Regulatory and Other Measures

March 2012

RBI/2011-12/420 UBD.BPD. (PCB). Cir.No. 22/12.05.001/ 2011-12 dated March 1, 2012

The Chief Executive Officer,
All Primary (Urban) Co-operative Banks.

Supervisory Action Framework for Urban Cooperative Banks (UCBs)

You are aware, that the Reserve Bank of India (the Bank) conducts inspection of UCBs under the provisions of the Banking Regulation Act, 1949 (AACS) (the Act), to assess the financial position of a bank and its adherence to the various provisions of the Act and directions/instructions issued thereunder. It also monitors the financial position of UCBs based on periodical returns/statements submitted by them. Further, the Reserve Bank initiates supervisory actions based on its assessment of the financial position of a bank. The existing supervisory framework, *viz.*, Graded Supervisory Action is based on the Grade and the financial position of a bank. With the introduction of a revised supervisory rating model for UCBs based on CAMELS pattern from March 31, 2009, in the place of the Grading System, the framework of supervisory action has to be realigned.

2. The revised Supervisory Action Framework (SAF) envisages, in the initial stage of deterioration in the financial position, self corrective action by the management of the UCBs themselves and supervisory action by the Reserve Bank in case the financial position of the bank does not improve.

Self-Corrective Action by UCBs

3. If the CRAR falls below 9 per cent or there is deterioration in asset quality or decline in profits, liquidity constraints *etc.* the management of the bank should identify the cause of deterioration and take necessary corrective actions, on their own, with a view to improve the financial position of the bank. Such corrective action should be prompt as any delay could be detrimental to the interest of the depositors and other stake holders of the bank. The corrective action should include measures for augmenting capital, close monitoring of the NPAs and its recovery especially the large NPAs, improving profitability by curtailing expenses, mobilising low cost deposits, *etc.* depending on the nature of the deficiency. The UCBs should also prepare time bound specific action plan for bringing about necessary improvement in its functioning and the Board of Directors should monitor the progress in implementation of the action plan in every meeting of the Board.

Supervisory Action by the Reserve Bank of India

4. UCBs may note that if necessary steps are not taken to improve their financials or the steps taken do not result in the required improvement in the financial position of the bank, the Reserve Bank will step in and initiate supervisory actions as it deems necessary. The supervisory actions which would be taken by the Reserve Bank would be in two stages.

4.1 In the first Stage, the Reserve Bank would commence active monitoring of the performance of the bank. The active monitoring would become necessary when one or more of the following circumstances exists in a bank:

i. Capital adequacy is less than 6 per cent.

ii. Incurred loss for two consecutive years.

iii. Gross NPAs exceed 10 per cent of the advances.

iv. Concentration of deposits *i.e.* where 20 top deposits/depositors exceed 30 per cent of total deposits.

v. Credit Deposit ratio exceeding 70 per cent.

The monitoring would be done by directing the UCBs to submit to the Regional Office of the Reserve Bank, an action plan for improving their performance in the specific areas where there is a deterioration or cause of concern (CRAR, profitability, Gross NPA, CD ratio, concentration of deposits, as the case may be) and returns, pertaining to the specified weak area, at quarterly/half-yearly intervals.

4.2 In the second stage the supervisory action would be in the form of pre-emptive action aimed at arresting further deterioration in the financial position of the bank. The extent and nature of supervisory action would depend on the level of capital adequacy and the extent of erosion in deposits, if any, in the bank. The supervisory action would increase in terms of severity as the financials deteriorate and could include restriction on pre-mature withdrawal of deposits, freeze in the level of advances /deposits, prohibition in acceptance of deposits, issue of show cause for cancellation of banking license *etc.*

4.2.1 If the CRAR of a UCB falls below 4 per cent, but its net worth continues to be positive, the bank will not be permitted to increase its aggregate advances beyond the level of advances as on a specified date.

4.2.2 If the financials of a UCB further deteriorates resulting in the net worth turning negative, then the Bank would initiate further action depending on the extent of deposit erosion.

