Appendix Table II.1: Nominal Anchors – Pros and Cons		
Anchor	**Advantages**	**Disadvantages**
Monetary targeting	Some monetary aggregates can be quickly and easily controlled by the central bank.	Depends on a well-defined and stable relationship between monetary aggregates and nominal income. With financial innovations, this stability often breaks down.
	Monetary aggregates can be accurately measured (with short lags).	Greater stress on making policy transparent (clear, simple and understandable) and on regular communication with the public may undermine credibility in the face deviations.
	Increases the transparency of monetary policy, thereby avoiding the time-inconsistency trap.	
Nominal income targeting	It could be superior to monetary targeting, since it avoids the problem of velocity shocks and time inconsistency.	Compels a central bank to announce a potential GDP growth number, over which it has limited control.
	Allows a country to maintain independent monetary policy.	Concept of nominal GDP is not clearly understood by the public, lowering transparency.
		Could engender time inconsistency if the central bank announces too low or too high a number, which subsequently is found to be different from the announced one.
Exchange rate targeting	The nominal anchor of the exchange rate fixes the inflation rate for internationally traded goods and thus, contributes directly to keeping inflation in check.	The central bank has limited control over its monetary policy.
	If the exchange rate target is credible, it anchors inflation expectations to the inflation rate in the anchor country to whose currency it is pegged.	The country becomes vulnerable to shocks emanating from the country to which its currency is pegged.
	Has the advantage of simplicity and clarity; well understood by the public.	Speculative attacks on the exchange rate might force the central bank to substantially raise its interest rates, with significant economic costs.
Inflation targeting	Preserves independence of monetary policy.	Too much focus on inflation often at the cost of output stabilisation.
	Provides a nominal anchor for the path of price level.	Long and variable lags in monetary transmission means that a substantial amount of time must elapse before the success of monetary policy can be ascertained.

(Contd...)

Appendix Table II.1: Nominal Anchors – Pros and Cons *(Concld.)*		
Anchor	**Advantages**	**Disadvantages**
	Clear and simple; hence, well-understood by the public.	Efficacy could be compromised if interest rates hit a zero lower bound.
	Transparency increases the potential for promoting low inflation expectations, which helps to produce a desirable inflation outcome.	A rigid rule does not allow enough headroom (discretion) to respond flexibly to unforeseen contingencies.
Price level targeting	Lowers uncertainty about prices that would prevail in the near future.	Poses communication challenges. Under this approach, the central bank, at a minimum, needs to specify both an intercept (level of target in the base period) and a slope (rate of increase in target price path over time), over and above a time period.
	Allows economic agents to form forward-looking expectations, based on current price levels.	Not practical experience on the success or failure of its implementation across countries in modern times[1].
	Can prove effective when nominal interest rates hit the zero lower bound.	The transition costs of moving to this practice (for countries already on inflation targeting) could be large and uncertain.
Just-do-it strategy	Constructive ambiguity in policy making often helps central bank achieve its long-term goal (price stability).	Non transparent; not clear to the public what the central bank intends to do (or, is doing).
	Demonstrated success.	Strongly dependent on skills and preferences of individuals in charge of the central bank.

[1] In 1931, Sweden went off the gold standard and adopted a price-level target in order to counter deflationary pressures associated with the Great Depression (C. Berg and L. Jonung, 1999. Pioneering Price Level Targeting: The Swedish Experience 1931-1937, *Journal of Monetary Economics* 43, 525-51).

Appendix Table II.2A: Inflation Targeting Countries – Advanced Economies

Country	Since when	Previous / why inflation targeting	Who sets the Target /goal independence	Target indicator, time frame and style	Frequency of Meeting	Key policy rate / Operational target/ instrumental independence	Any other comments
Australia	1993	None/Provide a new monetary anchor	Reserve Bank Board in agreement with Governor and the Minister of Finance (Treasurer)	Target range of 2-3 per cent inflation on average over the economic cycle. Medium term	Normally meets 11 times each year, on the first Tuesday of each month (no meeting in January)	Target cash rate /Interbank cash rate	In determining monetary policy, the Bank has a duty to maintain price stability, full employment, and the economic prosperity and welfare of the Australian people.
Canada	1990-1991	None/Provide a new monetary anchor and bring down inflation	The inflation targets are agreed jointly by the Government of Canada and the Bank of Canada	A target rate for total CPI of 2 per cent on a 12-month basis, with a 1-3 per cent control range. The current target range extends to December 2016	In late 2000, the Bank of Canada adopted a system of eight pre-set dates per year on which it announces its key policy rate.	The Bank carries out monetary policy by influencing short-term interest rates. It does this by raising and lowering the target for the overnight rate.	The Bank also monitors a set of "core" inflation measures, including the CPIX, which strips out eight of the most volatile CPI components. These "core" measures allow the Bank to "look through" temporary changes in total CPI inflation and to focus on the underlying trend of inflation, which is a good indicator of where total CPI inflation is headed in the absence of policy action.

(Contd...)

Appendix Table II.2A: Inflation Targeting Countries – Advanced Economies *(Contd.)*

Country	Since when	Previous / why inflation targeting	Who sets the Target /goal independence	Target indicator, time frame and style	Frequency of Meeting	Key policy rate / Operational target/ instrumental independence	Any other comments
Japan	January 2013		The Act states, "The Bank of Japan's autonomy regarding currency and monetary control shall be respected." sufficiently."	Price stability target of 2 per cent in terms of the year-on-year rate of change in the CPI at the earliest possible time, with a time horizon of about two years.	Monetary Policy Meetings (MPMs) are held once or twice a month, for one or two days. Disclosure via press releases, minutes of the meetings, press conference.	The Bank controls the amount of funds in the money market, mainly through money market operations.	The Bank supplies funds to financial institutions by, for example, extending loans to them, which are backed by collateral submitted to the Bank by these institutions. Such an operation is called a funds-supplying operation.
New Zealand	1989-90	None/Part of extensive reforms, dissatisfaction with earlier outcomes; provide a new nominal anchor	The Minister of Finance and the Governor of the Reserve Bank shall together have a separate agreement setting out specific targets for achieving and	The current agreement, signed in September 2012, calls for inflation to be kept within 1 to 3 percent a year, on average over the medium term, with a	Eight scheduled decision making meetings in a year.	Official cash rate (OCR)- the wholesale price of borrowed money.	The Reserve Bank publishes its Monetary Policy Statement (MPS) quarterly. Each Monetary Policy Statement must set out:1) how the Reserve Bank proposes to achieve its targets; 2) how it proposes to formulate and implement monetary policy during the next five years; and 3) how

Appendix Table II.2A: Inflation Targeting Countries – Advanced Economies *(Contd.)*

Country	Since when	Previous / why inflation targeting	Who sets the Target /goal independence	Target indicator, time frame and style	Frequency of Meeting	Key policy rate / Operational target/ instrumental independence	Any other comments
			maintaining price stability. This is known as the Policy Targets Agreement (PTA).	focus on keeping future average inflation near the 2 percent target midpoint. The Reserve Bank has published an interactive inflation calculator on its website,			monetary policy has been implemented since the last Monetary Policy Statement.
Norway	2001	Exchange rate / gradual movement towards flexible exchange rate and stronger emphasis on price stability	The Government has set an inflation target for monetary policy.	The operational target of monetary policy shall be annual consumer price inflation of close to 2.5 per cent over time.	The Executive Board sets the key rate at pre-announced times, normally six times a year.	Key policy rate, which is the interest rate on banks' deposits in Norges Bank.	The Norges Bank's focus is on price stability, financial stability and generating added value through investment management.

