ANNEX V

CHRONOLOGY OF MAJOR POLICY ANNOUNCEMENTS: APRIL 2008 – JULY 2009

Date of Announcement		POLICY ANNOUNCEMENTS
		I. MONETARY POLICY MEASURES
2008		
April	17	• CRR of scheduled banks increased by 50 basis points of their NDTL in two stages of 25 basis points each to 7.75 and 8.00 per cent (effective from April 26 and May 10, 2008).
	29	• Bank Rate kept unchanged at 6.0 per cent.
		• Reverse repo rate and repo rate kept unchanged at 6.00 per cent and 7.75 per cent, respectively.
		• CRR of scheduled banks increased to 8.25 per cent with effect from the fortnight beginning May 24, 2008.
May	30	• Special Market Operations were put in place, for the smooth functioning of financial markets and for overall financial stability.
June	11	• The repo rate under the LAF was increased by 25 basis points to 8.00 per cent from 7.75 per cent with effect from June 12, 2008.
		• The standing liquidity facilities *i.e.*, ECR and collateralised liquidity support provided to banks and PDs, respectively, were made available at the revised repo rate (*i.e.*, at 8.00 per cent) from June 12, 2008.
	24	• The repo rate under the LAF was increased from 8.00 per cent to 8.50 per cent with effect from June 24, 2008.
		• The standing liquidity facilities were made available at the revised repo rate, *i.e.*, 8.50 per cent.
		• The CRR of the SCBs, RRBs, scheduled state co-operative banks and scheduled primary UCBs was increased by 50 basis points to 8.75 per cent in two stages (25 basis points each), effective from the fortnights July 5, 2008 and July 19, 2008, respectively.
July	29	• The fixed repo rate under the LAF increased by 50 basis points from 8.5 per cent to 9.0 per cent with immediate effect.
		• CRR increased by 25 basis points to 9.0 per cent with effect from the fortnight beginning August 30, 2008.
Sept.	16	• The interest rate ceiling on FCNR (B) deposits of all maturities was increased, with immediate effect, by 50 basis points, *i.e.*, to LIBOR/ SWAP rates minus 25 basis points.
		• The interest rate ceiling on NR(E)RA for one to three years maturity was increased, with immediate effect, by 50 basis points, *i.e.*, to LIBOR/SWAP rates plus 50 basis points.
		• Scheduled banks were allowed to avail additional liquidity support under the LAF to the extent of up to one per cent of their NDTL and seek waiver of penal interest.
		• The Second LAF (SLAF) which was introduced with effect from August 1, 2008 on reporting Fridays was conducted on a daily basis with effect from September 17, 2008.
Oct.	6	• The CRR was reduced from the level of 9.0 per cent of NDTL by 50 basis points to 8.5 per cent of NDTL with effect from the fortnight beginning October 11, 2008.
	10	• The CRR was reduced by 150 basis points to 7.5 per cent of NDTL with effect from the fortnight beginning October 11, 2008 instead of the 50 basis points reduction announced on October 6, 2008.
	14	• A special 14 day repo at 9 per cent per annum for a notified amount of Rs.20,000 crore was announced with a view to enabling banks to meet the liquidity requirements of mutual funds.
	15	• The CRR was reduced by 100 basis points to 6.5 per cent of NDTL with effect from the reporting fortnight that began on October 11, 2008.
		• Banks were allowed to avail of additional liquidity support exclusively for the purpose of meeting the liquidity requirements of mutual funds to the extent of up to 0.5 per cent of their NDTL purely as a temporary measure.
		• The mechanism of SMO for public sector oil marketing companies provided in June-July 2008 would be instituted when oil bonds become available.
		• The interest rate ceiling on FCNR(B) deposits of all maturities was increased with immediate effect by 50 basis points, *i.e.*, to LIBOR/SWAP rates plus 25 basis points.

Date of Announcement		POLICY ANNOUNCEMENTS
2008		**I. MONETARY POLICY MEASURES** *(Contd.)*
Oct.	**15**	• The interest rate ceiling on NR(E) RA for one to three years maturity was increased, with immediate effect, by 50 basis points, *i.e.*, to LIBOR/SWAP rates plus 100 basis points.
		• Banks were allowed to borrow funds from their overseas branches and correspondent banks up to a limit of 50 per cent of their unimpaired Tier I capital as at the close of the previous quarter or US$ 10 million, whichever is higher, as against the existing limit of 25 per cent.
	20	• The repo rate under the LAF was reduced by 100 basis points to 8.0 per cent with immediate effect.