(i) ***Deposit erosion up to 10 per cent -*** The bank will be advised to explore options for merger with another bank. The bank will not be permitted to increase its aggregate deposits beyond the level of deposits as on a specified date. The bank will also be prohibited from premature payment of all term deposits.

(ii) ***Deposits erosion beyond 10 per cent and up to 25 per cent -*** When all options for revival of the bank are exhausted, the bank will be prohibited from acceptance of fresh deposits and repayment of deposits by issue of all inclusive Directions under Section 35 A of the Act. Renewals of deposits however will be permitted.

(iii) ***Deposit erosion in excess of 25 per cent -*** A show cause notice will be issued for cancellation of the licence of the bank.

5. On certain occasions, notwithstanding the financial position of the bank, issue of Directions, including all inclusive Directions under Section 35A of the Act would be considered if there are exceptional circumstances *viz.* run on a bank, reports of severe liquidity crunch, complaints of non-payment or preferential payment of matured deposits, market information regarding dissension in management *etc.*

6. UCBs may note that the SAF does not preclude the Reserve Bank from taking any action as it deems necessary, including cancelling the licence of a bank, at any stage of the SAF.

7. A copy of this circular may be placed in the next meeting of the Board of Directors and a confirmation to that effect should be sent to the Regional Office concerned.

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RBI/2011-12/422 RPCD.CO.LBS. BC.No. 62/02.08.01/2011-12 dated 1 March, 2012

The Chairmen/CMD
All Lead Banks

Assignment of Lead Bank responsibility-Newly formed district of Prabudh Nagar in the State of Uttar Pradesh

The Government of Uttar Pradesh vide their Gazette Notification No. 2875/1-5-2011-155/2011-R-5 dated September 28, 2011 has advised about the constitution of a new district *viz.* Prabudh Nagar with effect from September 28, 2011. The new district with its headquarter at Shamli has been carved out from the existing Mujaffarnagar and comprises of two Tehsils *viz.* Shamli & Kairana.

2. It has been decided to assign the lead bank responsibility of the new district Prabudh Nagar to Punjab National Bank. There is no change in the lead bank responsibilities of other districts in the State.

3. The newly formed district Prabudh Nagar has been allotted District working code 315 for the purpose of reporting.

RBI/2011-12/424 DNBS.PD.CC. No. 256 /03.10.042 / 2011-12 dated March 2, 2012

All Non-Deposit taking NBFCs with asset size of `100 crore and above and Deposit taking NBFCs

Monitoring of frauds

A reference is invited to DNBS(PD)CC.No.59/ 03.10.42/2005-06 dated October 26, 2005 which contained guidelines on classification of frauds, approach towards monitoring of and reporting system for frauds for deposit taking NBFCs.

2. It has now been decided to extend the same Guidelines (issued in exercise of powers vested in the Bank under Section 45K and 45L of the RBI Act, 1934) to NBFCs-ND-SI also with immediate effect. Accordingly all NBFCs-ND-SI are advised to follow the Guidelines which inter alia, stipulate that individual cases of frauds involving amount less than `25 lakhs shall be reported to the respective Regional Offices(ROs) of DNBS in whose jurisdiction registered office of the company is located whereas individual cases of frauds involving amount of `25 lakhs and above may be reported to Frauds Monitoring Cell, Department of Banking Supervision, Reserve Bank of India, Central Office, World Trade Centre, Centre -1, Cuffe Parade, Mumbai-400 005.

3. Additionally, all non-deposit taking NBFCs with asset size of `100 crore and above and deposit taking NBFCs shall disclose the amount related to fraud, reported in the company for the year in their balance sheets. As envisaged in the CC dated October 26, 2005, it is reiterated that NBFCs failing to report fraud cases to the Reserve Bank would be liable for penal action prescribed under the provisions of Chapter V of the RBI Act, 1934.