Appendix Table II.2A: Inflation Targeting Countries – Advanced Economies *(Contd.)*

Country	Since when	Previous / why inflation targeting	Who sets the Target /goal independence	Target indicator, time frame and style	Frequency of Meeting	Key policy rate / Operational target/ instrumental independence	Any other comments
Sweden	Announced in January 1993, adopted in 1995	Exchange rate / Forced off a fixed exchange rate regime	The Executive Board of the Riksbank makes the monetary policy decisions without instruction from any other parties.	2 per cent target in annual change in headline CPI	The Executive Board holds six scheduled monetary policy meetings a year.	Overnight repo rate / Overnight repo rate target	The Riksbank's function is to keep inflation close to the goal of 2 per cent. If the credibility of this inflation target is not threatened, the Riksbank can make further contributions to reducing variations in areas such as production and employment - the 'real economy'.
South Korea	April 1998		Based on Bank of Korea Act, it sets the mid-term inflation target to be applied for three years in consultation with the government.	The inflation target measure during the period from 2013 to 2015 is set at 2.5~3.5%, based on consumer price inflation (year-on-year).	The Base Rate, the BOK's policy rate, is set during the 'main meeting' of the Monetary Policy Committee that takes place once every month.	The Bank of Korea Base Rate is the reference policy rate.	In addition, the Bank of Korea also gives explanation to the general public as to the status of the medium term inflation target by monitoring it on an annual basis.

Appendix Table II.2A: Inflation Targeting Countries – Advanced Economies *(Concld.)*

Country	Since when	Previous / why inflation targeting	Who sets the Target /goal independence	Target indicator, time frame and style	Frequency of Meeting	Key policy rate / Operational target/ instrumental independence	Any other comments
UK	October 1992	Exchange rate Inflation targeting	Forced off a fixed exchange rate regime to maintain price stability/ Price stability is defined by the Government's inflation target of 2%.	The inflation target of 2 per cent is expressed in terms of an annual rate of inflation based on the Consumer Prices Index (CPI).	Monetary Policy Committee meets monthly for a two-day meeting. Decisions are made by a vote of the Committee on a one-person one-vote basis.	The 1998 Bank of England Act made the Bank independent to set interest rates. Bank rate is being used since 2009; asset purchase as an additional instrument.	In August 2013 the MPC provided some explicit guidance regarding the future conduct of monetary policy. The MPC intends at a minimum to maintain the present highly stimulative stance of monetary policy until economic slack has been substantially reduced, provided this does not entail material risks to price stability or financial stability.

Appendix Table II.2B: Non-inflation Targeting Countries – Advanced Economies

Country	**Since when**	**Previous / any target other than inflation targeting**	**Who sets the Target / Goal independence**	**Target indicator, timeframe and style**	**Frequency of Meeting**	**Key policy rate / Operational target/ Instrumental independence**	**Any other comments**
Euro area		To maintain price stability is the primary objective of the Eurosystem and of the single monetary policy for which it is responsible. This is laid down in the Treaty on the Functioning of the European Union, Article 127 (1).	the Governing Council.	price stability is defined as "a year-on-year increase in the Harmonised Index of Consumer Prices (HICP) for the euro area of below 2 per cent. Price stability is to be maintained over the medium term".	Twice a month, with first day discussing overall assessment of the economic situation and the risks to price stability based on a comprehensive economic and monetary analysis in the context of the ECB's (two-pillar) monetary policy strategy.	Minimum rate in main refinancing operation (MRO) and the interest rates on the marginal lending facility and the deposit facility.	The Euro system currently accepts a very broad range of debt instruments, issued both by public and private issuers.
Switzerland		The Swiss National Bank (SNB) implements its monetary policy by fixing a target range for the three-month	Article 99 of the Federal Constitution entrusts the SNB, as an independent central bank, with the	SNB equates price stability with a rise in the national consumer price index of less than 2 per cent per annum in	Quarterly meetings (March, June, September and December) with press release and bulletin publication.	CHF 3-month Libor.	Medium-term inflation forecasts.

(Contd...)

Appendix Table II.2B: Non-inflation Targeting Countries – Advanced Economies *(Contd.)*

Country	**Since when**	**Previous / any target other than inflation targeting**	**Who sets the Target / Goal independence**	**Target indicator, timeframe and style**	**Frequency of Meeting**	**Key policy rate / Operational target/ Instrumental independence**	**Any other comments**
		Swiss franc Libor.	conduct of monetary policy in the interests of the country as a whole.	terms of total CPI.			
Singapore	Early 1980s	Centred on the management of the exchange rate.	The exchange rate policy band is periodically reviewed to ensure that it remains consistent with the underlying fundamentals of the economy.	The objective of Singapore's exchange rate policy has always been to promote sustained and non-inflationary growth for the Singapore economy.	Regular monetary policy announcements are scheduled in April and October.	The trade-weighted exchange rate is allowed to fluctuate within a policy band, and where necessary, Monetary Authority of Singapore (MAS) conducts direct interventions in the foreign exchange market to maintain the exchange rate within this band.	MAS' monetary policy is centred on the management of the exchange rate rather than targeting interest rate levels.

Appendix Table II.2B: Non-inflation Targeting Countries – Advanced Economies *(Concld.)*

Country	Since when	Previous / any target other than inflation targeting	Who sets the Target / Goal independence	Target indicator, timeframe and style	Frequency of Meeting	Key policy rate / Operational target/ Instrumental independence	Any other comments
United States		No formal target/ The Committee judges that inflation at the rate of 2 per cent, as measured by the annual change in the price index for personal consumption expenditures, is most consistent over the longer run.	Statutory Mandate from the Congress.	Maximum employment, stable prices, and moderate long-term interest rates.	FOMC meetings and press conference.	Decision by consensus/ Eight scheduled per year, with others as needed/ Meetings may last one or two days.	In the most recent projections, FOMC participants' estimates of the longer-run normal rate of unemployment had a central tendency of 5.2-6.0 per cent.

Source: BIS MC Compendium, Petursson (2004), monthly bulletin, Handbook of Central Banking, 29, Bank of England, different central bank websites till January 10, 2014

Appendix Table II.3: Inflation Targeting Countries – Emerging Market Economies

Country	Since when	Previous / why inflation targeting	Who sets the Target / operational independence	Target indicator, timeframe and style	Frequency of Meeting	Key policy rate	Any other comments	Performance on inflation
Chile	September 1999	High inflation due to expansionary policies, oil price hike during Gulf war, failure with exchange rate based stabilisation programme, instability of money demand and difficulty in monetary targeting, provide a new monetary anchor and gradual disinflation.	Central bank/ Yes	Annual CPI (headline) Point target: 3 per cent/ +/- 1 percentage point/ Around 2 years.	Monetary Policy Report/ 4 times a year.	Monetary Policy Interest Rate (Overnight interbank rate).		
Brazil	June 1999	Due to concerns on fiscal front, collapse of currency under speculative attack and search for a nominal anchor within IMF programme.	National Monetary Council (both Govt and central bank Governor)/ Yes	Headline Broad National CPI/ 4.5 per cent +/- 2 percentage point Yearly target.	Inflation Report/ 4 times a year	An overnight interest rate (SELIC)		
Hungary	June 2001	Increasing incompatibility of fixed exchange rate regime and disinflation; need to bring down inflation with future EU membership in mind	Central bank/ Yes	CPI/ 3 per cent per annum/ Medium-term.	Quarterly Report on Inflation/ 4 times a year.	Interest rate on 2-week central bank bond.		

(Contd...)

Appendix Table II.3: Inflation Targeting Countries – Emerging Market Economies *(Contd.)*

Country	Since when	Previous / why inflation targeting	Who sets the Target / operational independence	Target indicator, timeframe and style	Frequency of Meeting	Key policy rate	Any other comments	Performance on inflation
Indonesia	July 2005	The relationship between monetary aggregates and nominal income becoming tenuous due to instability in income velocity of money following financial deregulation and less success with exchange rate as nominal anchor.	Government in consultation with central bank/ Yes.	CPI / 4.5 per cent +/- 1 percentage point/ Medium-term.	Monetary Policy Report/ 4 times a year.	BI rate.		
Israel	Informally in 1992; full-fledged from June 1997	Lock in disinflation and define the slope of the exchange rate crawling peg.	Government. in consultation with central bank Governor/ Yes.	CPI / Target Range of 1- 3 per cent/ Within 2 years.	Inflation Report/ Twice a year.	Short-term interest rate (overnight transactions between central bank and banks).		
Mexico	2001	Difficulty with monetary targeting, unreliability of relationship between monetary base and inflation, and lack of nominal anchor to guide inflation expectations.	The Board of Governors/ Yes.	CPI / Multi-annual inflation target 3 per cent +/-1 per cent/ Medium-term.	Inflation Report/ 4 times a year.	Overnight inter-bank rate.		