		• The standing liquidity facilities were made available at the revised repo rate, *i.e.*, 8.0 per cent.
	24	• The Bank Rate was kept unchanged at 6.0 per cent.
		• The repo rate and reverse repo rate under the LAF were kept unchanged at 8.0 per cent and 6.0 per cent, respectively.
		• The CRR was kept unchanged at 6.5 per cent.
Nov.	**1**	• The repo rate under the LAF was reduced by 50 basis points to 7.5 per cent with effect from November 3, 2008.
		• The standing liquidity facilities were made available at the repo rate, *i.e.*, 7.5 per cent.
		• The CRR of scheduled banks was reduced by 100 basis points from 6.5 per cent to 5.5 per cent of NDTL which were effected in two stages: by 50 basis points retrospectively with effect from the fortnight beginning October 25, and by a further 50 basis points prospectively with effect from the fortnight beginning November 8, 2008.
		• The SLR was reduced to 24 per cent of NDTL with effect from the fortnight beginning November 8, 2008.
		• A special refinance facility under Section 17(3B) of the Reserve Bank of India Act, 1934 was introduced under which all SCBs (excluding RRBs) were provided refinance (which can 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.
		• The additional liquidity support exclusively for the purpose of meeting the liquidity requirements of mutual funds was extended and banks were allowed to avail liquidity support under the LAF through relaxation in the maintenance of SLR to the extent of up to 1.5 per cent of their NDTL. This relaxation in SLR is to be used exclusively for the purpose of meeting the funding requirements of NBFCs and MFs.
		• NBFCs-ND-SI are permitted to raise short- term foreign currency borrowings under the approval route, subject to their complying with the prudential norms on capital adequacy and exposure norms.
		• It was decided to conduct buyback of MSS dated securities so as to provide another avenue for injecting liquidity of a more durable nature into the system. This will be calibrated with the market borrowing programme of the Government of India.
	15	• The special term repo facility, introduced for the purpose of meeting the liquidity requirements of MFs and NBFCs will continue till end-March 2009. Banks can avail of this facility either on incremental or on rollover basis within their entitlement of up to 1.5 per cent of NDTL.
		• The interest rate ceiling on FCNR (B) deposits was increased by a further 75 basis points, *i.e.*, to LIBOR/SWAP rates plus 100 basis points with immediate effect.
		• The interest rate ceiling on NR(E)RA deposits was increased by a further 75 basis points, *i.e.*, to LIBOR/SWAP rates plus 175 basis points with immediate effect.
		• As a temporary measure, HFCs registered with the NHB were allowed to raise short-term foreign currency borrowings under the approval route, subject to their complying with prudential norms laid down by the NHB.
		• The Reserve Bank permitted Indian corporates to prematurely buyback their FCCBs at prevailing discounted rates.
		• The period of entitlement of the first slab of pre-shipment rupee export credit, currently available at a concessional interest rate ceiling of the benchmark prime lending rate (BPLR) minus 2.5 percentage points extended from 180 days to 270 days with immediate effect.
		• The eligible limit of the ECR facility for scheduled banks (excluding RRBs) enhanced from the existing level of 15 per cent to 50 per cent of the outstanding export credit eligible for refinance. The rate of interest charged on the ECR facility will continue to be the prevailing repo rate under the LAF.

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2008		**I. MONETARY POLICY MEASURES** *(Contd.)*
Nov.	**28**	• Special refinance facility up to 1.0 per cent of each bank's NDTL as on October 24, 2008 at the LAF repo rate was extended up to June 30, 2009.
		• Liquidity support under the LAF through relaxation in the maintenance of SLR to the extent of up to 1.5 per cent of their NDTL for the purpose of meeting the funding requirements of NBFCs, MFs and HFCs, which was available up to March 31, 2009, was extended to June 30, 2009.
		• Forex swaps facility of tenors up to three months, which was available on request, will be made available up to June 30, 2009.
		• In view of the difficulties being faced by exporters on account of the weakening of external demand, the period of entitlement of the first slab of post-shipment rupee export credit, which was available at a concessional interest rate ceiling of the BPLR minus 2.5 percentage points, was extended from 90 days to 180 days with effect from December 1, 2008.
Dec.	**6**	• The repo rate under the LAF was reduced by 100 basis points from 7.5 per cent to 6.5 per cent and the reverse repo rate by 100 basis points from 6.0 per cent to 5.0 per cent, effective December 8, 2008.
		• Refinance facility of an amount of Rs.7,000 crore was provided to SIDBI under the provisions of Section 17(4H) of the Reserve Bank of India Act, 1934. This refinance facility will be available up to March 31, 2010.