RBI/2011-12/425 DBOD.No.BL.BC. 82/22.01.009/2011-12 dated March 2, 2012

All Scheduled Commercial Banks
(Including RRBs) & Local Area Banks

Financial Inclusion by Extension of Banking Services - Use of Business Correspondents (BCs)

Please refer to paragraph 3 on 'BC Model' of our circular DBOD.No.BL.BC.43/ 22.01.009/2010-11 dated September 28, 2010 on the above subject wherein it is stated that while a BC can be a BC for more than one bank, at the point of customer interface, a retail outlet or a sub-agent of a BC shall represent and provide banking services of only one bank. It was also stated that the terms and conditions governing the contract between the bank and the BC should be carefully defined in written agreements and subjected to a thorough legal vetting. Banks were also advised to strictly adhere to instructions contained in the guidelines on managing risks and code of conduct in outsourcing of financial services by banks, issued by Reserve Bank of India on November 3, 2006 while drawing up agreements. Further, banks will be fully responsible for the actions of the BCs and their retail outlets / sub agents.

2. In this connection, it has been decided to permit interoperability at the retail outlets or sub-agents of BCs (*i.e.* at the point of customer interface), provided the technology available with the bank, which has appointed the BC, supports interoperability, subject to the following conditions:

a. The transactions and authentications at such retail outlets or sub-agents of BCs are carried out on-line;

b. The transactions are carried out on Core Banking Solution (CBS) platform; and

c. The banks follow the standard operating procedures to be advised by the Indian Banks' Association (IBA).However, the BC or its retail outlet or sub-agent at the point of customer interface would continue to represent the bank, which has appointed the BC.

3. All other conditions as stated in the extant guidelines dated September 28, 2010 would mutatis mutandis apply to the operations executed at the retail outlets or sub-agents of BCs.

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RBI/2011-12/426 DBOD.No. Leg.BC.83/ 09.07.005/2011-12 dated March 5, 2012

All Scheduled Commercial Banks
(excluding RRBs)

Grievance Redressal Mechanism in Banks – Display of Names of Nodal Officers

Please refer to our Circular DBOD.No.Leg.BC.24 /09.07.005/2009-10 dated July 21, 2009 wherein banks were, inter alia, advised to display the names and other details of the officials at their Head Office / Zonal Offices / Regional Offices including the names of the Nodal Officers / Principal Nodal Officers appointed under the Banking Ombudsman Scheme, 2006 on their web-sites who can be contacted for redressal of complaints. Banks were also advised to display the names, addresses, telephone numbers and fax numbers of their CMD / CEO, Line Functioning Heads for operations such as, Credit Cards, Loans and Advances, Retail Banking, Personal Banking, Rural / Agricultural Banking, SME Banking, etc on their web-sites to enable their customers to approach them, if necessary.

2. With a view to making the Grievance Redressal Mechanism more effective, in addition to the instructions contained in the above mentioned circular, banks are further advised as under:

i. Ensure that the Principal Nodal Officer appointed under the Banking Ombudsman Scheme is of a sufficiently senior level, not below the rank of a General Manager.

ii. Contact details including name, complete address, telephone / fax number, email address, *etc.*, of the Principal Nodal Officer needs to be prominently displayed in the portal of the bank preferably on the first page of the web-site so that the aggrieved customer can approach the bank with a sense of satisfaction that she / he has been attended at a senior level.

iii. Grievance Redressal Mechanism (GRM) should be made simpler even if it is linked to call centre of customer care unit without customers facing hassles of proving identity, account details, *etc.*

iv. Adequate and wider publicity are also required to be given by the respective financial services provider.

3. The name and address of the Principal Nodal Officer may also be forwarded to the Chief General Manager, Customer Service Department, Reserve Bank of India, Central Office, 1st Floor, Amar Building, Sir P.M.Road, Mumbai-400 001 (email).

