

CREDIT CONTROL AND OTHER MEASURES AUGUST 1998

Selected circulars issued by the Reserve Bank of India during August 1998 are reproduced below.

Ref. UBD. No.DS.PCB.DIR.1/13.04.00/98-99 dated August 6, 1998

All Primary Co-operative Banks

Interest Rates on Export Credit

In exercise of the powers conferred by Sections 21 and 35A read with Section 56 of

the Banking Regulation Act, 1949, the Reserve Bank of India, being satisfied that it is necessary and expedient in the public interest so to do, hereby directs that the interest rate on export credit, indicated in Annexure to its Directive UBD No. DS.DIR.16/13.04.00/97-98 dated April 29, 1998, be changed as given in column 3 of the Annexure enclosed to this Directive, from the date of this Directive and upto March 31, 1999. As from April 1, 1999, the interest rates as given in column 2 of the Annexure will be applicable unless notified otherwise.

ANNEXURE to Directive UBD No. DS.PCB.Dir. 1/13.04.00/97-98 dated August 6, 1998

Interest Rates on Export Credit of Primary Co-operative Banks

	Rate of Interest (per cent per annum) as applicable prior to the issue of the circular, i.e. upto August 5, 1998	Rate of Interest (per cent per annum) effective August 6, 1998 and upto March 31, 1999
(1)	(2)	(3)

III. EXPORT CREDIT

(1) PRE-SHIPMENT CREDIT

(i) (a) Upto 180 days	11.0	9.0
(b) Beyond 180 days and upto 270 days	14.0	12.0
(ii) Against incentives receivable from Government covered by ECGC Guarantee (upto 90 days)	11.0	9.0

**ANNEXURE to Directive UBD No. DS.PCB.Dir. 1/13.04.00/97-98 dated August 6, 1998
Interest Rates on Export Credit of Primary Co-operative Banks (Concl'd.)**

(1)	Rate of Interest (per cent per annum) as applicable prior to the issue of the circular, i.e. upto August 5, 1998	Rate of Interest (per cent per annum) effective August 6, 1998 and upto March 31, 1999
(1)	(2)	(3)
(2) POST-SHIPMENT CREDIT		
(i) Demand bills for transit period (as specified by FEDAI)	'Not exceeding 11.0'	9.0
(ii) Usance bills (For total period comprising usance period of export bills, transit period as specified by FEDAI, and grace period wherever applicable)		
(a) Upto 90 days	'Not exceeding 11.0'	9.0
(b) Beyond 90 days and upto six months from the date of shipment	13.0	11.0
(iii) Against incentives receivable from Government covered by ECGC Guarantee (upto 90 days)	'Not exceeding 11.0'	9.0
(iv) Against undrawn balances (upto 90 days)	'Not exceeding 11.0'	9.0
(v) Against retention money [for supplies portion only] payable within one year from the date of shipment (upto 90 days)	'Not exceeding 11.0'	9.0
(3) DEFERRED CREDIT Deferred credit for the period beyond 180 days	Free*	Free*
(4) EXPORT CREDIT NOT OTHERWISE SPECIFIED		
(a) Pre-shipment credit	Free*	Free*
(b) Post-shipment credit	20.0 (minimum)	20.0 (minimum)

Free * =Banks are free to decide the rate of interest to be charged

Ref. UBD No. Plan.PCB.CIR.7/09.80.00/98-99 dated August 17, 1998

All Primary Co-operative Banks

Reverse Ready Forward Transactions

Please refer to our Circular UBD.Plan.PCB.33/09.80.00/97-98 dated December 31, 1997 on the above subject.

2. The Government of India has since notified 5 non-bank entities (over and above the 19 non-bank entities approved earlier) to undertake **Reverse Ready Forward Contracts** in Treasury Bills of all maturities of Government of India and in such dated securities of Government of India as are approved by the Reserve Bank of India in consultation with the Central Government. A copy of the Notification No.S.O.345(E) dated April 24, 1998 issued by Government of India in this regard is enclosed.

3. Accordingly, when the non-bank entities mentioned therein enter into Reverse Ready Forward Contracts with banks and primary dealers, it is stipulated that the non-bank entities will be purchasing securities in the first leg and will be selling back securities in the second leg of the transaction.