Appendix Table II.3: Inflation Targeting Countries – Emerging Market Economies *(Contd.)*

Country	Since when	Previous / why inflation targeting	Who sets the Target / operational independence	Target indicator, timeframe and style	Frequency of Meeting	Key policy rate	Any other comments	Performance on inflation
South Africa	February 2000	Following liberalisation and structural developments, changing relationship between output, prices and money growth, making monetary targeting less useful; need for greater transparency in policy.	Government in consultation with central bank/ Yes.	CPI / A Target range of 3-6 per cent/ On a continuous basis.	Monetary Policy Review/ Twice a year.	Repo rate.		
Peru	January 2002	Formalisation of earlier regime; greater transparency of policy.	Target is approved by the Board of Directors.	CPI / 2 per cent +/-1 percentage point/ At all times.	Inflation Report/ 4 times a year.	Reference interest rate.		
Philippines	January 2002	Formalisation and simplification of earlier regime; greater transparency and focus on price stability.	Government in consultation with central bank/Yes.	CPI / 4 per cent +/- 1 percentage point for 2012, 2013 and 2014/ Medium-term.	Inflation Report/ 4 times a year	Key Policy interest rates for overnight repo/ reverse repo and term repo/ reverse repo and special deposit accounts.	Target is announced 2 years in advance.	

Appendix Table II.3: Inflation Targeting Countries – Emerging Market Economies *(Contd.)*

Country	Since when	Previous / why inflation targeting	Who sets the Target / operational independence	Target indicator, timeframe and style	Frequency of Meeting	Key policy rate	Any other comments	Performance on inflation
Poland	1998	Considered the most effective way to bring down inflation as a precondition for subsequent EU membership.	Monetary Policy Council/ Yes.	CPI / 2.5 per cent +/- 1 percentage points/ Medium-term.	Inflation Report/ 3 times a year	Reference rate (the rate that determines the yield on the main OMOs).		
South Korea	April 1998	Unstable money demand following structural changes in financial markets, and with 1997 financial crisis; discontinuation of exchange rate.	Central Bank in consultation with the Govt./ Yes.	CPI / 3 per cent +/- 1 percentage point/ 3 years.	Monetary Policy Report/ Twice a year.	Bank of Korea Base rate.		
Thailand	May 2000	Inflation targeting considered more appropriate with floating exchange rate than money supply targeting after the financial crisis of 1997.	MPC in consultation with the Govt./ Yes.	3.0 per cent +/- 1.5 percentage points/ 8 quarters.	Inflation Report/ 4 times a year.	One day repo rate.	Target is set by MPC annually. The target decided in agreement with the Minister of Finance, which then requires approval by the Cabinet.	

Appendix Table II.3: Inflation Targeting Countries – Emerging Market Economies *(Concld.)*

Country	Since when	Previous / why inflation targeting	Who sets the Target / operational independence	Target indicator, timeframe and style	Frequency of Meeting	Key policy rate	Any other comments	Performance on inflation
Turkey	January 2006		MPC in consultation with the Government.	Annual CPI/ 5 per cent +/-2 percentage points for 2012, 2013 and 2014/ Multi-year horizon 3 years.	Inflation Report/ 4 times a year.	One week repo auction rate.	Interest rate corridor and required reserve ratios also used as policy instru-ments.	

Source: 1. Petursson T. G. (2005): "Inflation Targeting and its Effects on Macroeconomic Performance", SUERF studies: 2005/5 - The European Money and Finance Forum, Vienna.
2. Hammond G. (2012): "State of the Art of Inflation Targeting", CCBS, Handbook No.29, Bank of England.

Appendix Table II.4A: Individual Countries Inflation Targets			
Country	**Target Measure**	**Target 2013**	**Target Type**
Armenia	H CPI	4% ± 1.5 pp	P + T
Australia	H CPI	2% - 3%	Range
Brazil	H CPI	4.5% ± 2 pp	P + T
Canada	H CPI	2% (mid-point of 1%-3%)	P + T
Chile	H CPI	3% ± 1 pp	P + T
Colombia	H CPI	2% - 4%	Range
Czech Republic	H CPI	2% ± 1 pp	P + T
Ghana	H CPI	9% ± 2 pp	P + T
Guatemala	H CPI	4% ± 1 pp	P + T
Hungary	H CPI	3%	Point
Iceland	H CPI	2.5%	Point
Indonesia	H CPI	4.5% ± 1 pp	P + T
Israel	H CPI	1% - 3%	Range
Mexico	H CPI	3% ± 1 pp	P + T
New Zealand	H CPI	1% - 3%	Range
Norway	H CPI	2.5%	Point
Peru	H CPI	2% ± 1 pp	P + T
Phillippines	H CPI	4.0% ± 1 pp	P + T
Poland	H CPI	2.5% ± 1 pp	P + T
Romania	H CPI	2.5% ± 1 pp	P + T
Serbia	H CPI	4.0% ± 1.5 pp	P + T
South Africa	H CPI	3% - 6%	Range
South Korea	H CPI	2.5% - 3.5%	Range
Sweden	H CPI	2%	Point
Thailand	Core Inflation	0.5% - 3.0%	Range
Turkey	H CPI	5.0% ± 2 pp	P + T
United Kingdom	H CPI	2%	Point

H CPI - Headline CPI; P+ T - Point with tolerance; PP – Percentage point

Source: Hammond G. (2012);"State of the art of inflation targeting", CCBS, Handbook - No.29, Bank of England and Website of Central Banks

Appendix Table II.4B: Non-Inflation Targeting Countries		
Country	**Target Measure**	**Desired level of Inflation**
US	PCE	≤ 2 %
ECB	H CPI	Below but close to 2%
Malaysia	H CPI	2% - 3%
Singapore	H CPI	3% - 4%
Russia	H CPI	5% - 6%
China	H CPI	3.50%

PCE: Personal Consumption Expenditure

Source: Website of Central Banks

Appendix Table II.5: Time Horizon for attending Price Stability

Inflation Targeting		Non-inflation Targeting	
Country	**Time horizon**	**Country**	**Time horizon**
Armenia	Medium term	US	Long-term
Australia	Medium term	ECB	Medium-term
Brazil	Yearly Target	Malaysia	Short-term
Canada	Six-eight quarters; current target extends to Dec.2016	Singapore	Short-term
Chile	Around two years	Russia	Medium-term
Colombia	Medium term	China	Short-term
Czech Republic	Medium term,12-18 months		
Ghana	18-24 months		
Guatemala	End of year		
Hungary	Medium term		
Iceland	On average		
Indonesia	Medium term		
Israel	Within two years		
Mexico	Medium term		
New Zealand	Medium term		
Norway	Medium term		
Peru	At all times		
Philippines	Medium term(from 2012-14)		
Poland	Medium term		
Romania	Medium term target from 2013		
Serbia	Medium term		
South Africa	On a continuous basis		
South Korea	Three years		
Sweden	Normally two years		
Thailand	Eight quarters		
Turkey	Multi year(Three years)		
United Kingdom	At all times		

Source: Hammond G. (2012);"State of the art of inflation targeting", CCBS, Handbook - No.29, Bank of England and Website of Central Banks

Appendix Table II.6A: Communication and Transparency Practices in Inflation Targeting Countries

