

## **RBI Press Release**

### **Reserve Bank of India's Statement on Forex Markets**

**(August 23, 1999)**

In order to reduce the temporary demand-supply gaps that may emerge in the forex markets due to the impact of any uncertainty or speculation in the next few weeks, the Reserve bank has taken the following measures:

- (i) Arrangements have been made by the Reserve Bank of India, to meet fully or partially, the foreign exchange requirements for import of crude oil by the Indian Oil Corporation.
- (ii) Reserve Bank will similarly meet the Government debt service payments directly as necessary.
- (iii) In case there is a temporary demand-supply gap, the Reserve Bank will be prepared to intervene directly or sell dollars through SBI in order to augment supply in the market, as considered necessary.

2. All the above transactions by the Reserve Bank of India will be at the market rate.

3. Country's foreign exchange reserves are comfortable and more than adequate to meet any genuine requirements of foreign exchange. Reserve Bank's total foreign exchange reserves are US \$ 33.2 billion as on August 21, 1999. At the current level, reserves are higher by US \$ 700 million during the current financial year despite the impact of Kargil. Compared with a year ago, gross reserves are higher by US \$ 6.2 billion. In net terms, after taking into account forward liabilities, reserves are higher by nearly US

\$ 6.6 billion over the same time last year.

### **Formation of Senior Bankers Committee for Financing of Enterprises based on Output of R & D and Industrial Research Organisation**

**(August 25, 1999)**

The Reserve Bank of India has decided to set up a senior bankers committee drawn from Industrial Development Bank of India, Industrial Credit and Investment Corporation of India Ltd. (ICICI), State Bank of India, Bank of India, Bank of Baroda and the Reserve Bank of India to examine the ways to strengthen the financing of enterprises which seek to undertake commercial production of products and services based on industrial research and development particularly in areas of new technology by banks and financial institutions.

The terms of reference of the Committee are to :

- (i) take stock of the present status of the Research and Development based enterprises in the country and the existing arrangements for financing such enterprises particularly in small and medium industries sectors,
- (ii) suggest measures for facilitating the financing by banks/financial institutions for commercial exploitation of various research and development products and for promotion of

venture capital industry for this purpose, and

- (iii) look into issues relating to supervision, regulation, resource mobilisation and any other related matter considered necessary by the Committee.

The Committee will comprise:

- (i) Shri V.P. Singh, Executive Director, Industrial Development Bank of India,
- (ii) Shri P.N. Venkatachalam, Deputy Managing Director & Chief Credit Officer, State Bank of India,
- (iii) Shri V.H. Ramakrishnan, General Manager, Bank of India,
- (iv) Shri P.S. Shenoy, Executive Director, Bank of Baroda,
- (v) Shri V.G. Damle, Chief General Manager, Reserve Bank of India.

Smt. Lalita Gupte, Joint Managing Director and Chief Operating Officer of ICICI will be the Convener of the Bankers Committee and the Secretariat to the Committee will be provided by ICICI.

Dr. Ashok Ganguli, Chairman of ICI Ltd. will be special invitee to this Committee.

The Committee will also seek the benefit of the advice of Dr. R.A. Mashelkar, Director General, Council of Scientific and Industrial Research.

The Committee will interact with various research and development bodies, associations of industries and venture capital organisations as considered necessary.

The Report of the Committee will be submitted to the Governor, Reserve Bank of India by December 15, 1999.