4. A directive UBD.Plan.PCB.Dir.No.3/09.80.00/98-99 dated August 17, 1998 in this regard is enclosed.

Ref. UBD. No. Plan.PCB.Dir.3/09.80.00/98-99 dated August 17, 1998

Reverse Ready Forward Transactions

The Government of India, in terms of Notification No. S.O.2561 dated June 27, 1969 further amended vide Notification No. S.O.345(E) dated April 24, 1998 (hereinafter referred to as "the Notification") and issued in exercise of the powers conferred by sub-section (1) of Section 16 of the Securities Contracts (Regulation) Act 1956 has permitted the following 5 non-bank entities to enter into reverse ready forward contracts in Treasury Bills of all maturities issued by Government of India and in such dated securities of Government of India as are approved by the Reserve Bank of India, in consultation with the Central Government.

Names of the non-bank entities are :-

- (i) LIC Mutual Fund
- (ii) J. M. Mutual Fund
- (iii) Birla Mutual Fund
- (iv) Kothari Pioneer Mutual Fund
- (v) Jardine Fleming Mutual Fund

The Reserve Bank of India in exercise of the powers conferred by Section 35A read with Section 56 of the Banking Regulation Act, 1949 and being satisfied that it is necessary in the public interest so to do, hereby permits the banks to accept reverse ready forward deals by the aforesaid entities subject to the conditions that :

- i) reverse ready forward deals in Treasury Bills of all maturities issued by Government of

India and in such dated securities of Government of India as are approved by the Reserve Bank of India in consultation with the Central Government are undertaken only at Mumbai.

ii) such transactions shall be put through Subsidiary General Ledger (SGL) Accounts with the Reserve Bank of India.

MINISTRY OF FINANCE
(Department of Economic Affairs)
(CM & ECB Division)

NOTIFICATION

New Delhi, the 24th April, 1998

S.O.345(E).-In exercise of the powers conferred by sub-section (1) of Section 16 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Central Government hereby further amends the notification of the Government of India in the Ministry of Finance (Department of Economic Affairs) Number S.O.2561 dated the 27th June, 1969, namely:-

In the said notification:-

(a) in the third proviso, after serial number(s), the following serial numbers shall be inserted, namely:-

"(t) LIC Mutual Fund;
(u) J. M. Mutual Fund;
(v) Birla Mutual Fund;
(w) Kothari Pioneer Mutual Fund;
(x) Jardine Fleming Mutual Fund;"

(b) in the Explanation occurring below fourth proviso after serial number (xxvii-i), the following serial numbers

shall be inserted, namely :-

(xxvii j) "LIC Mutual Fund" means a trust sponsored by Life Insurance Corporation of India, a corporation managed by Jeevan Bima Sahayog Asset Management Company Limited, a company incorporated under the Companies Act, 1956 (No. 1 of 1956) and having its registered office at Industrial Assurance Building, 4th Floor, Mumbai-400 020;

(xxvii k) "J. M. Mutual Fund" means a trust sponsored by J. M. Financial and Investment Consultancy Services Limited and managed by J. M. Capital Management Ltd., registered under the Companies Act, 1956 (No. 1 of 1956), and having its registered office at 141, Maker Chambers III, Nariman Point, Mumbai-400 025;

(xxvii l) "Birla Mutual Fund" means a trust sponsored by Birla Global Finance Limited, and managed by Birla Capital International AMC Limited, a company registered under the Companies Act, 1956 (No. 1 of 1956), and having its registered office at Voltas International House, 3rd floor, 28, NGN Vaidya Marg (Bank Street), Fort, Mumbai;

(xxvii m) "Kothari Pioneer Mutual Fund" means a trust sponsored by Investment Trust of India Limited, and managed by Kothari Pioneer AMC Limited, a company registered under the Companies Act, 1956 (No. 1 of 1956), and having its registered office at Eldorado Basement, Nungambakkam High Road, Chennai-600 034;

(xxvii n) "Jardine Fleming Mutual Fund" means a trust sponsored by Jardine Fleming India Securities Limited, and managed by Jardine Fleming India AM Limited, and having

its registered office at Amerchand Mansion, 16, Madame Cama Road, Mumbai-400 001."

[F. No. 1/32/SE/97]

DR. U. SARAT CHANDRAN, Jt. Secy.

NOTE :- The principal notification was published under S.O.No.2561 dated 27-6-1969 published in the Gazette of India Part II, Section 3, page 839 dated 27-6-1969 and subsequent notification S.O.425(E), S.O.No.750(E), S.O.434(E), S.O.754(E) and S.O.225(E) were published in the Gazette of India, Part II, Section 3, Sub-section (ii) on 1-6-94, 18-10-1994, 13-6-1996, 6-11-1997 and 18-3-1998, respectively.