Country	Open letter	Parliamentary hearings?	Press Notice/ Conference	Minutes	Votes	Inflation	Frequency
Armenia	No	Yes, annual	PR	Yes, within ten days	No	Yes	4
Australia	No	Yes, twice yearly	Notice	Yes, after two weeks	n/a	Yes	4
Brazil	Yes	Yes, six per year	PR + PC for IR	Yes, after eight days	Balance of votes	Yes	4
Canada	No	Yes, twice yearly	PR + PC for IR	No	n/a	Yes	4
Chile		Yes, four times per year	PR	Yes, after two weeks	yes	Yes	4
Colombia	No	Yes, twice yearly	PR + PC for IR	Yes, after two weeks	Majority/unanimous	Yes	4
Czech Republic	No	No (Report)	PR + PC for IR	Yes, after eight days	Yes	Yes	4
Ghana	No	No	PR + PC	No	n/a	Yes	4 to 6
Guatemala	No	Yes, twice yearly	PR + PC	Yes, after four weeks	no	Yes	3
Hungary	No	Yes, once a year	PC	Yes	yes	Yes	4
Iceland	Yes	Yes, twice yearly	PR + PC	Yes	Balance of votes	Yes	2 *plus* 2
Indonesia	No	No	PR	No	n/a	Yes	4
Israel	No	Yes, twice yearly	PR	Yes, after two weeks	Balance of votes	Yes	2
Mexico	No	Yes, not regular	PR	Yes, after two weeks	n/a	Yes	4
New Zealand	Other	Yes, four times a year	PR + PC for IR	No	n/a	Yes	4
Norway	No	Yes	PR + PC	No	n/a	Yes	3
Peru	No	Yes, once a year	Teleconference	No	No	Yes	4
Phillippines	Yes	No	PR + PC	Yes, after four weeks	No	Yes	4
Poland	No	No[(a)]	PR + PC	Yes, after three weeks	Yes in IR	Yes	4
Romania	No	No	PR + PC for IR	No	No	Yes	4
Serbia	Yes	No[(b)]	PR + PC	No	No	Yes	4
South Africa	No	Yes, at least three per year	PR + PC	No	n/a	Yes	2
South Korea	No	Yes	PR + PC	Yes, after six weeks	No	Yes	2
Sweden	No	Yes, twice yearly	PR	Yes, after two weeks	Yes	Yes	3 *plus* 3
Thailand	Yes	No	PR + PC	Yes, after two weeks	Balance of votes	Yes	4
Turkey	Yes	Yes, twice yearly	PR	Yes	No	Yes	4
United Kingdom	Yes	Yes, three per year	PR + PC for IR	Yes, after two weeks	Yes	Yes	4

IR: Inflation Report. PC: Press Conference PR: Press Release.

(a) Governor reports to Lower House once a year on Monetary Policy in preceding year.

(b) Governor explains reports to National Assembly.

Source: Hammond G. (2012);"State of the art of inflation targeting", CCBS, Handbook - No.29, Bank of England and Website of Central Banks

Appendix Table II.6B: Communication and Transparency Practices in Non-inflation Targeting Countries				
Country	**Press Notice/ Conference**	**Minutes of Monetary Policy Meeting**	**Inflation Projection**	**Other Publications**
US	PR + PC	Yes, within twenty days	2 years ahead	
ECB	PR + PC	No	N.A.	
Malaysia	PR	No	One Year	Outlook and Policy (annual)
Singapore	PR	No	One year	Macroeconomic Review (twice a year)
Russia	PR	No	N.A.	Guidelines for Single State Monetary Policy, Monetary Policy Report
China	PR	No	One year	Quarterly Monetary Policy Report

PR: Press Release; PC: Press Conference.
Source: Website of Central Banks.

Appendix Table III.1: Monetary Policy Framework - International Experience

Country/ Central Bank	Decision making by	Policy objective	Monetary policy target	Key policy rate	Standing Facility	Reserve requirements	Market operations
United States (Federal Reserve System)	Federal Open Market Committee	Promote price stability and maximum sustainable employment	Maximum employment and 2 per cent inflation*	Uncollateralised interbank rate	Primary Credit Facility. No Deposit facility**	Yes	Yes
United Kingdom (Bank of England)	Monetary Policy Committee	To maintain price stability and to support the objectives for growth and employment	An inflation targeting framework	The official Bank Rate paid on commercial bank reserves	Yes	No	Yes
Brazil (Central Bank of Brazil)	Monetary Policy Committee	Achievement of inflation targets set by the Government	An inflation targeting framework	Interest rate on overnight interbank loans	Yes	Yes	Yes
Canada (Bank of Canada)	Governing Council	Contributing to sustained economic growth, rising levels of employment and improved living standards	An inflation targeting framework	Interest rate on collateralized market-based overnight transactions	Yes	No	Yes

(Contd...)

*: In its recent policy announcements, the Fed has indicated that their assessment suggests that it will be appropriate to maintain the current target range for the Federal Funds rate well past the time that the unemployment rate declines below 6.5 per cent, especially if projected inflation continues to run below the committee's 2 per cent longer-run goal.

** In 2008, the Fed started paying interest on required and excess reserves, to avoid downward pressures on the Fed Funds rate.

Appendix Table III.1: Monetary Policy Framework - International Experience *(Concld.)*

Country/ Central Bank	Decision making by	Policy objective	Monetary policy target	Key policy rate	Standing Facility	Reserve requirements	Market operations
Euro area (European System of Central Banks)	Governing Council	To maintain price stability	Inflation below but close to 2 per cent over medium-term	Minimum bid rate in main refinancing operations	Yes	Yes	Yes
Australia (Reserve Bank of Australia)	Reserve Bank Board	Achievement of inflation target	An inflation targeting framework	Target cash rate	Yes	No	Yes
Japan (Bank of Japan)	The Policy Board	Multiple objectives	2 per cent inflation	Uncollateralized overnight call rate	Yes	Yes	Yes
Singapore (Monetary Authority of Singapore)	Monetary and Investment Policy	Price stability for sustainable economic growth	Price stability for sustainable economic growth	Exchange rate	Yes	Yes	Exchange intervention
Mexico (Bank of Mexico)	Board of Governors	Achievement of price stability	An inflation targeting framework	Target for the interbank overnight funding rate	Yes	No	Yes
Switzerland (Swiss National Bank)	Governing Board	Price stability	Price stability	CHF 3-month Libor	Yes	Yes	Yes
Sweden (Riksbank)	Executive Board	Maintain price stability	An inflation targeting framework	Repo rate	Yes	No	Yes
Korea (Bank of Korea)	Monetary Policy Committee	Price stability	An inflation targeting framework	The Bank of Korea Base Rate	Yes	Yes	Yes

Appendix Table III.2: Standing Facilities, Main Liquidity Operations and Other Discretionary Operations of Some Major Central Banks

Country	Bank Reserve		Standing Facility			Main Liquidity Operation			Other discretionary			Counter party
	Req.	Avg.	Loan	Deposit	Tenor	Instrument(s)	Tenor	Freq.	Instrument	Tenor	Collateral	Lending Operations
Australia	N	–	Y	Y	Overnight	Repo/ Rev. repo	1 day to 12 months	daily	Outright / Fx-Swap / term deposit	1 day to 3 month	discretion	Wide
Brazil	Y	Y	Y	Y	Two Days	Repo/ Rev. repo	1-30 days	daily	Outright operation; non-standardized, non-regular		no discretion	
Canada	N	–	Y	Y	Overnight	OMO / Intraday through special purchase and Resale		daily			collateral includes US treasury bills, notes and bonds, list of treasure were expanded during the crisis	OMO for PDs, SF for Payment and settlement system participants
Euro Area	Y	Y	Y	Y	Overnight	Collateralized credit	variable	weekly/ monthly	OMO and Intraday credit		the Governing council has the discretion to expand	Wide in terms of both type and participants
Hong Kong SAR	N	–	Y		Overnight	Two way convertibility undertaking					all exchange fund bill and notes, extended to use US Treasuries under discount window	
Japan	Y	Y	Y	Y	Fixed Term	Repo (short run)	overnight to 1 year	2-3 times a day	OMO		Japan Government Bonds / CPs; Law generally limits expanding collateral	Wide but varies with facilities
Korea	Y	Y	Y	Y	Overnight	Repo/Rev. repo (issuer / redemption of money stabilisation bonds)	7 days	weekly	Additional repos	1-3 days	Bank of Korea act gives the bank discretion to extend loan against the collateral of any asset.	Narrow for OMO, wide for SF

– : Not applicable.

