to Rs.5 crore. UCBs were advised that the advances given to these units could be treated as priority sector lending.
	21	ï The statutory inspection of all UCBs to be carried out by the Reserve Bank with reference to the financial position as on March 31 immediately preceding the date of inspection and the gradation determined based thereon. However, inspection report should cover important developments having a significant bearing, subsequent to the reference date of inspection on the bankís financial health.
June	20	ï The non-scheduled UCBs having gilt account with an SGL Account holder permitted to participate in repo market, both repos and reverse repos, subject to conditions as prescribed for ready forward contracts (including reverse ready forward contracts). ï UCBs were advised to adopt a standardised settlement on T+1 basis of all outright secondary market transactions in Government securities with effect from May 25, 2005. In the case of repo transactions in Government securities, however, market participants will have the choice of settling the first leg on T+0 basis or T+1 basis, as per the requirement of participants. ï In order to facilitate further deepening of the Government securities market, the UCBs have been permitted to sell the Government securities allotted to successful bidders in primary issues on the day of allotment, with and between CSGL account holders.
July	4	ï UCBs having a single branch/head office with deposits upto Rs.100 crore and those having multiple branches within a single district with deposits upto Rs.100 crore were permitted to classify loan NPAs based on 180-day delinquency norm instead of the extant 90-day norm, till March 31, 2007.

Annex: Chronology of Major Policy Developments *(Continued)*

Announcement Date		Measures
2005		
July	12	ï In the light of the recommendations of the Committee on Procedure and Performance Audit on Public Services (CPPAPS) and to facilitate expeditious and hassle-free settlement of claims on the death of depositors,the procedure for settlement of claims in respect of deceased depositors was simplified and advised to StCBs and DCCBs.
	13	ï The norms relating to classification and valuation of investment portfolio of StCBs and DCCBs were modified, allowing them to amortise their additional provisioning requirement. ï Some relaxations have been given to those UCBs which have difficulty in implementing the revised credit exposure norms dated April 15, 2005 for sanction of fresh advances owing to the impact of past accumulated losses. Such UCBs were advised to approach the Reserve Bank explaining the issues involved and submit specific proposals for its consideration.
	14	ï The UCBs were advised to settle the claims in respect of deceased depositors and release payments to survivor(s)/ nominee(s) within a period not exceeding 15 days from the date of the receipt of the claim subject to the production of proof of death of the depositor and suitable identification of the claim(s).
	20	ï Acceptance of NRO deposits by UCBs to be phased out. The UCBs were advised not to accept any fresh deposits in the form of savings/current/recurring/term deposits and not to renew the existing recurring/term deposits on maturity with immediate effect. The existing current/savings deposits may be allowed to continue up to a period of six months. The accounts may be closed thereafter, with advance notice to the deposit holders.
August	3	ï In view of the unprecedented floods in Maharashtra and the need to provide immediate succour, UCBs were advised to observe minimum formalities for enabling such persons to open a bank account quickly. Similar guidelines were issued to StCBs and DCCBs on August 16, 2005.
	4	ï StCBs and DCCBs were advised to invest their genuine surplus funds in non-SLR securities without taking prior approval from the Reserve Bank on a case-to case basis, subject to a few conditions.
	9	ï UCBs were advised that the risk weight to be raised to i) 125.0 per cent (from 100.0 per cent) in case of loans extended against primary/collateral security of shares/debentures; ii) 127.5 per cent (from 102.5 per cent) in respect of investment in equities of AIFIs/units of UTI; and iii) to 125.0 per cent (from 100.0 per cent) in case of commercial real estate.
	23	ï The KYC procedure for opening accounts simplified further for UCBs for those persons who intend to keep balances not exceeding Rs.50,000 in all their accounts taken together and the total credit in all the accounts taken together is not expected to exceed Rs.1,00,000 in a year. UCBs may open accounts with introduction from another account holder (holding account for at least six months) who has been subjected to full KYC procedure or any other evidence as to identify and address of the customer to the satisfaction of the bank. Similar guidelines was issued to StCBs and DCCBs.
September	2	ï Grade II UCBs, which have been classified as such on account of net NPAs only, permited to declare dividend not exceeding 10 per cent provided they have made net profit for the current year and conform to certain other conditions as in the case of Grade III banks.
	17	ï Licensed and/or scheduled StCBs permitted to undertake, without risk participation, co-branded domestic credit card business with tie-up arrangement with one of the scheduled commercial banks, already having arrangement for issue of credit cards, subject to their fulfilling certain conditions. These conditions include, minimum positive net worth of Rs.50 crore, earning net profit for the last three years and not having accumulated losses, gross NPAs not exceeding 10 per cent, compliance of prudential and other norms stipulated by the Reserve Bank/NABARD and prior permission of the Reserve Bank.