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RBI/2011-12/427 IDMD.PCD. 20 /14.01.02/2011-12 dated March 5, 2012

All RBI-regulated Entities

Settlement of OTC transactions in Certificates of Deposit (CDs) and Commercial Papers (CPs)

In terms of circular IDMD.DOD.11/11.08.36/2009-10 dated June 30, 2010, all RBI-regulated entities are mandated to report their OTC transactions in CDs and CPs on the FIMMDA reporting platform within 15 minutes of the trade for online dissemination of market information. Such trades, however, are being settled between the counterparties on a bilateral basis.

2. It has now been decided to introduce DvP I based settlement for all OTC trades in CDs and CPs on the lines already existing in case of settlement of OTC trades in corporate bonds, *i.e.*, settlement through the pooling accounts of the National Securities Clearing Corporation Limited (NSCCL) and Indian Clearing Corporation Limited (ICCL).

3. Accordingly, with effect from April 1, 2012, all OTC trades in CDs and CPs shall necessarily be cleared and settled through the NSCCL or ICCL under the above arrangement, as per the norms specified by them from time to time.

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RBI/2011-12/429 DBOD No. CID. BC. 84/20.16.042/ 2011-12 dated March 5, 2012

Chairmen / Managing Directors / CEOs
All Scheduled Commercial Banks (excluding RRBs) &
All India Financial Institutions

Grant of 'Certificate of Registration' – For carrying on the business of Credit Information – Credit Information Bureau (India) Limited

We advise that, on March 5, 2012, we have issued 'Certificate of Registration' to Credit Information Bureau (India) Limited (CIBIL) to carry on the business of credit information. The address of the company is as follows:

The Managing Director,
Credit Information Bureau (India) Ltd.
Hoechst House, 6th Floor
193, Backbay Reclamation
Nariman Point
Mumbai – 400 021

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RBI/2011-12/431 UBD.CO.BPD. No. 25/12.05.001/ 2011-12 dated March 6, 2012

Chief Executive Officers of
All Primary (Urban) Co-operative Banks

Convergence of Indian Accounting Standards with International Financial Reporting Standards – Urban Co-operative Banks

The Core Group constituted by the Ministry of Corporate Affairs, Government of India had approved in March 2010, a road map for convergence of Indian Accounting Standards (IAS) with International Financial Reporting Standards (IFRS). In the Annual Policy Statement 2010-2011 of the Reserve Bank issued on April 20, 2010, it was stated that UCBs having net worth in excess of ₹300 crore would, in the preparation of their accounts, converge with IFRS in tandem with the time schedule given for scheduled commercial banks and accordingly convert their opening balance sheet as on April 1, 2013 in compliance with IFRS converged IAS. UCBs having net worth in excess of ₹200 crore but not exceeding ₹300 crore would convert their opening balance sheet as on April 1, 2014 in compliance with IFRS converged IAS. An extract of the relevant paragraphs (92 to 94) of the Annual Policy Statement of 2010-2011 is enclosed.

2. UCBs having net worth in excess of ₹200 crore are, therefore, advised to take necessary steps to ensure that they are in readiness to adopt the IFRS converged IAS from 1st of April 2013 or 1st April 2014 as the case may be.

3. Please acknowledge receipt of this circular to the concerned Regional Office of this Department.

Encl; one

Annex

Reserve Bank of India – Annual Policy Statement 2010-11 – Convergence of Indian Accounting Standards with International Financial Reporting Standards

'Para 92. As a part of the efforts to ensure convergence of the Indian Accounting Standards (IASs) with the International Financial Reporting Standards (IFRSs), the roadmap for banking companies and non-banking financial companies (NBFCs) has been finalised by the Ministry of Corporate Affairs in consultation with the Reserve Bank. As per the roadmap, all scheduled commercial banks will convert their opening balance sheet as at April 1, 2013 in compliance with the IFRS converged IASs.