(Contd...)

Appendix Table III.2: Cross Country Standing Facilities, Main Liquidity Operations and Other Discretionary Operations *(Concld.)*

Country	Bank Reserve		Standing Facility			Main Liquidity Operation			Other discretionary			Counter party
	Req.	Avg.	Loan	Deposit	Tenor	Instrument(s)	Tenor	Freq.	Instrument	Tenor	Collateral	Lending Operations
Mexico	N		Y	Y	Overnight	Open market operation	1-25 days	daily	Long term sterilisation of excess liquidity/ sporadic use of compulsory deposit		central bank has the discretion to expand other type of collaterals	OMO for all local banks, SF for private sector banks only
Singapore	Y	Y	Y	Y	Overnight	Exchange rate intervention	FS- spot	discre-tionary	Repo / Fx-swap direct lending / borrowing	Up to 1 year	MAS has the discretion to expand collateral	PD only for OMO, all RTGS participants for SF
Sweden	N		Y	Y	Overnight	Repo / Riksbank certificate	1 week		loan / deposit	Over-night	Act allows expansion of collateral	Wide
Switzerland	Y	Y	Y		Overnight	Open market operation /repo /SNB Bills	Mostly one week	daily	Injection / absorption through auctions	Mostly over-night	SNB has discretion on collateral	Wide in terms of type
UK	Voluntary	Y	Y		Overnight	Short term (fixed rate) long term (variable rate repo operation)		weekly / monthly	Sterling Financing through OMO		broad based security for discount window	Varies with facility-banks for liquidity
USA	Y Y		Primary Credit		Generally Overnight	repo	up to 65 days	daily / weekly	OMO	variable	Under exceptional situation	PDs only OMOs; wide for SF

Source: BIS Markets Committee several publications, web-sites of central banks, Narrow=restricted for select few institutions (wide otherwise); Y=yes, N=No, PD=primary dealers, SF =Standing liquidity facility.

Appendix Table III.3: Deregulation of Interest Rates in India

Deposit Rates*				Lending Rate	
Saving Deposit		Term Deposit			
Effective from	**Restrictions and Regulations Prescribed**	**Month & Year**	**Restrictions and Regulations Prescribed**	**Month & Year**	**Restrictions and Regulations Prescribed**
July 1, 1977	3 per cent (chequeble deposits) and 5 per cent (non- chequeable)	Apr. 1985	Banks were allowed to set interest rates for maturities between 15 days and up to 1 year, subject to a ceiling of 8 per cent.	March 1981	A broad framework of interest rates was provided with fixed rates on certain types of advances and ceiling rate on other types of advances.
March 2, 1978	4.5 per cent, uniformly	May 1985	Freedom to set interest rates accorded in April 1965 was withdrawn.	October 1988	Fixed rate stipulations converted into floor rates with option to banks to raise the rates.
April 24,1992	6.0 per cent	Oct. 1989	Domestic short term deposits of maturity 46 days to 90 days and 90 days to one year merged together with uniform interest rate payable, effective October 11, 1989.	September 1990	Discontinuation of sector-specific and programme-specific interest rate stipulations, barring a few areas like agriculture, small industries, differential rate of interest (DRI) scheme and export credit. Linking interest rate to the size of the loan (over ₹2 lakh) was introduced.
July 1,1993	5.0 per cent	Apr. 1992	Replacement of maturity-wise ceiling rates by a single ceiling rate of 13 per cent on all deposits above 46 days.	April 1992	The interest rates of SCBs (except DRI advances and export credit) were rationalized by bringing the six slabs of advances to four slabs according to size of credit.
November 1, 1994	4.5 per cent	Nov. 1994	Ceiling rate was brought down to 10 per cent.	April 1993	Lending rates were further rationalized as the number of slabs was brought down from four categories to three categories by merging the first two slabs.

(Contd...)

Appendix Table III.3: Deregulation of Interest Rates in India *(Contd.)*

Deposit Rates*				Lending Rate	
Saving Deposit		Term Deposit			
Effective from	**Restrictions and Regulations Prescribed**	**Month & Year**	**Restrictions and Regulations Prescribed**	**Month & Year**	**Restrictions and Regulations Prescribed**
April 1, 2000	4.0 per cent	Apr. 1995	Ceiling rate raised to 12 per cent.	October 1994	Lending rates for credit limit of over ₹2 lakh were deregulated. Banks were required to declare their Prime Lending Rates (PLRs).
March 1, 2003	3.5 per cent	Oct. 1995	Interest rates on deposits with maturity of over two years were freed.	October 1995	Interest rate on advances against term deposits of ₹2 lakh and above for both domestic and NRE deposits were deregulated.
May 3, 2011	4.0 per cent	Jul. 1996	Freedom to set rates for term deposit above one year maturity. Minimum period of term deposit brought down from 46 days to 30 days. For the maturity bucket of 30 days to 1 year, banks could fix interest rates subject to a ceiling.	February 1997	Banks allowed to prescribe PLRs and spreads separately for loan and cash credit components of loans.
Oct 25, 2011	Deregulation subject to conditions.	Apr. 1997	Ceiling interest rate on domestic term deposits of maturity of 30 days and up to 1 year was linked to Bank Rate	October 1997	For term loans of 3 years and above, separate Prime Term Lending Rates (PTLRs) were required to be announced by banks.
		Oct.1997	Term deposit rates were fully deregulated.	April 1998	PLR converted as a ceiling rate on loans up to ₹2 lakh.

Appendix Table III.3: Deregulation of Interest Rates in India *(Concld.)*

Deposit Rates*				Lending Rate	
Saving Deposit		Term Deposit			
Effective from	**Restrictions and Regulations Prescribed**	**Month & Year**	**Restrictions and Regulations Prescribed**	**Month & Year**	**Restrictions and Regulations Prescribed**
		Apr.1998	Freedom to offer differential interest rate for bulk deposits of ₹15 lakh and above. Freedom to set own penal interest rates on premature withdrawal of domestic term deposits. Minimum period of maturity of term deposits reduced from 30 days to 15 days.	April 1999	Banks were provided freedom to operate tenor linked PLR.
		Apr. 2001	Minimum maturity period of 15 days reduced to 7 days for wholesale deposits of ₹15 lakh and above.	October 1999	Flexibility to charge interest rates without reference to the PLR on certain categories of loans/credit.
		Nov. 2004	Minimum maturity period of 15 days reduced to 7 days for all deposits.	April 2000	Banks allowed to charge fixed/ floating rate on their lending for credit limit of over ₹2 lakh.
		Jan.2013	Banks were permitted to offer differential deposit rates for bulk deposits of ₹1 crore and above.	April 2001	Commercial banks allowed to lend at sub-PLR rate for loans above ₹2 lakh.
				April 2003	Tenor linked PLR system replaced by Benchmark Prime Lending Rate (BPLR).
				July 2010	Introduction of Base Rate System, which serves as the floor rate for almost all types of advances.

*: The regulation that no interest may be paid on current deposits continues till date.