Annex: Chronology of Major Policy Developments *(Continued)*

Announcement Date		Measures
2005		
September	29	ï UCBs were advised that 108 items have been de-reserved by the Government of India from the list of items reserved for exclusive manufacture by the SSIs.
October	6	ï Certain categories of directors of UCBs excluded from the purview of the guidelines prohibiting extension of any loans and advances (both secured and unsecured) to directors, their relatives and the firms/concerns/companies in which they are interested.
	10	ï The StCBs/DCCBs to furnish certain information in the form of ëNotes on Accountsí to their Balance Sheets from the year ending March 31, 2006.
	20	ï UCBs carrying accumulated losses in their balance sheet would not be eligible to make donations.
	21	ï The draft guidelines for set-off/adjustment of deposits against non-performing assets of UCBs working under directions have been forwarded to Registrar of Co-operative Societies of all States and Central Registrar of Co-operative Societies and they have been requested to issue the final guidelines in this regard keeping in view the provisions of the respective State Co-operative Societies Act and the Rules/Notification framed there under.
November	22	ï On a review, it has been decided that with effect from close of business in India on November 17, 2005, the interest rates on NRE savings deposits accounts for UCBs shall be at the rate applicable to domestic saving deposits. The interest rates on fresh repatriable Non-Resident (External) Rupee (NRE) term deposits for one to three years should not exceed LIBOR/SWAP rates, as on the last working day of the previous month, for US dollar of corresponding maturity plus 75 basis points. The interest rates so determined for three years deposits should also be applicable in case the maturity period exceeds three years. ï In order to smoothen the process of merger in the UCB sector, the acquirer UCB permitted to amortise the loss taken over from the acquired UCB over a period of not more than five years, including the year of merger.
	24	ï With a view to achieving the objective of greater financial inclusion, all UCBs to initiate steps within one month, to make available a basic banking ëno-frillsí account either with ënilí or very low minimum balances as well as charges and report to the Reserve Bank on a quarterly basis. Banks are also to give wide publicity to the facility of such a ëno-frillsí account, including on their web sites, indicating the facilities and charges in a transparent manner. Similar guidelines were issued to StCBs and DCCBs on December 13, 2005. ï The general provisioning requirement for ëstandard advancesí increased to 0.40 per cent from 0.25 per cent. However, direct advances to agriculture and SME sector which are standard assets, would attract a uniform provisioning requirement of 0.25 per cent of the funded outstanding on a portfolio basis, as hitherto. The higher provisioning requirements will be applicable for Unit banks and UCBs having multiple branches within a single district with deposits base of Rs.100 crore and above, and all other UCBs operating in more than one district. For other UCBs, the existing requirement of provisioning of 0.25 per cent for standard assets will continue. These provisions would be eligible for inclusion in Tier II capital for capital adequacy purposes upto the permitted extent as hitherto.
	30	ï All the UCBs have been advised to furnish the name, designation, e-mail address and the contact telephone numbers of Principal Officer (AML) appointed by the Director, Financial Intelligence Unit-India, Government of India.
December	5	ï The limit on unsecured advances by UCBs without surety, in respect of purchase/discount/withdrawal against third party cheques for a temporary period of 30 days in emergent cases, enhanced from Rs.5,000 to Rs.25,000 and Rs.10,000 respectively, for scheduled UCBs and unscheduled UCBs in Grade III and IV, while for those in grade other than III and IV the limit for scheduled and unscheduled UCBs were placed at Rs.50,000 and Rs.20,000 respectively. However, the ceiling on temporary unsecured advances without sureties for other class of unsecured advances, *viz*., clean bills, *multani hundis*, upto a period of 30 days, would however, continue to be limited to a maximum of Rs.5,000. The total unsecured advances (with surety and without surety) granted by a bank to its members should not exceed 15.0 per cent of its demand and time liabilities as against the present limit of 33.3 per cent and a phased reduction in exposure was allowed till March 31, 2007.

