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**RESERVE BANK OF INDIA
CENTRAL OFFICE**

DEPARTMENT OF BANKING OPERATIONS & DEVELOPMENT
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RBI/2004-05/65
DBOD No. FSC.BC. 17/24.91.001/2004-05

July 23, 2004
Shravan 1, 1926

**All Scheduled Commercial Banks
(Excluding RRBs)**

Dear Sir,

**Participating in Bills Rediscounting Scheme
as Lenders – Private Sector Mutual Funds**

Please refer to our circular DBOD.No.FSC.BC.68/24.091.001/95 dated June 27, 1995 in terms of which Mutual Funds set up in the private sector and approved by SEBI were permitted access in the Call/Notice Money Market and Bills Rediscounting Scheme as lenders. Accordingly, the private sector mutual funds specifically approved by the Reserve Bank have been participating only as lenders in the Call/Notice Money Market (overnight call money and short notice money for period up to and including 14 days) and in the Bills Rediscounting Scheme. The matter has been reviewed by us and it has been decided that SEBI registered mutual funds may participate in the Bills Rediscounting Scheme **as lenders only** without the requirement of prior approval from the Reserve Bank. The provisions of this circular will come into effect immediately.

2. Please acknowledge receipt.

Yours faithfully,

(Prashant Saran)
Chief General Manager