Appendix Table III.4: Money Demand Estimates

M3 deflated by GDP deflator
Rolling Reg Output: Log(real money) , log(rgdp), call rate (i) with 15-year window

	start	end	lrgdp	t-stat	Call Rate	t-stat	Constant	t-stat
1	1991	2005	1.57	18.5	0.00	0.3	-10.75	-12.3
2	1992	2006	1.58	21.7	0.00	0.3	-10.85	-14.4
3	1993	2007	1.57	28.1	0.00	-0.4	-10.79	-18.5
4	1994	2008	1.58	35.4	-0.01	-1.2	-10.80	-23.1
5	1995	2009	1.59	35.7	0.00	-0.9	-10.94	-23.1
6	1996	2010	1.60	35.1	0.00	-0.6	-11.05	-22.7
7	1997	2011	1.52	29.3	-0.01	-1.2	-10.23	-17.8
8	1998	2012	1.44	34.6	-0.02	-2.6	-9.34	-20.5
9	1999	2013	1.40	37.2	-0.02	-3.1	-8.89	-21.9

M3 deflated by WPI Index
Rolling Reg Output: Log(real money) , log(rgdp), call rate (i) with 15-year window

	start	end	lrgdp	t-stat	Call Rate	t-stat	Constant	t-stat
1	1991	2005	1.59	23.1	0.00	0.1	-10.94	-15.4
2	1992	2006	1.58	26.6	0.00	0.0	-10.83	-17.6
3	1993	2007	1.56	36.1	0.00	-1.2	-10.61	-23.5
4	1994	2008	1.56	44.9	-0.01	-2.0	-10.59	-29.0
5	1995	2009	1.56	44.0	-0.01	-1.8	-10.61	-28.1
6	1996	2010	1.55	40.4	-0.01	-1.6	-10.55	-25.6
7	1997	2011	1.51	34.4	-0.01	-1.0	-10.05	-20.7
8	1998	2012	1.42	45.3	-0.02	-2.9	-9.13	-26.6
9	1999	2013	1.39	49.7	-0.02	-3.5	-8.73	-29.1

M3 deflated by GDP deflator
Rolling Reg Output: Log(real money) , log(rgdp), WALR with 15-year window

	start	end	lrgdp	t-stat	WALR	t-stat	Constant	t-stat
1	1991	2005	1.54	31.5	0.00	-1.0	-10.44	-21.6
2	1992	2006	1.15	16.1	-0.07	-6.1	-5.60	-6.5
3	1993	2007	1.18	14.6	-0.06	-5.3	-5.89	-6.0
4	1994	2008	1.30	16.8	-0.05	-4.2	-7.28	-7.7
5	1995	2009	1.32	17.1	-0.05	-4.0	-7.54	-8.0
6	1996	2010	1.33	13.5	-0.04	-3.0	-7.74	-6.4
7	1997	2011	1.23	14.9	-0.06	-4.4	-6.45	-6.3
8	1998	2012	1.24	22.7	-0.06	-5.2	-6.63	-9.5
9	1999	2013	1.22	26.4	-0.06	-5.5	-6.34	-10.5

WALR: Weighted Avereage Lending Rate.

Appendix Table III.5: Access to Liquidity Under Refinance Facilities	
15-Apr-1997	A general refinance facility was introduced effective from April 26, 1997 under which all SCBs (expect RRBs) were provided General Refinance equivalent to 1 per cent of each bank's forthightly average outstanding aggregate deposits in 1996-97 in two blocks of 4 weeks each at Bank rate for the first block of 4 weeks and Bank rate plus one percentage point for second block of 4 weeks.
15-Apr-1997	From April 26, 1997 the base level ECR limit at 20 per cent of export credit as on Feb. 16, 1996 was withdrawn and SCBs were provided ECR only to the extent of 100 per cent of the increase in outstanding export credit eligible for refinance over the level of such credit as on Feb. 16, 1996. Interest rate was retained at 11 per cent (*i.e.*, the Bank Rate).
16-Jan-1998	Effective from Jan 17, 1998 the ECR limit was lowered to 50 per cent of the increase in outstanding export credit eligible for refinance over the level of such credit as on Feb. 16, 1996, in order to reduce the access to liquidity in the context of measures announced relating to foreign exchange market.
16-Jan-1998	Access to General Refinance Facility was reduced to equivalent to 0.25 per cent of forthightly average outstanding aggregate deposits in 1996-97.
15-Apr-1998	General Refinance Facility was closed (effective from April 20, 1998).
29-Apr-1998	Export Credit Refinance Limit was raised to 100 per cent (effective from May 9, 1998).
19-Apr-2001	With effect from May 5, 2001 SCBs were provided ECR to the extent of 15 per cent of the outstanding export credit eligible for refinance as at the second preceding fortnight.
3-Nov-2008	A special refinance facility was introduced under which all SCBs (excluding RRBs) were provided refinance (which could be flexibly drawn and repaid) from the Reserve Bank equivalent to up to 1.0 per cent of each bank's NDTL as on October 24, 2008 at the LAF repo rate up to a maximum period of 90 days.
18-May-2004	ECR made available at the Reverse Repo Rate.
15-Nov-2008	Eligible limit for ECR facility increased from 15 per cent to 50 per cent of outstanding export credit eligible for refinance.
6-Dec-2008	Refinance facility of ₹7,000 crore was provided to SIDBI at the Repo Rate. This facility was available up to March 31, 2010
11-Dec-2008	Refinance facility of ₹4,000 crore was provided to the National Housing Bank at the Repo Rate. This facility was available up to March 31, 2010
11-Dec-2008	Refinance facility of ₹5,000 crore was provided to the EXIM Bank at the Repo Rate. This facility was available up to March 31, 2013.
27-Oct-2009	The special refinance facility introduced on November 03, 2008 was closed.
27-Oct-2009	Eligible limit of ECR facility reduced from 50 per cent of the outstanding rupee export credit eligible for refinance to 15 per cent.
18-Jun-2012	Export Credit Refinance limit increased to 50 per cent from 15 per cent of eligible outstanding export credit.
14-Jan-2013	INR-USD swap facility with the Reserve Bank was provided to SCBs (except RRBs) to support incremental Pre-shipment export credit in foreign currency, with the option to access rupee refinance to the extent of swap with the RBI under Special Export Credit Refinance Facility (SECRF). The scheme was closed on June 28, 2013.
18-Nov-2013	Refinance facility of ₹5,000 crore was provided to SIDBI . This refinance facility is be available up to November 13, 2014.

Appendix Table III.6: CPI-Combined
(back-casted series*)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2001	55.5	55.4	55.7	56.1	56.5	57.1	57.8	58.2	58.0	58.6	59.0	58.8
2002	58.6	58.5	58.9	59.2	59.6	60.2	60.8	61.1	61.2	61.5	61.7	61.3
2003	61.2	61.4	61.8	62.7	62.8	63.0	63.5	63.1	63.2	63.7	63.8	63.7
2004	63.8	63.8	63.9	64.1	64.6	65.1	65.6	66.2	66.3	66.8	66.6	66.1
2005	66.6	66.6	66.6	67.1	66.7	66.8	67.9	68.1	68.2	68.8	69.5	69.2
2006	69.3	69.3	69.3	70.0	70.9	71.9	72.3	72.8	73.3	74.2	74.2	73.9
2007	73.9	74.1	74.1	74.8	75.2	75.8	76.9	77.2	77.3	77.9	78.0	78.0
2008	78.1	78.6	79.7	80.7	80.8	81.9	83.3	84.3	85.1	86.7	86.7	85.5
2009	85.9	85.8	86.1	87.0	87.9	88.9	92.0	92.9	93.6	94.6	96.5	96.7
2010	97.4	96.5	96.3	97.0	97.8	99.0	101.3	101.4	102.3	102.9	103.5	104.7
2011	105.9	105.3	105.6	106.2	107.1	108.8	110.5	111.7	113.0	113.8	114.1	113.6
2012	114.0	114.6	115.5	117.1	118.2	119.6	121.4	122.9	124.0	124.9	125.4	125.6
2013	126.3	127.1	127.5	128.1	129.2	131.4	133.1	134.6	136.2	137.5	139.5	138.0

*The new series of Consumer Price Index-Combined (CPI-C) (Base: 2010=100) is available on a monthly basis from January-2011. For the purpose of empirical analysis in this Report, back-casted data had to be generated, and the data presented here should not be seen as an official price index. The back-casted series of CPI-C was generated by using the price indices of Consumer Price Index-Industrial Workers (CPI-IW) (Base: 2001=100) and applying the corresponding weighting diagram of CPI-C at sub-group level, with some minor adjustments.