Annex: Chronology of Major Policy Developments *(Continued)*

Announcement Date		Measures
2005		
December	23	ï With a view to minimise the delay in settling the claims of depositors, DICGC has reviewed the procedure followed in regard to appointment of Chartered Accountants (CAs) and fixing remuneration, for the UCBs. With a view to minimize the time lag in appointment of CAs, it is decided to consider fixing remuneration of CAs in terms of charge per depositor.
	30	ï StCBs and DCCBs to make available all printed material used by retail customers including account opening forms, pay-in-slips, passbooks *etc*. in trilingual form *i.e.*, English, Hindi and the concerned Regional Language.
2006		
January	9	ï UCBs were advised to take the benefit of the scheme for ëSmall Enterprises Financial Centresí on such terms as are mutually agreed to between them and SIDBI.
	19	ï StCBs/DCCBs have been advised to continue charging depreciation on computers on a straight-line method at the rate of 33.3 per cent per annum. Similar guidelines were issued to UCBs on January 24, 2006.
	23	ï Multi-State co-operative societies engaged in manufacturing activity permitted to raise external commercial borrowings (ECBs) under the Approval Route, provided that the society is financially solvent, submits its up-to-date audited balance sheet and the proposal complies with all other parameters of ECB guidelines.
	30	ï It has been clarified that in case of fully drawn term loans, where there is no scope for re-drawal of any portion of the sanctioned limit, UCBs may reckon the outstanding for arriving at credit exposure limit for the purpose of adhering to the exposure norms.
		ï UCBs prohibited from crediting ëaccount payeeí cheque to the account of any person other than the payee named therein. For crediting proceeds to third party *i.e.*, other than to payee, UCBs can do so only after obtaining mandate on the cheque from the drawer. These instructions will also apply with respect to the cheque drawn by a bank payable to another bank. Similar guidelines were issued to StCBs and DCCBs on April 27, 2006.
February	17	ï It has been decided that the non-scheduled UCBís, having single branch-cum-head-office or having multiple branches within single district, having a deposit base of Rs.100 crore or less would be exempted from minimum SLR in the form of prescribed assets up to maximum of 15 per cent of their demand and time liabilities (DTL) to the extent of the amounts deposited by them with State Bank of India, subsidiary banks, corresponding new bank and IDBI Ltd. This exemption will be in force upto March 31, 2008.
		ï In order to offer small borrowers an opportunity to settle their NPA accounts with UCBs and become eligible for fresh finance, Chief Secretaries of the States were advised to consider notifying, a simplified mechanism for one-time settlement of loans where the principal amount is equal to or less than Rs.25,000 and which have become doubtful and loss assets as on September 30, 2005.
March	2	ï UCBs were advised that while considering granting advances against jewellery they may keep in view the advantages of hallmarked jewellery and decide on the margin and rates of interest thereon. Similar guidelines were issued to StCBs and DCCBs on March 9, 2006.
	3	ï StCBs and DCCBs were advised to comply with the provisions of Prevention of Money Laundering Act (PMLA), 2002 and the Rules notified there under on July 1, 2005. The Rules include, maintenance of records of transactions, preservation of information and reporting to Financial Intelligence Unit-India. Similar guidelines were issued to UCBs on March 21, 2006.
	9	ï UCBs were advised to install dual display note counting machines at the payment counters of their branches for the use of their customers towards building confidence in the minds of the public to accept note packets secured with paper bands.
		ï As a part of announcement made by Honíble Finance Minister for improving flow of credit to small and medium enterprises, certain guidelines covering *inter alia*, eligibility and viability criteria for restructuring of debts and the consequential effects of such restructuring on classification of these assets were issued to the UCBs. Such dispensation of asset classification should be made available only when the account is restructured for the first time.

