

## *Regulatory and Other Measures*

**September 2008**

RBI/2008-09/ 157 UBD.PCB.Cir.No.11 /  
13.05.000/2008-09 September 5, 2008

The Chief Executive Officer of all  
Primary (Urban) co-operative banks

### **Union Budget - 2008-09 - Agricultural Debt Waiver and Debt Relief Scheme, 2008-UCBs**

Please refer to our circular  
UBD.PCB.Cir.No.43/13.05.000/07-08  
dated May 23, 2008, forwarding  
therewith the Agricultural Debt Waiver  
and Debt Relief Scheme 2008, and our  
subsequent circular UBD.PCB.Cir.No.50/  
13.05.000/07-08 dated June 2, 2008  
containing, inter alia , instructions  
pertaining to procedures for  
reimbursement of claims and audit of  
claims under the Scheme.

2. In view of the difficulties expressed  
by the banks in respect of the  
implementation of the paragraphs 2  
and 5 of the latter circular, the  
procedures for reimbursement of  
claims and audit of claims under the  
Scheme have been modified as under:

a. Separate consolidated claims  
may be lodged for 'debt waiver' and  
'debt relief under OTS' after actually  
passing on the benefits to the  
beneficiaries, as envisaged in the  
Scheme.

b. Consolidated claims in respect  
of 'debt waiver' and 'debt relief' may  
be forwarded to the concerned  
regional offices of Reserve Bank as per  
the formats given in ANNEX - I and  
ANNEX - II to the circular  
UBD.PCB.Cir.No.50/13.05.000/07-08  
dated June 2, 2008 respectively, for  
reimbursement.

c. Banks may prepare these claims duly audited as a part of internal audit exercise at the branch level. Branch-wise claims, thereafter, may be forwarded to the respective controlling offices accompanied by the necessary certificate from the internal auditors. These claims may be further consolidated at the Head-Office level on the basis of internal audit certificates. Such "Preliminary" claims may be forwarded to the regional office concerned of Reserve Bank for release of the first instalment under the Scheme.

d. "Preliminary" claims as stated above may be submitted latest by October 31, 2008 (for debt waiver) and September 30, 2009 (for debt relief) respectively.

e. Subsequently, these "Preliminary" claims may be subjected to suitable sample check during the annual Statutory Audit exercise for the years 2008-09 (for debt waiver) and 2009-10 (for debt relief) by the Central Statutory Auditors, who may be entrusted this job as a special assignment by banks. For this purpose, the Statutory Auditors may cover a representative sample of branches and accounts, of at least 20 per cent, so as to certify the correctness of the claims.

f. "Final" consolidated claims duly certified by the Central Statutory Auditors as mentioned above may be

lodged with regional office concerned of Reserve Bank by June 30, 2009 (in the format ANNEX - I for debt waiver) and by June 30, 2010 (in format ANNEX - II for debt relief).

g. In either case, banks should inscribe the words "PRELIMINARY" and "FINAL" on the claim applications in bold letters so as to enable us to differentiate.

h. Reimbursement of subsequent installments under the Scheme, however, would be made only after the receipt of "Final" claims.

i. The Central Government, if it is satisfied that it is necessary to do so, may also direct a special audit in the case of any lending institution or one or more branches of such lending institution.

3. All other conditions of the above circulars remain unchanged.

RBI/2008-09/178 UBD.PCB.Cir.No. 14/16.12.000/ 08-09 September 17, 2008.

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

### Introduction of Currency Futures - UCBs

As announced in the Annual Policy Statement for the year 2007-08, an Internal Working Group was set up by the Reserve Bank of India to study the international experience and suggest a suitable framework to operationalise

the proposal to introduce exchange traded Currency Futures in India. The Working Group has in its report, recommended the introduction of currency futures in the domestic foreign exchange market.

2. The recommendations have been examined and accepted by the Reserve Bank of India and directions have been issued, vide Notification No. FEMA177/RB-2008 dated August 1, 2008. Accordingly, it has been decided that UCBs which are authorised to undertake forex business as Authorised Dealer Category I and II, may participate in the designated currency futures exchanges recognised by SEBI as clients, subject to RBI (Foreign Exchange Department) guidelines in the matter, only for the

purpose of hedging their underlying forex exposures.

RBI/2008-09/248 Ref.No.MPD.BC.307/07.01.279/2008-09 October 24, 2008.

All Scheduled Commercial Banks.

### Interest Rate Ceiling on Rupee Export Credit

Please refer to our circular No.MPD.BC.298/07.01.279/2008-09 dated April 25, 2008 in terms of which the ceiling on interest rates on pre-shipment rupee export credit up to 180 days and post-shipment rupee export credit up to 90 days has been stipulated at BPLR minus 2.5 per cent, valid up to October 31, 2008.

2. It has been decided to extend the validity of the above dispensation up to April 30, 2009 (Annex).

Annex	
Category	With effect from November 1, 2008 (up to April 30, 2009)
<b>Pre-shipment Rupee Export Credit</b> Up to 180 days	Not exceeding BPLR minus 2.5 percentage points.
<b>Post-shipment Rupee Export Credit</b> (a) On demand bills for transit period (as specified by (FEDAI). (b) Usance bills up to 90 days,	Not exceeding BPLR minus 2.5 percentage points. Not exceeding BPLR minus 2.5 percentage points.

BPLR : Benchmark Prime Lending Rate.

Note : 1. Since these are ceiling rates, banks would be free to charge any rate below the ceiling rates.

2. Interest rates for the above-mentioned categories beyond the tenors as prescribed above are free.