Appendix Table V.1: Measures Aimed at Managing the Impact of Taper Talk

Country	Key Policy Rate Hikes	Key Policy Rate Cuts	Liquidity Measures	FX intervention	FX swaps	Capital account management	Macro-prudential measures
Indonesia	Rates were hiked in several stages by 175 bps.		Assurance to provide domestic liquidity.	Assurance to provide domestic liquidity.	Yes Also a special swap line with Bank of Korea.	Allowed more mineral exports; easing of holding period restrictions to attract inflows.	Bank Indonesia Deposit Certificates added as a component of Secondary Statutory Reserves; LTV on property loans raised.
Thailand		Cut overnight repo rate by 25 bps to 2.5% on May 29, 2013.					
South Korea				Yes	Swap line with Bank Indonesia.		
Turkey			Cut required reserve ratios on forex deposits to boost market liquidity.	Tried using forex intervention for monetary policy goals, but this could not contain inflation.		Doubled the amount of reserves that banks are allowed to keep in foreign currency.	Forex reserve ratio requirement was increased.

(Contd...)

Appendix Table V.1: Measures Aimed at Managing the Impact of Taper Talk *(Concld.)*

Country	Key Policy Rate Hikes	Key Policy Rate Cuts	Liquidity Measures	FX intervention	FX swaps	Capital account management	Macro-prudential measures
Russia			Undertook liquidity management reforms. Introduced 1-week term repos as the main instrument. 1-day repo to be discontinued from Feb.1, 2014. Will start using 1-6 day repo as fine-tuning operations. Introduced standing facility.				
Brazil	Hiked Selic rate 150 bps from 8.0% to 9.5% during May-Oct. 2013. Earlier it had raised Selic rate 75 bps during Jan-April 2013.			On Aug.24 US$54 bn Intervention Plan announced after 15% depreciation of real in three months. Included weekly auction of US$1 bn dollar loans.	US$0.5 bn of forex swaps four days a week. Real appreciated 7.7% during Sept-Oct. 2013 aided by intervention plan but raised the cost of its continuation. However, on Nov. 8, the central bank announced rollover of swaps thus increasing its intervention.	Relaxed capital inflows. Scrapped the 6% IOF on foreign portfolio inflows into fixed income investments.	

Appendix Table V.2: Monetary Measures to Address Exchange Market Pressures

Asian crisis of 1997-98	
Rate Measures	Increase in Bank Rate (to 11 per cent) and reverse repo rate (to 9 per cent) by two percentage points each on January 16, 1998. Increase in interest rate surcharge on bank credit for imports to 30 per cent on January 16, 1998. Hike in the interest rate on post-shipment rupee export credit beyond 90 days and up to 6 months from 13 per cent to 15 per cent on November 26, 1997 (a brief period of stability in end-December led to withdrawal of the hike from January 1, 1998). On December 17, 1997 it was stipulated that the minimum interest rate of 20 per cent per annum to be charged on overdue export bills. An interest rate surcharge of 15 per cent on import credit was also announced.
Quantity Measures	CRR was raised twice in December 1997 (by 50 bps to 10 per cent and the incremental 10 per cent CRR on NRE and NRNR deposit schemes was withdrawn) and January 1998 (by 50 bps to 10.5 per cent). This was intended to absorb excess liquidity and remove the arbitrage on account of low rates in the call money market and the potential gains in the foreign exchange market. Reduction in access to refinance facilities (general refinance limit reduced from 1.0 per cent to 0.25 per cent of fortnightly average outstanding aggregate deposits in 1996-97 and export refinance limit reduced from 100 per cent to 50 per cent of the increase in outstanding export credit over February 16, 1996).
Global financial crisis of 2008-09	
Rate Measures	Cut in the repo rate under the LAF by a cumulative 425 bps from 9.0 per cent to 4.75 per cent. Cut in the reverse repo rate by a cumulative 275 bps from 6.0 per cent to 3.25 per cent. The ceiling rate on export credit in foreign currency increased to LIBOR plus 350 bps. Cumulative increase in the interest rate ceilings on FCNR(B) and NR(E)RA term deposits by 175 bps each since September 16, 2008.
Quantity Measures	Cut in the CRR by a cumulative 400 bps of NDTL from 9.0 per cent to 5.0 per cent. Introduction of a special refinance facility up to March 31, 2010 under which all SCBs (excluding RRBs) provided refinance from the Reserve Bank equivalent to 1.0 per cent of each bank's NDTL as on October 24, 2008. Term repo facility under the LAF to enable banks to ease liquidity stress faced by mutual funds, NBFCs and housing finance companies (HFCs) with associated SLR exemption of 1.5 per cent of NDTL. This facility is available up to March 31, 2010. Reduction in statutory liquidity ratio (SLR) from 25 per cent to 24 per cent of NDTL with effect from the fortnight beginning November 8, 2008. Introduction of a mechanism to buyback dated securities issued under the MSS. Extension of the period of entitlement by 90 days of the first slab of pre-shipment and post-shipment rupee export credit with effect from November 15, 2008 and November 28, 2008, respectively. Increase in the eligible limit of the ECR facility for scheduled banks (excluding RRBs) from 15 per cent to 50 per cent of the outstanding export credit eligible for refinance.

(Contd...)

Appendix Table V.2: Monetary Measures to Address Exchange Market Pressures *(Concld.)*

	In order to provide liquidity support to housing, export and MSE sectors, RBI provided a refinance facility to NHB, EXIM Bank and SIDBI up to March 2010. Scope of OMO widened by including purchases of government securities through an auction-based mechanism. Special market operations to meet the foreign exchange requirements of public sector oil marketing companies against oil bonds. HFCs registered with the NHB were allowed to raise short-term foreign currency borrowings under the approval route, subject to compliance with prudential norms laid down by the NHB. ADs allowed to borrow funds from their head office, overseas branches and correspondents and overdrafts in nostro accounts up to a limit of 50 per cent of their unimpaired Tier 1 capital or US$ 10 million, whichever was higher. A foreign exchange swap facility with tenure up to three months to Indian public and private sector banks having overseas operations in order to provide them flexibility in managing their short-term funding requirements at their overseas offices. Systemically important non-deposit taking NBFCs were permitted to raise short-term foreign currency borrowings under the approval route, subject to compliance with the prudential requirements of capital adequacy and exposure norms.
Exchange market pressures since May 22 in response to talk of tapering	
Rate Measures	MSF was raised by 200 bps to 10.25 per cent (reversed by October 29, 2013). Interest rate ceiling on NRI deposits of 3-5 years maturity was increased by 100 bps to LIBOR/SWAP plus 400 bps. The ceiling on interest rate on NRE deposits removed.
Quantity Measures	Restriction on the overall access to LAF to 0.5 per cent of each bank's NDTL. OMO sales of ₹25 billion. CRR, which banks had to maintain on a fortnightly average basis subject to a daily minimum requirement of 70 per cent, was modified requiring banks to maintain a daily minimum of 99 per cent of the requirement (reduced later to 95 per cent). Auction of CMBs on a weekly basis of a notified amount of ₹220 billion for a few weeks. With effect from fortnight beginning August 24, 2013, incremental FCNR (B) and NRE deposits, of three year and above maturity, were exempted from maintenance of CRR and SLR. This measure was announced to give impetus to banks to mop up NRI deposits of long-term maturity. On August 28, 2013, a forex swap window was opened to meet the entire daily dollar requirements of three public sector oil marketing companies. On September 4 2013, RBI opened a special concessional window for swapping fresh FCNR(B) dollar deposits, mobilised for a minimum tenor of three years and above at a fixed rate of 3.5 per cent per annum for the tenor of the deposit (up to November 30, 2013). The existing overseas borrowing limit of 50 per cent of the unimpaired Tier I capital was also raised to 100 per cent and the borrowings mobilised could be swapped with RBI at a concessional rate of 100 bps below the ongoing swap rate prevailing in the market (up to November 30, 2013).