Annex: Chronology of Major Policy Developments *(Continued)*

Announcement Date		Measures
2006		
March	21	ï Based on the half-yearly review by NABARD, StCBs/DCCBs were advised to take appropriate action in the following areas, including i) conduct of the half-yearly review of investment portfolio; ii) framing of investment policy; iii) preparation of approved panel of brokers; iv) placing of funds as deposits with PSUs/Companies/Corporations/UCBs/NBFCs *etc*.; v) quarterly certificate of securities actually held;vi) irregularities in non-SLR investments; vii) submission of concurrent audit of SLR investment portfolio and the monthly audit of treasury transactions to NABARD/RBI; and viii) violation of Section 19 of the B.R. Act, 1949 (aACS) relating to investments in shares of other co-operative institutions.
	24	ï The currency chest facility was extended to scheduled UCBs which are registered under Multi-State Co-operative Societies Act, 2002 and to the UCBs under the State Acts, where the State Governments concerned have assured regulatory co-ordination by entering into MOU with the Reserve Bank. The eligibility norm in this regard was also laid down.
	29	ï UCBs were permitted on an ongoing basis to exceed the limit of 25 per cent of their total investments under HTM category provided: i) the excess comprises only of SLR securities; and ii) the total SLR securities held in the HTM category is not more than 25 per cent of their NDTL as on the last Friday of the second preceding fortnight. Further relaxations include: i) as a special case, shifting of securities from and to HTM once more on or before March 31, 2006; ii) the provision required to be made is the difference between book value and face value when the market value is lower than the face value; iii) provision may be spread over the remaining period to maturity, instead of five years; and iv) in case, as a result of valuation as above, the provision already held by the bank is rendered surplus, the same should not be taken to the Profit and Loss account.
April	13	ï UCBs registered in states, which have signed MoU and those registered under the Multi-State Co-operative Societies Act, 2002 may enter into agreements with mutual funds for marketing their units subject to the certain conditions, including i) the UCB should act as an agent of the customers, ii) the purchase of MF units should be at the customersí risk and without the UCB guaranteeing any assured return, iii) the UCB should not acquire such units of mutual fund from the secondary market, iv) the UCB should not buy back units of mutual funds from the customers, and v) the UCB should ensure compliance with extant KYC/AML guidelines.
	28	ï In order to enable better customer service, UCBs were advised to undertake following limited transactions at the extension counters: i) deposit/withdrawal transactions, ii) issue and encashment of drafts and mail transfers, iii) issue and encashment of travellersí cheques, iv) collection of bills, v) advances against fixed deposits of their customers (within the sanctioning power of the concerned officials at the Extension Counter), and vi) disbursement of other loans (only for individuals) sanctioned by the Head Office / base branch up to the limit of Rs.10 lakh. ï UCBs were permitted to set up ATMs subject to the following eligibility criteria: i) minimum deposits of Rs.100 crore, ii) compliance with the prescribed CRAR, iii) net NPAs less than 10 per cent, and iv) consistent record of profitability and compliance with CRR/SLR. Among others, the requirement of prior approval of the Reserve Bank for network connectivity and/or sharing of the ATMs installed by UCBs has also been dispensed with.
May	26	ï UCBs were advised to display and update, on their website, the details of various service charges in the prescribed format. UCBs are also to display the charges relating to certain services as prescribed in their offices/branches. This may also be displayed in the local language.
June	1	ï The risk weight on UCBsí exposure to the commercial real estate increased to 150 per cent from 125 per cent.
	6	ï StCBs and DCCBs permitted to open savings bank accounts in the names of State Government departments/bodies/agencies in respect of grants/subsidies released for implementation of various programmes/schemes sponsored by State Governments on production of an authorisation to the bank from the respective Government departments certifying that the concerned Government department or body has been permitted to open savings bank account.

