

Press Releases

March 2009

India to become member of Financial Stability Forum

March 17, 2009

The Financial Stability Forum (FSF) has decided at its plenary meeting in London on 11-12 March 2009 to broaden its membership and to invite India as a new member. Other countries invited to become as new members are the G-20 countries that are not currently in the FSF and these, apart from India, are Argentina, Brazil, China, Indonesia, Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, Spain and the European Commission.

The FSF was established by the G7 finance ministers and central bank governors in 1999 to promote international financial stability through enhanced information exchange and international cooperation in financial market supervision and surveillance. The current FSF comprises national financial authorities (central banks, supervisory authorities and finance ministries) from the G7 countries, Australia, Hong Kong, Netherlands, Singapore and Switzerland, as well as international financial institutions, international regulatory and supervisory groupings, committees of central bank experts and the European Central Bank. The FSF Secretariat is based at the Bank for International Settlements in Basel, Switzerland.

India to become member of Basel Committee on Banking Supervision

March 17, 2009

The Basel Committee on Banking Supervision (BCBS) has decided at its meeting on 10-11 March 2009 to expand its

membership and invite India as a new member. Other countries invited to become new members are Australia, Brazil, China, Korea, Mexico and Russia. The Basel Committee's governance body will also be enlarged to include the Central Bank Governors and Heads of Supervision from these new member organisations.

The Basel Committee on Banking Supervision provides a forum for regular cooperation on banking supervisory matters. It seeks to promote and strengthen supervisory and risk management practices globally. With its expanded membership, the Committee is comprised of representatives from Australia, Belgium, Brazil, Canada, China, France, Germany, India, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, Russia, Spain, Sweden, Switzerland, the United Kingdom and the United States. The Committee's Secretariat is based at the Bank for International Settlements in Basel, Switzerland.

GoI issues Oil Bonds worth Rs.10,000 crore Today

March 23, 2009

The Government of India have announced the issue of '8.00 per cent Oil Marketing Companies' Government of India Special Bonds, 2026' for Rs.10,000 crore (nominal). The Special Bonds are being issued to three Oil Marketing Companies as compensation towards estimated under-recoveries on account of sale of sensitive petroleum products during the current financial year. The Special Bonds are being issued at par to the following Oil Marketing Companies on March 23, 2009 (Monday):

- (1) Indian Oil Corporation Ltd (IOCL) for Rs.5,817.27 crore
- (2) Bharat Petroleum Corporation Ltd. (BPCL) for Rs.2,144.32 crore
- (3) Hindustan Petroleum Corporation Ltd. (HPCL) for Rs.2,038.41 crore

The investment in the Special Bonds by the banks and Insurance Companies will not be reckoned as an eligible investment in Government securities for their statutory requirements. However, such investment by the insurance companies will be eligible to be reckoned as investment under "other Approved Securities" category as defined under Insurance Regulatory and Development Authority (Investment) Regulations, 2000. Further, the investment by the Provident Funds, Gratuity Funds, Superannuation Funds, *etc.* in the Special Bonds will be treated as an eligible investment under the administrative order of the Ministry of Finance.

The Special Bonds will be transferable and eligible for market ready forward transactions (Repo).

Framework for addressing the liquidity constraints of NBFCs

March 31, 2009

The Government of India had announced an arrangement for providing liquidity support to meet the temporary liquidity mismatches for eligible Non-Banking Financial Companies-Non-Deposit Taking-Systemically Important (NBFC-ND-SI) through the Industrial Development Bank of India Stressed Asset Stabilisation Fund (IDBI SASF) Trust, which has been

notified as Special Purpose Vehicle for undertaking this operation.

The facility is currently available for any paper issued by NBFCs up to March 31, 2009. It has now been decided to extend the facility for any paper issued up to June 30,

2009. The SPV would cease to make fresh purchases after September 30, 2009 and would recover all dues by December 31, 2009.

All other terms and conditions remain unchanged.