Appendix Table V.3: Counter-Cyclical Prudential Regulation: Variations in Risk Weights and Provisioning Requirements

Date	Capital Market		Housing		Other Retails		Commercial Real Estate		Non-Deposit taking Systemically Important Non-Banking Financial Companies	
	Risk Weight	Provisions (%)	Risk Weight	Provisions (%)	Risk Weight	Provisions (%)	Risk Weight	Provisions (%)	Risk Weight	Provisions (%)
Dec-2004	100	0.25	75	0.25	125	0.25	100	0.25	100	0.25
Jul-2005	125	0.25	75	0.25	125	0.25	125	0.25	100	0.25
Nov-2005	125	0.40	75	0.40	125	0.40	125	0.40	100	0.40
May-2006	125	1.00	75	1.00	125	1.00	150	1.00	100	0.40
Jan-2007	125	2.00	75	1.00	125	2.00	150	2.00	125	2.00
May-2007	125	2.00	50-75	1.00	125	2.00	150	2.00	125	2.00
May-2008	125	2.00	50-100	1.00	125	2.00	150	2.00	125	2.00
Nov-2008	125	0.40	50-100	0.40	125	0.40	100	0.40	100	0.40
Nov-2009	125	0.40	50-100	0.40	125	0.40	100	1.00	100	0.40
Dec-2010	125	0.40	50-125	0.4-2.0#	125	0.40	100	1.00	100	0.40
Jul-2011	125	0.40	50-125	0.4-2.0	125	0.40	100	1.00	100	0.40
Jul-2012	125	0.40	50-125	0.4-2.0	125	0.40	100	1.00	100	0.40
Jul-2013	125	0.40	50-75*	0.4-2.0	125	0.40	100@	1.00	100	0.40

* The risk weights for housing loans vary according to amount of the loan and the loan-to-value ratio as below.

Provisioning requirement for housing loans with teaser interest rates was increased to 2.0 per cent in December 2010. It remained at two per cent till one year after reset of interest rate to higher rate and thereafter it was 0.4 per cent. For other housing loans, the provisioning remained at 0.4 per cent.

@: As per the DBOD Circular No.DBOD.BP.BC.No. 104 dated June 21, 2013, a new subsector called 'Commercial Real Estate-Residential Housing (CRE-RH)' has been carved out of CRE and this segment attracts a lower risk weight of 75 per cent and lower standard asset provisioning of 0.75 per cent.

Appendix Table V.4: Capital Control Measures Taken to Address Exchange Market Volatility

Item	August 1995 to March 1996 (Mexican Crisis)	August 1997 - August 1998 (East Asian Crisis)	High Capital flow during 2003-04 to 2007-08	Global Crisis: 2008-09	Since May 2013
FCNR (B) & NRE	Foreign currency deposits like FCNR(B) and NR(NR) RD were exempted from CRR requirements. Increase in interest rates on NRE deposits.	Removal of incremental CRR of 10 per cent on NRERA and NR(NR) deposits.	Reduction in interest rate ceiling on FCNR(B) and NR(E)RA deposits.	Increase in interest rate ceiling on FRNR (B) and NRE deposits.	Separate concessional swap window to attract FCNR(B) dollar funds. Exemption from maintenance of CRR and SLR on incremental FCNR (B) deposits as also NRE deposits with reference to base date of July 26, 2013, and having maturity of three years and above. Deregulation of interest rate on NRE deposits. Increase in interest rate ceiling by 100 bps to LIBOR/ SWAP plus 400 bps on FCNR(B) deposits of maturity 3 to 5 years.
ECB and trade credit	Relaxation in the ECB norms.		Increasing the existing limit for prepayment of external commercial borrowings (ECBs) without the RBI's approval from US$ 400 million to US$ 500 million, subject to compliance with the minimum	Relaxation in ECB policy in terms of upward revision in all-in-cost ceiling, eligible borrowers and end use. ECB allowed for repayment of outstanding rupee loan towards capital expenditure, under approval route.	Expansion of eligible end use of ECB to include import of services, technical know-how and payment of license fees as part of import of capital goods, subject to certain conditions. Availment of ECB for working capital for civil aviation sector. Extension of scheme for Buyback / Prepayment of FCCBs under the approval route, up to December 31,2013.

(Contd...)

Appendix Table V.4: Capital Control Measures Taken to Address Exchange Market Volatility *(Contd.)*

Item	August 1995 to March 1996 (Mexican Crisis)	August 1997 - August 1998 (East Asian Crisis)	High Capital flow during 2003-04 to 2007-08	Global Crisis: 2008-09	Since May 2013
			average maturity period.	Introduction of Foreign Currency Exchangeable bonds. All-in-cost ceiling for trade credits with maturity up to one year and between one and three years has been revised to 350 bps above 6-month LIBOR.	Availment of ECB for financing 3G spectrum outstanding rupee loan. Availament of ECB by NBFC-Asses Finance companies. ECB raised under the approval route from foreign equity holder company with minimum average maturity of seven years allowed to use for general corporate purposes, subject to the certain conditions.
FII			Ban on use of Promissory Notes.	Lock-in period of long term infrastructure bonds for FIIs was reduced to one year. Ceiling for FIIs investment in G-sec and corporate bonds raised by US$ 5 billion each to US$ 20 billion and US$ 45 billion respectively.	Enhance the limit for foreign investment in Government dated securities by US$ 5 billion to US$ 30 billion. Enhanced limit is available only for long term investors registered with SEBI (Sovereign Wealth Funds (SWFs), Multilateral Agencies, Pension/ Insurance/ Endowment Funds, Foreign Central Banks).

Appendix Table V.4: Capital Control Measures Taken to Address Exchange Market Volatility *(Contd.)*

Item	August 1995 to March 1996 (Mexican Crisis)	August 1997 - August 1998 (East Asian Crisis)	High Capital flow during 2003-04 to 2007-08	Global Crisis: 2008-09	Since May 2013
Others		Floating of Resurgent India Bonds.	Ban on use of offshore derivative products. Ban on overseas individual to participate in Indian stock market.	Rupee Dollar Swap Facility. To convert 10 per cent of the balances in the EEFC accounts. Qualified Foreign Investors (QFIs) allowed to invest in mutual funds. Broadening of investor base for G-sec to include Sovereign Wealth Funds, insurance funds and pension funds. Increased in overseas borrowing limits for banks from 25 per cent to 50 per cent of Tier-I capital or US$ 10 million, whichever is higher.	Increase in overseas borrowing limits for banks from 50 per cent to 100 per cent of Tier-I capital. Increase in overseas borrowing limits for banks from 50 per cent to 100 per cent of Tier-I capital or US$ 10 million, whichever is higher.

Appendix Table V.4: Capital Control Measures Taken to Address Exchange Market Volatility *(Contd.)*

Item	August 1995 to March 1996 (Mexican Crisis)	August 1997 - August 1998 (East Asian Crisis)	High Capital flow during 2003-04 to 2007-08	Global Crisis: 2008-09	Since May 2013
Outflows			Limit on outward FDI increased gradually to 400 per cent of the their net worth under the automatic route. Gradual increase in limit of outward portfolio investments by listed companies to 50 per cent of the net worth and dispensing with the requirement of 10 per cent reciprocal share holding in the listed Indian companies by overseas companies. Enhancement in limit on overseas investment by mutual funds registered with the SEBI to US$ 7 billion.		Reduction in the limit of outward FDI from 400 per cent to 100 per cent of net worth of Indian company, under Automatic Route. Reduction in limit of US$ 200,000 per financial year to US$ 75,000 per financial year under Liberalized Remittance Schemes.

Appendix Table V.4: Capital Control Measures Taken to Address Exchange Market Volatility *(Concld.)*

Item	August 1995 to March 1996 (Mexican Crisis)	August 1997 - August 1998 (East Asian Crisis)	High Capital flow during 2003-04 to 2007-08	Global Crisis: 2008-09	Since May 2013
			Enhancement of limit on overseas investment under the Liberalised Remittance Scheme (LRS) for resident individuals. Interest payment of EEFC accounts to the extent of outstanding balances of US$ 1 million per exporters (temporary measure, valid up to Oct 31, 2018. Facility closed on Nov 1, 2018.		