Annex: Chronology of Major Policy Developments *(Continued)*

Announcement Date		Measures
2006		
June	15	The general provisioning requirement on standard advances in specific sectors, *i.e.*, personal loans, loans and advances qualifying as capital market exposures, residential housing loans beyond Rs.20 lakh and commercial real estate loans increased to 1.0 per cent from the present level of 0.40 per cent. The revised norms were made applicable for UCBs (Unit banks and banks having multiple branches within a single district with deposit of Rs.100 crore and above and all other UCBs operating in more than one district) on June 15, 2006.
	19	Bureau of Indian Standards (BIS) has formulated a comprehensive building Code namely National Building Code (NBC) of India 2005, providing guidelines for regulating the building construction activities across the country. The Code contains all the important aspects relevant to safe and orderly building development such as administrative regulations, development control rules and general building requirements; fire safety requirements; stipulations regarding materials, structural design and construction (including safety); and building and plumbing services. Banksí Boards may consider this aspect for incorporation in their loan policies. Similar guidelines were issued to StCBs and DCCBs on June 26, 2006.
July	11	Investments that may be made by UCBs on or after April 1, 2007 in the bonds issued by NHB/ HUDCO shall not be eligible for classification under priority sector lending.
	21	UCBs to ensure that all the farmersí loan-accounts in notified districts, which are overdue as on July 01, 2006, are rescheduled on the lines of the package of ìRelief Measures to the Vidarbha Region in Maharashtraî announced by the Honíble Prime Minister and the interest thereon (as on July 01, 2006) is fully waived. Fresh finance may be ensured to such farmers. The total amount of credit of Rs.1,275 crore envisaged to be released by banks will be allocated by Bank of Maharashtra (as SLBC Convenor) among the banks functioning in the districts.
	24	UCBs to place service charges and fees on the homepage of their website at a prominent place under the title ëService Charges and Feesí so as to facilitate easy access by the UCB customers. A complaint form, along with the name of the nodal officer for complaint redressal, may be provided in the homepage itself to facilitate complaint submission by the customers. The complaint form should also indicate that the first point for redressal of complaints is the bank itself and that complainants may approach the Banking Ombudsman only if the complaint is not resolved at the bank level within a month.
	26	UCBs not to associate themselves with internet based electronic purse schemes which are in the nature of acceptance of deposits that can be withdrawn on demand. Similar guidelines were issued to StCBs and DCCBs on August 7, 2006.
August	11	StCBs advised that with effect from the fortnight beginning June 24, 2006 penal interest in case of default in maintaining stipulated balances under CRR would be charged as follows: i) in cases of default in maintenance of CRR requirement on a daily basis, which is presently 70 per cent of the total Cash Reserve Ratio requirement, penal interest would be recovered for that day at the rate of three per cent per annum above the bank rate on the amount by which the amount actually maintained falls short of the prescribed minimum on that day and if the shortfall continues on the next succeeding day/s, penal interest would be recovered at a rate of five per cent per annum above the bank rate; (ii) in cases of default in maintenance of CRR on average basis during a fortnight, penal interest would be recovered as envisaged in sub-section (3) of Section 42 of Reserve Bank of India Act, 1934. Similar guidelines were issued to scheduled UCBs on August 16, 2006.
	18	Accounting and related aspects for ëWhen Issuedí transactions in Central Government issued to UCBs.
September	4	Guidelines issued to UCBs on relief measures to be extended in areas affected by natural calamities.
	22	In order to improve the quality of service available to customers in branches, StCBs/DCCBs were advised to ensure that full address/telephone number of the branch is invariably mentioned in the pass books/statement of accounts issued to account holders.
	26	UCBs were advised to furnish the data on frauds, thefts, burglaries *etc*., in format FMR ñ 2, 3, and 4 on a quarterly basis to the Regional Offices of the Reserve Bank within 15 days of the end of the quarter to which the data relates.