Para 93. However, with regard to UCBs and NBFCs, a gradualist approach is considered appropriate. The roadmap envisages UCBs having net worth in excess of ₹300 crore and NBFCs which are part of NSE Nifty 50 and BSE Sensex 30 as well as those NBFCs having net worth in excess of ₹1,000 crore to converge with IFRSs in tandem with the time schedule given for scheduled commercial banks, UCBs having net worth in excess of ₹200 crore but not exceeding ₹300 crore

Annex (Concld.)

and other listed NBFCs as well as unlisted NBFCs having a net worth in excess of `500 crore shall convert their opening balance sheets as on April 1, 2014 in compliance with the IFRS converged IASs. Remaining UCBs, unlisted NBFCs not falling in the above categories and regional rural banks (RRBs) need to follow only the notified IASs which are not converged with IFRSs.

Para 94. Considering the amount of work involved in the convergence process, it is expected that banks and other entities concurrently initiate appropriate measures to upgrade their skills, management information system (MIS) and Information technology (IT) capabilities to manage the complexities and challenges of IFRSs. The implementation poses additional challenge as certain aspects of IFRSs, especially the standards on financial instruments, are under review and would take sometime before they are finalised. In order to facilitate smooth migration to IFRSs, it is proposed:

- To undertake a study of the implications of the IFRSs convergence process and also to issue operational guidelines as appropriate.
- To disseminate information through learning programmes with a view to preparing banks and other entities to adhere to the roadmap'.

RBI/2011-12/432 UBD.BPD. (PCB).Cir. No. 26 /16.11.00/ 2011-12 dated March 7, 2012

The Chief Executive Officer,
All Primary (Urban) Co-operative Banks.

Bank Rate

Section 49 of the Reserve Bank of India Act, 1934 requires the Reserve Bank to make public (from time to time) the standard rate at which it is prepared to buy or re-discount bills of exchange or other commercial paper eligible for purchase under that Act.

2. Being the discount rate, the Bank Rate should technically be higher than the policy repo rate. The Bank Rate has, however, been kept unchanged at 6 per cent since April 2003. This was mainly for the reason that monetary policy signalling was done through modulations in the reverse repo rate and the repo rate under the Liquidity Adjustment Facility (LAF) (till May 3, 2011) and the policy repo rate under the revised operating procedure of monetary policy (from May 3, 2011 onwards). Moreover, under the revised operating procedure, marginal standing facility (MSF), instituted at 100 basis points above the policy repo rate, has been in operation, which in many ways serves the purpose of the Bank Rate.

3. While the policy repo rate and the MSF rate have become operational, the Bank Rate continues to remain at 6 per cent. Currently, the Bank Rate acts as the penal rate charged on banks for shortfalls in meeting their reserve requirements (cash reserve ratio and statutory liquidity ratio). The Bank Rate is also used by several other organisations as a reference rate for indexation purposes.

4. The Reserve Bank has consulted various organisations/stakeholders relying on the Bank Rate as a reference rate. Based on the feedback received, it is determined that the Bank Rate should normally stay aligned to the MSF rate. Accordingly, it has been decided that with effect from the close of business of February 13, 2012, the Bank Rate will stand increased by 350 basis points, *i.e.*, from 6.00 per cent per annum to 9.50 per cent per annum. This should be viewed and understood as one-time technical adjustment to align the Bank Rate with the MSF rate rather than a change in the monetary policy stance.

5. All penal interest rates on shortfall in reserve requirements, which are specifically linked to the Bank Rate, will also stand revised as indicated in the Annex.

6. Please acknowledge receipt of this circular to the Regional Office concerned of the Urban Banks Department.

Encl: as above

Annex

Penal Interest Rates which are linked to the Bank Rate

Item	Existing Rate	New Rate (Effective close of business on February 13, 2012)
Penal interest rates on shortfalls in reserve requirements (depending on duration of shortfalls).	Bank Rate plus 3.0 percentage points (9.00 per cent) or Bank Rate plus 5.0 percentage points (11.00 per cent).	Bank Rate plus 3.0 percentage points (12.50 per cent) or Bank Rate plus 5.0 percentage points (14.50 per cent).

