

**RBI PRESS RELEASES****RBI announces Package of Measures****(January 16, 1998)**

On a review of the current status of foreign exchange markets, measures already taken by the Reserve Bank in this regard and the recent international developments, the RBI has announced the following package of measures:

1. To increase Bank Rate from 9 per cent to 11 per cent with corresponding increase in the interest rate on Export Credit Refinance as well as General Refinance.

2. To increase CRR by 0.5 per cent from 10.0 per cent to 10.5 per cent with effect from the fortnight beginning January 17, 1998.

3. To reduce the export refinance limit from 100 per cent to 50 per cent of the increase in outstanding export credit eligible for refinance over the level of such credit as on February 16, 1996.

4. To reduce the General Refinance limit from 1 per cent to 0.25 per cent of fortnightly average outstanding aggregate deposits in 1996-97.

5. To increase interest rate on fixed rate repo being announced today from 7 to 9 per cent.

6. To make reverse repos facility available to Primary Dealers in Government Securities market at Bank Rate, henceforth on discretionary basis and subject to stipulation

of conditions relating to their operations in the call money market.

7. To increase the interest rate surcharge on import finance from 15 to 30 per cent.

8. In view of the new package of measures, to replace the across-the-board formal stipulation regarding maintenance of square/near square positions with imposition of such a stipulation for individual banks as and when warranted.

9. In order to meet genuine operational requirements in forex transactions, to consider requests of individual banks in regard to limits on nostro account balances.

**Release of Exchange for Studies Abroad****(January 21, 1998)**

The Reserve Bank of India has advised authorised dealers that it will be in order for them to release the quota of foreign exchange to students going abroad for studies in one or more instalments as may be required by the student/guardian concerned. The Reserve Bank has also advised the authorised dealers that it will be in order for them to release exchange for a longer period, i.e., beyond six months, in cases where the overseas university/educational institution insists on payment of fees for full year/term, on production of a letter from the university/educational institution abroad to that effect. Further, the authorised dealers may release exchange to students going for studies

to Russia and other republics of CIS countries for a period not exceeding one year in the form of foreign currency notes, if requested by the student concerned.

Earlier, authorised dealers could release foreign exchange to students going abroad for studies initially to meet the requirement for six months.