Annex: Chronology of Major Policy Developments *(Continued)*

Announcement Date		Measures
2006		
October	6	ï UCBs were advised to ensure that full address/telephone numbers of the branch is invariably mentioned in the Pass Books/Statement of Accounts issued to account holders.
	11	ï StCBs/DCCBs were advised to invariably offer pass book facilities to all its account holders (individuals). Similar guidelines were issued to UCBs on October 16, 2006.
	17	ï UCBs were advised that within the overall target for priority sector lending and the sub-target of 25 per cent for the weaker sections, sufficient care should be taken to ensure that the minority communities also receive an equitable portion of the credit. ï UCBs allowed to extend individual housing loan upto the limit of Rs.25 lakh per beneficiary of a dwelling unit. However housing loans above Rs.15 lakh will not be treated as priority sector lending. The present stipulation that the amount of instalment and interest should not exceed 30 per cent of the income of the borrowers stands dispensed with.
		C) Financial Institutions (FIs)
2005		
April	26	ï A minimum framework for disclosures by FIs on their risk exposures in derivatives laid out to provide a clear picture of their exposure to risks in derivatives, risk management systems, objectives and policies.
	27	ï FIs not accepting public deposits but having asset size of Rs.500 crore and above would be subjected to limited off-site supervision by the Reserve Bank. Therefore, with effect from the period ended March 31, 2005, the existing system of off-site supervision would stand replaced by a simplified information system known as the ëQuarterly Return on Important Financial Parameters in respect of Select Financial Institutionsí.
November	22	ï FIs were advised that guidelines on one time settlement scheme for SME accounts issued to public sector banks should be uniformly implemented as applicable.
December	6	ï The general provisioning requirement for ëstandard advancesí, with the exception of direct advances to agricultural and SME sectors, increased from the present level of 0.25 per cent to 0.40 per cent for the FIs.
2006		
February	2	ï Guidelines on securitisation of standard assets issued to FIs. The guidelines include definitions and norms relating to true sale, criteria to be met by SPV, special features including representations and warranties and re-purchase of assets from SPVs, policy on provision of credit enhancement, liquidity and underwriting facilities, policy on provision of services, prudential norms for investment in the securities issued by SPV, accounting treatment of the securitisation transactions, disclosures, *etc*.
		D) Non-Banking Financial Companies (NBFCs)
2005		
April	28	ï Guidelines on merger and amalgamation between private sector banks and NBFCs issued.†The guidelines cover the process of merger proposal, determination of swap ratios, disclosures, norms for buying/selling of shares by promoters before and during the process of merger and the Boardís involvement in the merger process. The principles underlying these guidelines would be applicable as appropriate to public sector banks, subject to relevant legislation.
September	6	ï NBFCs not accepting/holding public deposits and having assets size of ëRs.100 crore and above to submit a monthly return that was applicable so far to NBFCs not accepting/holding public deposits and having assets size of Rs.500 crore and above.