		• The prescribed interest rate as applicable to post shipment rupee export credit (not exceeding BPLR minus 2.5 percentage points) was extended to overdue bills up to 180 days.
	11	• Refinance facility of an amount of Rs 4,000 crore was provided to the National Housing Bank (NHB) under the provisions of Section 17(4DD) of the Reserve Bank of India Act, 1934. This refinance facility will be available up to March 31, 2010.
		• Refinance facility of Rs.5,000 crore was provided to the EXIM Bank under the provisions of Section 17(4J) of the Reserve Bank of India Act, 1934. This refinance facility will be available up to March 31, 2010.
2009		
Jan.	**2**	• Reduced the repo rate under the LAF by 100 basis points from 6.5 per cent to 5.5 per cent and the reverse repo rate by 100 basis points from 5.0 per cent to 4.0 per cent, effective January 03, 2009.
		• The CRR of scheduled banks was reduced by 50 basis points from 5.5 per cent to 5.0 per cent of NDTL with effect from the fortnight beginning January 17, 2009 releasing around Rs.20,000 crore into the system.
	27	• The special refinance facility for SCBs under Section 17(3B) of the Reserve Bank of India Act, 1934 was extended up to September 30, 2009.
		• The special term repo facility under LAF for the purpose of meeting the liquidity requirements of MFs, NBFCs and HFCs was extended up to September 30, 2009.
Feb.	**5**	• The foreign exchange swap facility was extended till March 31, 2010.
		• The ceiling rate on export credit in foreign currency was raised from LIBOR + 100 basis points to LIBOR + 350 basis points on February 5, 2009 subject to the condition that the banks would not levy any other charges.
		• Correspondingly, the ceiling interest rate on the lines of credit with overseas banks was also increased from 6-month LIBOR/EURO LIBOR/EURIBOR + 75 basis points to 6-month LIBOR/ EURO LIBOR/ EURIBOR + 150 basis points.
March	**4**	• The repo rate under the LAF was reduced by 50 basis points from 5.5 per cent to 5.0 per cent with effect from March 5, 2009.
		• The reverse repo rate under the LAF was reduced by 50 basis points from 4.0 per cent to 3.5 per cent with effect from March 5, 2009.
	26	• The Reserve Bank announced OMO purchase of government securities of the order of Rs.80,000 crore in the first half of 2009-10, of which Rs.40,000 crore is envisaged for the first quarter of 2009-10.
	31	• The facility of providing liquidity support to meet the temporary liquidity mismatches for eligible NBFCs-ND-SI, which was initially available for any paper issued up to March 31, 2009 was extended for any paper issued up to June 30, 2009. Accordingly, the SPV would cease to make fresh purchases after September 30, 2009 and would recover all dues by December 31, 2009.
April	**21**	• Repo rate under the LAF was reduced by 25 basis points from 5.0 per cent to 4.75 per cent with effect from April 21, 2009.

Date of Announcement		POLICY ANNOUNCEMENTS
2009		**I. MONETARY POLICY MEASURES** *(Concld.)*
April	21	• Reverse repo rate under the LAF was reduced by 25 basis points from 3.5 per cent to 3.25 per cent with effect from April 21, 2009.
		• CRR and bank rate were kept unchanged.
		• Further liberalisation of the FCCBs buyback policy.
		• Extension of the special refinance facility and term repo facility and increased limit for export credit refinance for banks up to March 31, 2010.
July	22	• The facility of providing liquidity support to meet the temporary liquidity mismatches for eligible NBFCs-ND-SI was further extended for any paper issued by NBFCs up to September 30, 2009. Accordingly, the SPV would cease to make fresh purchases after December 31, 2009 and would recover all dues by March 31, 2010.
	28	• Repo, reverse repo and bank rates were kept unchanged at 4.75 per cent, 3.25 per cent and 6 per cent, respectively. The CRR was also kept unchanged at 5 per cent.
		II. INTERNAL DEBT MANAGEMENT POLICIES
2008		
May	27	• Indirect access to the NDS-OM was extended to other segments of investors, such as, other NBFCs-ND, corporates and FIIs. These entities were allowed to place orders on NDS-OM through direct NDS-OM members, *viz*., banks and PDs using the CSGL route.
June	2	• A system of 'Multi Modal Settlements' (MMS) in government securities market was put in place to facilitate the settlement of government security transactions undertaken by the non-bank/non-PD NDS members. Under this arrangement, the funds leg of the transactions would be settled through the fund accounts maintained by these entities with select commercial banks chosen as 'designated settlement banks' (DSB).