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RBI/2011-12/446 DNBS (PD)CC.No.259 /03.02.59/2011-12 dated March 15, 2012

All Non Banking Financial Companies
(excluding Residuary Non Banking Companies)

Non-Reckoning Fixed Deposits with Banks as Financial Assets

In terms of Section 45IA (1) of the RBI Act 1934, no non-banking financial company shall commence business or carry on the business of a non-banking financial institution without (a) obtaining a certificate of registration (CoR) from the Reserve Bank and (b) having a net owned fund of twenty five lakh rupees, which was increased to `200 lakh with effect from April 21, 1999.

2. It has, however, come to the notice of the Reserve Bank that some NBFCs obtain registration from the Bank, park their funds in fixed deposits with commercial banks but do not commence NBFI activities for several years thereafter. The Auditors of the companies have in these cases also certified that the companies are conducting NBFI activities, justifying the continued holding of the CoR issued by the Bank.

3. It is clarified, that the Reserve Bank issues a Certificate of Registration for the specific purpose of conducting NBFI activities. Investments in fixed deposits cannot be treated as financial assets and receipt of interest income on fixed deposits with banks cannot be treated as income from financial assets as these are not covered under the activities mentioned in the definition of "financial Institution" in Section 45I(c) of the RBI Act 1934. Besides, bank deposits constitute near money and can be used only for temporary parking of idle funds, and/or in the above cases, till commencement of NBFI business.

4. In addition, the NBFC which is in receipt of a CoR from the Bank must necessarily commence NBFC business within six months of obtaining CoR. If the business of NBFC is not commenced by the company within the period of six months from the date of issue of CoR, the CoR will stand withdrawn automatically. Further, there can be no change in ownership of the NBFC prior to commencement of business and regularisation of its CoR.

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RBI/2011-12/448 DPSS (CO) CHD.No/ 1691/ 03.01.14 / 2011-2012 dated March 15, 2012

The Chairman and Managing Director /
Chief Executive Officer
All Scheduled Commercial Banks
including Regional Rural Banks/
Scheduled Co-operative Banks/
Banks participating in NEFT and RTGS/
Regional offices of RBI

Access Criteria for Payment Systems-Membership to Clearing Houses operating Decentralised Payment Systems

Please refer to our circular no. DPSS.CO.OD.494/ 04.04.009/2011-2012 dated September 21, 2011 on the above subject.

In order to simplify/rationalise the procedure for admission of members to Clearing Houses operating various decentralised payment systems (MICR/non-MICR/CTS Centres/ECS/RECS *etc.*), it has now been decided to grant automatic membership for such decentralised payment systems to the entities which are direct participants of centralised payment systems like RTGS, NEFT and NECS.

Accordingly, a new paragraph 4.10.1 has been inserted in the above circular as under:

'4.10.1 Scheduled commercial banks, Regional Rural Banks and multi state co-operative banks which have already been admitted as participants of the centralised payment systems(RTGS,NEFT and NECS) will be eligible for automatic membership of the decentralised payment systems (including CTS, ECS/RECS *etc.*) across all Clearing Houses.'

The updated list of participants of Centralised payment systems have been made available on the web-site of the Bank under the links (http://www.rbi.org.in/Scripts/Bs_viewRTGS.aspx) and http://www.rbi.org.in/Scripts/neft.aspx .

The amendments come into force with immediate effect

Please acknowledge receipt.

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RBI/2011-12/451 RPCD.CO. Plan.BC.66/04.09.54/2011-12 dated March 16, 2012

The Chairman/Managing Director/
Chief Executive Officer
(All Scheduled Commercial Banks excluding RRBs)

Rates of Interest - RIDF and other funds

Consequent upon the revision of Bank Rate from 6 percent to 9.5 percent vide RBI's notification dated February 13, 2012, the interest rates applicable to RIDF and other similar funds with SIDBI and NHB have been reviewed and it has been decided as under:-

(a) to keep the interest rates payable to banks on deposits kept with NABARD/SIDBI/NHB due to shortfall in their prescribed priority sector obligations and on loans disbursed by NABARD from RIDF upto March 31, 2012 unchanged and linked to pre-revised Bank Rate as under:

Deposit Rates		
S. No.	**Shortfall in agriculture lending target for domestic commercial banks and higher of shortfall in overall priority sector lending target or aggregate shortfall in sub-targets of MSE and exports for foreign banks**	**Existing Rate prior to revision of Bank Rate**
1.	Less than 2 percentage points	Pre-revised Bank Rate (6.0 percent)
2.	2 and above, but less than 5 percentage points	Pre-revised Bank Rate minus 1 percentage point (5.0 percent)
3.	5 and above, but less than 9 percentage points	Pre-revised Bank Rate minus 2 percentage points (4.0 percent)
4.	9 percentage points and above	Pre-revised Bank Rate minus 3 percentage points (3.0 percent)
Lending Rates		
5.	Loans disbursed from RIDF upto March 31, 2012	Pre-revised Bank Rate plus 0.5 percentage points (6.5 percent)

(b) to revise the interest rates payable to banks on deposits placed with NABARD/SIDBI/NHB and loans disbursed by NABARD from RIDF on or after April 01, 2012,linked to the Bank Rate as under:

Deposit Rates		
S. No.	**Shortfall in agriculture lending target for domestic commercial banks and higher of shortfall in overall priority sector lending target or aggregate shortfall in sub-targets of MSE and exports for foreign banks**	**Revised Rates**
1.	Less than 2 percentage points	Bank Rate (9.5 per cent at present) minus 2 percentage points

Deposit Rates		
S. No.	**Shortfall in agriculture lending target for domestic commercial banks and higher of shortfall in overall priority sector lending target or aggregate shortfall in sub-targets of MSE and exports for foreign banks**	**Revised Rates**
2.	2 and above, but less than 5 percentage points	Bank Rate (9.5 per cent at present) minus 3 percentage points
3.	5 and above, but less than 9 percentage points	Bank Rate (9.5 per cent at present) minus 4 percentage points
4.	9 percentage points and above	Bank Rate (9.5 per cent at present) minus 5 percentage points
Lending Rates		
5.	Loans disbursed from RIDF on or after April 01, 2012	Bank Rate (9.5 per cent at present) minus 1.5 percentage points

2. Please acknowledge receipt.

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RBI/2011-12/452 A.P. (DIR Series) Circular No.93 dated March 19, 2012

All Category – I Authorised Dealer banks

Investment in Indian Venture Capital Undertakings and /or domestic Venture Capital Funds by SEBI registered Foreign Venture Capital Investors

Attention of Authorised Dealers Category – I (AD Category - I) banks is invited to Schedule 6 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide Notification No. FEMA 20 / 2000 -RB dated May 3, 2000 as amended from time to time, in terms of which, a SEBI registered Foreign Venture Capital Investor (FVCI) may invest in equity, equity linked instruments, debt, debt instruments, debentures of an Indian Venture capital Undertaking (IVCU) or of a Venture Capital Funds (VCF) through Initial Public Offer or Private Placement or in units of schemes / funds set up by a VCF, subject to such terms and conditions mentioned therein.

2. It has now been decided, to allow FVCIs to invest in the eligible securities (equity, equity linked instruments, debt, debt instruments, debentures of an IVCU or VCF, units of schemes / funds set up by a VCF) by way of private arrangement / purchase from a third party also, subject to terms and conditions as stipulated in Schedule 6 of Notification No. FEMA 20 / 2000 -RB dated May 3, 2000 as amended from time to time. It is also being clarified that SEBI registered FVCIs would also be allowed to invest in securities on a recognised stock exchange subject to the provisions of the SEBI (FVCI) Regulations, 2000, as amended from time to time, as well as the terms and conditions stipulated therein.

3. AD Category - I banks may bring the contents of the circular to the notice of their customers and constituents concerned.

4. Necessary amendments to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 (Notification No. FEMA 20/2000-RB dated May 3, 2000) are being notified separately.

5. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

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RBI/2011-12/456 Ref: DBOD. No.Ret. BC.88 /12.06.134 /2011-12 dated March 19, 2012

All Scheduled Commercial Banks

Inclusion in the Second Schedule to the Reserve Bank of India Act, 1934 – National Australia Bank

We advise that the name of 'National Australia Bank' has been included in the Second Schedule to the

Reserve Bank of India Act, 1934 by notification DBOD. IBD. No. 10193 / 23.13.085/2011-12 dated January 09, 2012, published in the Gazette of India (Part III – Section 4) dated February 04, 2012.

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RBI / 2011-12/455 Ref: DBOD. No.Ret. BC. 87 /12.06.133 /2011-12 dated March 19, 2012

All Scheduled Commercial Banks

Inclusion in the Second Schedule to the Reserve Bank of India Act, 1934 – Woori Bank

We advise that the name of "Woori Bank" has been included in the Second Schedule to the Reserve Bank of India Act, 1934 by notification DBOD. IBD. No. 10184 / 23.13.139/2011-12 dated January 09, 2012, published in the Gazette of India (Part III – Section 4) dated February 04, 2012.

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RBI/2011-12/463 DNBS.PD/ CC.No.263 / 03.10.038 /2011-12 dated March 20, 2012

All NBFCs (excluding RNBCs)

'Non Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs) - Provisioning Norms- Extension of time

A new category of NBFCs namely 'Non Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs) was introduced vide DNBS.CC.PD. No.250/03.10.01/2011-12 dated December 02, 2011, which also contained guidelines on asset classification and provisioning norms to be adhered to by the MFIs with effect from April 01, 2012. Taking into account the difficulties faced by MFI sector and the representation received by the Bank from them, it has been decided to defer the implementation of asset classification and provisioning norms for NBFC-MFIs to April 01, 2013.

2. NBFC-MFIs are, however, required to comply with the other regulations laid down in the circular dated December 02, 2011.

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RBI/2011-12/467 DNBS.CC.PD.No.265/03.10.01/2011-12 dated March 21, 2012

All NBFCs

Lending Against Security of Single Product – Gold Jewellery

It is observed that NBFCs that are predominantly engaged in lending against the collateral of gold jewellery have recorded significant growth in recent years both in terms of size of their balance sheet and physical presence. This in turn, has led to their increased dependence on public funds including bank finance and non-convertible debentures issued to retail investors.

2. Given the rapid pace of their business growth and the nature of their business model, which has inherent concentration risk and is exposed to adverse movement of gold prices, as a prudential measure, it has been decided that all NBFCs shall

i. hereafter maintain a Loan-to-Value(LTV) ratio not exceeding 60 percent for loans granted against the collateral of gold jewellery and

ii. disclose in their balance sheet the percentage of such loans to their total assets.

3. NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50 percent or more of their financial assets) shall maintain a minimum Tier l capital of 12 percent by April 01, 2014.

4. NBFCs should not grant any advance against bullion / primary gold and gold coins.

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RBI/2011-12/475 RPCD.CO.LBS.BC.No.68 /02.01.001/ 2011-12 dated March 29, 2012

The CMDs of all SLBC convenor banks

SLBC website – Standardisation of information/data

As you are aware, all the SLBC convenor banks have been advised vide circular RPCD.CO. LBS.HLC.BC. No. 56/02.19.10/2009-10 dated February 26, 2010, to maintain the SLBC websites where all instructions pertaining to the Lead Bank Scheme and Government Sponsored Schemes are made available and are accessible to the common man desiring any information relating to the conduct of meetings or State wise data/ Bank wise performance.

2. On perusal of SLBC websites of various states, it was felt that there should be standardisation of the SLBC website at least to the extent of availability of minimum relevant information and data. Based on the feedback received from SLBC convenor banks, an indicative list of the information & data that is to be made available on SLBC website is given in the Annex. Banks may please note that this is only an indicative list and SLBCs are free to put any additional information considered relevant for the State.

3. You are requested to arrange to place the prescribed minimum information on the websites of SLBCs of your bank and keep it updated regularly, at least on quarterly basis.