Annex: Chronology of Major Policy Developments *(Continued)*

Announcement Date			Measures
2005			
October	11	ï	NBFCs to ensure full compliance with KYC guidelines with regard to deposits collected by persons authorised by the NBFCs including brokers/agents *etc.*, inasmuch as such persons are collecting the deposits on behalf of the NBFCs.
	21	ï	NBFCs to have a well documented policy and a Fair Practices Code for credit card operations. The Fair Practices Code for credit card operations released by IBA in March 2005 could be adopted by NBFCs for this purpose. Guidelines include norms relating to issue of cards, interest rate and other charges, wrongful billing, use of DSAs / DMAs and other agents, protection of customer rights, right to privacy, customer confidentiality, fair practices in debt collection, redressal of grievances, internal control and monitoring system, and right to impose penalty.
	26	ï	Guidelines were issued to all deposit taking NBFCs (including RNBCs) that all individual cases of frauds involving amount less than Rs.25 lakh may be reported to the respective Regional Offices of the Department of Non Banking Supervision in whose jurisdiction, registered office of the company is located, whereas individual cases of frauds involving amount of Rs.25 lakh and above may be reported to Frauds Monitoring Cell, Department of Banking Supervision, Central Office, Reserve Bank, Mumbai.
December	9	ï	It was clarified by the Reserve Bank that in case of premature repayment of deposits, the clause relating to clubbing of all deposit accounts, standing to the credit of sole/first named depositor in the same capacity, for the purpose of premature repayment/grant of loan, as the case may be, of an amount upto Rs.10,000 to the depositor is applicable only in case of problem NBFC/RNBC/MNBC. In case of death of depositor, even the problem NBFC/RNBC/MNBC may repay the deposit/public deposit within the lock-in period without clubbing of deposit/public deposit.
	12	ï	NBFCs (including RNBCs) with public deposits/deposits of Rs.50 crore and above were advised that it would be desirable if such NBFCs stipulate that the partners of the Chartered Accountant firm conducting the audit be rotated every three years so that the same partner does not conduct audit of the company continuously for more than a period of three years. However, the partner so rotated will be eligible for conducting the audit of the NBFC/RNBC after an interval of three years, if the NBFC/RNBC, so decides. NBFC/RNBCs were advised to incorporate appropriate terms in the letter of appointment of the firm of auditors and ensure its compliance.
	27	ï	It was decided not to call for returns in First schedule annexed to Miscellaneous Non-Banking Companies (Reserve Bank) Directions, 1977 from the Miscellaneous Non-Banking Companies which were not holding/accepting deposits.
2006			
January	24	ï	The norms relating to prior public notice about the change in the control/management of the company of the NBFCs (deposit taking and non-deposit taking) relaxed where merger and amalgamation takes place in terms of the High Court order in pursuance of Sections 391 and 394 of the Companies Act, 1956.
February	2	ï	Guidelines on securitisation of standard assets issued to NBFCs (including RNBCs). The guidelines include definitions and norms relating to true sale, criteria to be met by SPV, special features including representations and warranties and re-purchase of assets from SPVs, policy on provision of credit enhancement, liquidity and underwriting facilities, policy on provision of services, prudential norms for investment in the securities issued by SPV, accounting treatment of the securitisation transactions and disclosures.
March	7	ï	It was decided to further simplify the KYC procedure for opening accounts by NBFCs for those persons who intend to keep balances not exceeding Rs.50,000 in all their accounts taken together and the total credit in all the accounts taken together is not expected to exceed Rs.1,00,000 in a year. In respect of such persons, NBFCs may open accounts subject to introduction from another account holder who has been subjected to full KYC procedure or any other evidence as to the identity and address of the customer to the satisfaction of the NBFC.
	22	ï	Pending the exercise of examining the eligibility criteria of NBFCs who can be assigned the role of Business Correspondent/s, the scheduled commercial banks to defer selection/use of NBFCs as Business Correspondent/s. However, they can use NBFCs licensed under Section 25 of the Companies Act, 1956 as Business Correspondents.