Sept.	26	• Lehman Brothers Fixed Income Securities Pvt. Ltd. was advised not to undertake transactions in government securities as a PD in the primary market. Further, it was advised not to declare any interim dividend or remit any amount to its holding company or any other group company without prior approval of the Reserve Bank.
Nov.	12	• The Reserve Bank, in consultation with the Government of India, decided to retain the limit for WMA to the Government of India at Rs.20,000 crore as against the limit of Rs.6,000 crore fixed earlier for the second half of the fiscal year 2008-09 (October to March) for a temporary period till December 31, 2008.
2009		
March	26	• The WMA limit for the Centre for the first half of 2009-10 was kept unchanged at Rs.20,000 crore, as in the previous year but the limit for the second half was fixed higher at Rs.10,000 crore.
	31	• The MoU signed by the Reserve Bank with the Government on March 25, 2004 on the MSS was amended on February 26, 2009 to enable the transfer of a part of the amount in the MSS cash account to the normal cash account as part of the Government's market borrowing programme for meeting Government's approved expenditure. An amount of Rs.12,000 crore was transferred from the MSS account to the normal cash account of the Government of India on March 4, 2009 and an equivalent amount of government securities issued under the MSS formed part of the normal market borrowing of the Government of India. Based on the emerging fund requirements of the Government, Rs.33,000 crore of MSS would be de-sequestered against the approved market borrowing programme or bought back in the fiscal year 2009-10.
		• On a review of the State-wise limits of normal WMA for 2008-09, it was decided to keep these limits unchanged for the year 2009-10. Accordingly, the aggregate normal WMA limit for the State Governments inclusive of the Government of Union Territory of Puducherry was placed at Rs.9,925 crore for the year 2009-10.
April	1	• The ceiling on the interest rate spreads at the time of issue of the subordinated instruments by the PDs under Tier II and Tier III capital requirements was removed with effect from April 1, 2009. The PDs were thus allowed to issue subordinated Tier II and Tier III bonds at coupon rates as decided by their Boards of Directors.
May	5	• An amount of Rs. 28,000 crore was transferred from the MSS cash account to the normal cash account of the Government on May 2, 2009 and an equivalent amount of MSS securities formed part of the normal market borrowing of the Government of India for the financial year 2009-10.

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2009		**II. INTERNAL DEBT MANAGEMENT POLICIES** *(Concld.)*
May	11	• The NDS auction platform which handles the auction of Treasury Bills has been upgraded to conduct auction of dated securities besides instruments such as inflation indexed bonds, floating rate bonds and zero coupon bonds. Further, the platform is now capable of handling non-competitive bidding in the auction of State Development Loans in addition to the existing system of non competitive bidding in the auction of GOI dated securities.
July	20	• The eligible category of entities permitted to participate in market repos was extended to unlisted companies who have been issued special securities by the Government of India and having gilt accounts with SCBs subject to certain conditions.
		III. FINANCIAL SECTOR MEASURES
2008		
April	1	• The lead bank responsibility in Pratapgarh district of Rajasthan was assigned to Bank of Baroda.
	2	• For Tier I UCBs, the 180 day loan delinquency norm for NPAs was extended by one year, *i.e.,* up to March 31, 2009 and the 12 month period for classification of a sub-standard asset in doubtful category would be effective from April 1, 2009 instead of April 1, 2008.
	9	• All commercial banks (excluding RRBs) were advised that the frequency of supervisory reporting of the Structural Liquidity position shall be fortnightly, with effect from April 1, 2008, to be submitted on the seventh day from the reporting date, *i.e.,* the first and third Wednesday of every month to the Reserve Bank.
	10	• All SCBs (excluding RRBs) were advised that the income criteria for availing loans under the DRI scheme were revised. Accordingly, borrowers with annual family income of Rs.18,000 in rural areas and Rs.24,000 in urban areas would be eligible to avail the facility.
		• SBI and its associates, all nationalised banks and select private sector banks were advised that electronic payment of tax by certain categories of tax payers was mandatory with effect from April 1, 2008.
	15	• All SCBs were advised to meet the entire credit requirements of SHG members as envisaged in the Union Budget for 2008-09.
		• Guidelines on new self employment scheme for rehabilitation of manual scavengers (SRMS) were issued to all public sector banks (excluding RRBs).