Annex: Chronology of Major Policy Developments *(Continued)*

Announcement Date			Measures
2006			
March	31	ï	The investment pattern contained in the RNBC Directions were modified as under with effect from April 1, 2006: (i) not less than 10 per cent of the ALD in the manner prescribed under paragraph 6(1)(a) of the RNBC Directions, 1987; (ii) not less than 75 per cent of the ALD in the manner prescribed under paragraph 6(1)(b) of the RNBC Directions, 1987; and (iii) not more than 5 per cent of the ALD as on December 31, 2005 or one-time of net owned fund of the company, whichever is less in the manner prescribed under paragraph 6(1)(c) of the RNBC Directions, 1987 for discretionary investments upto March 31, 2007. After March 31, 2007 RNBCs shall invest in accordance with paragraph 6(a) and (b) of the RNBC Directions, 1987 only and there will be no discretionary investment from April 1, 2007.
April	5	ï	Certain changes were made in the format of monthly return to be submitted by the NBFCs not accepting/holding public deposits and having assets size of Rs.100 crore and above to include parameters such as cumulative position in Profit and Loss Account, age-wise break up of NPAs, highest outstanding balance of working capital, certain additional information on capital market exposure of the company and foreign sources of funds.
		ï	NBFCs, MNBCs and RNBCs to go through the provisions of Prevention of Money Laundering Act (PMLA), 2002 and the Rules notified there under on July 1, 2005 and take all steps considered necessary to ensure compliance. The Rules include, maintenance of records of transactions, preservation of information and reporting to Financial Intelligence Unit-India.
September	20	ï	While calculating the aggregate of funded exposure of a borrower for the purpose of assignment of risk weight, NBFCs may ënet-offí against the total outstanding exposure to the borrower advances standardised by cash margins/security deposits/caution money against which right to set off is available.
		ï	Securitisation Companies or Reconstruction Companies should invest in security receipts an amount not less than five per cent issued under each scheme with immediate effect. In the case of Securitisation Companies or Reconstruction Companies, which have already issued the security receipts, such companies shall achieve the minimum subscription limit in security receipts under each scheme, within a period of six months from the date of Notification issued in this regard.
	28	ï	NBFCs issued comprehensive instructions under Sec(45) of RBI Act 1934 to frame broad guidelines on fair practice code approved by their Board of Directors and the same should be published and disseminated on the website of the company for information of the public.
October	19	ï	A Securitisation Company or Reconstruction Company, which has obtained a Certificate of Registration from the Reserve Bank under Section 3 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 should commence business within six months from the date of grant of Certificate of Registration. The Reserve Bank may, on an application made by the Securitisation Company or Reconstruction Company, grant extension of time for commencement of business beyond six months, on merits, but in no case, such extension of time shall exceed 12 months from the date of grant of Certificate of Registration.
	27	ï	It has been clarified that prior public notice about change in control/management should be given by the NBFC and also by the transferor or the transferee or jointly by the parties concerned.
			E) Primary Dealers (PDs)
2005			
May	11	ï	Guidelines were issued on adoption of standardised settlement on T+1 basis for all outright secondary market transactions in Government securities.
		ï	Guidelines were issued permitting sale of Government Securities allotted to successful bidders in primary issues on the day of allotment, with and between CSGL constituent account holders.
		ï	The eligibility to participate in repo market was extended to non-scheduled UCBs and listed companies, having a gilt account with a scheduled commercial bank, subject to certain conditions.
	19	ï	Underwriting bids allowed to be submitted electronically on PDO-NDS application. Underwriting commission credited to current account of PD on the date of settlement of auction.

Annex: Chronology of Major Policy Developments *(Concluded)*

Announcement Date		Measures
2005		
July	20	ï Guidelines on transaction in Government Securities were further relaxed by permitting a buyer from an allottee in primary auction to re-sell the security.
August	22	ï Guidelines issued dispensing with the need to obtain counterparty confirmation in respect of deals matched on NDS-OM since CCIL is the counter-party in such transactions.
2006		
February	27	ï Banks, both Indian and foreign, which fulfill certain eligibility criteria, permitted to undertake PD business departmentally.
	28	ï Guidelines issued permitting banks and PDs to undertake intra-day short sale in Central Government dated security subject to the same being covered by outright purchase in secondary market within the same trading day.
April	4	ï Guidelines issued on Revised Scheme of Underwriting Commitment and Liquidity Support for PDs and banks undertaking PD business departmentally in the wake of coming into effect the provisions of the Fiscal Responsibility and Budget Management Act (FRBM) 2003.
May	3	ï Guidelines issued permitting NDS-OM members to enter into ëWhen Issuedí transactions in Central Government Securities that have been notified for issuance but not actually issued.
July	4	ï Guidelines issued permitting stand-alone PDs to diversify their activities in addition to existing business of Government securities, subject to limits.
October	5	ï Operational guidelines issued for banks undertaking/proposing to undertake PD business.
	31	ï PDs advised that the fixed repo rate under LAF has been revised to 7.25 per cent. Accordingly, the Standing Liquidity Facilities provided to PDs from the Reserve Bank would be available at repo rate, *i.e.*, 7.25 per cent with immediate effect.