		• Scheduled UCBs were advised to formulate a comprehensive and transparent policy covering immediate credit of local/outstation cheques, timeframe for collection of local/outstation instruments and interest payment for delayed collection, taking into account their technological capabilities, systems and processes adopted for clearing arrangements and other internal arrangements for collection through correspondents. They were also advised to review their existing arrangements and capabilities and work out a scheme for reduction in collection period. The interests of the small depositors should be fully protected. The policy should also clearly lay down the liability of the banks by way of interest payments due to delay for non-compliance with the standards set by the banks themselves and should be integrated with the deposit policy formulation by the bank in line with the IBA's noted policy. Compensation by way of interest payment, where necessary, should be made without any claim from the customer. It should also be ensured that the customers are, in no way, worse off than earlier.
	17	• The Reserve Bank advised that the matter concerning accounting procedure to be followed for transfer of accounts under the Senior Citizens Savings Scheme (SCSS), from one agency bank to another agency bank/post office was examined by the Ministry of Finance, and the Ministry conveyed its approval for adopting the same procedure for inter agency bank/post office transfer of accounts under SCSS as was being followed for the PPF scheme, subject to the payment of transfer fee as applicable under the relevant rules of the captioned scheme. Accordingly, the Reserve Bank notified an illustrative list of procedures to be followed in this regard.
	21	• UCBs, were advised to include at all times, at least two professional directors on their Boards with suitable banking experience (at middle/senior management level) or with relevant professional qualifications, *i.e.,* C.A. with bank accounting/auditing experience. The scope of professional directors prescribed therein was reviewed and it was decided to enlarge the ambit of 'professional directors' to include persons with professional qualification in the fields of law, accountancy or finance. UCBs were advised to initiate steps to amend the bye-laws of their banks accordingly and ensure compliance with the above requirements.

Date of Announcement		POLICY ANNOUNCEMENTS
2008		**III. FINANCIAL SECTOR MEASURES** *(Contd.)*
April	**22**	• All public sector banks were advised that with a view to reducing the burden on Boards of banks on account of the calendar of reviews to be undertaken by them and to ensure that the calendar reflected present day concerns, the calendar items were revised. The revised schedule would be brought into force with effect from June 1, 2008. If for any particular reason it was not possible to place the memorandum as per the calendar before the Board in the month that it was due, a note should be put up to the Board giving reasons for the delay and when the review was proposed to be placed before the board.
		• In order to enable the investors to make informed investment decisions in the security receipts (SRs), the disclosure in respect of underlying basket of assets required to be made by SCs/RCs in the offer documents as above, include disclosure in respect of the date of acquisition of the assets, valuation of the assets the interest of SCs/RCs in such assets at the time of issue of SRs.
	23	• Existing instructions were reviewed to fine-tune the requirement as regards identification of customers to ensure that NBFCs kept in mind the spirit of instructions issued by Reserve Bank and avoided undue hardships to individuals classified as low risk customers. NBFCs should ensure to update the consolidated list of individuals and entities as circulated by Reserve Bank. Further, the updated list of such individuals/entities could be accessed on the United Nations website. It may be ensured that the name of the proposed customer does not appear in the list and NBFCs also put in place adequate screening mechanism as an integral part of their recruitment /hiring process.
	24	• In view of the rise in the number of disputes and litigations against banks for engaging recovery agents in the recent past, it was felt that the adverse publicity would result in serious reputational risk for the banking sector as a whole. Against this background, the Reserve Bank issued detailed guidelines regarding the policy, practice, and procedure involved in the engagement of recovery agents by all SCBs (excluding RRBs).
		• It was decided to permit banks (including RRBs and local area banks) to engage retired bank employees, ex-servicemen and retired government employees as BCs with immediate effect, in addition to the entities already permitted, subject to appropriate due diligence. While appointing such individuals as BCs, banks were advised to ensure that these individuals were permanent residents of the area in which they proposed to operate as BCs and also institute additional safeguards as were considered appropriate to minimise agency risk.
May	**2**	• All SCBs (excluding RRBs) were advised to ensure that a suitable mechanism existed for receiving and addressing complaints from customers/constituents with specific emphasis on resolving such complaints fairly and expeditiously.
		• All SCBs (excluding RRBs) were advised to formulate a policy which would enable them to settle the claims of a missing person. Similar guidelines were issued to RRBs on September 12, 2008.
		• All UCBs with requisite infrastructure related to Indian Financial Network (INFINET), together with a Board resolution for seeking the membership in it would be granted membership of INFINET. Subject to the above parameters, unlicensed UCBs could also be permitted to avail of INFINET membership so long as their application for license has not been rejected by the Reserve Bank. The membership would not in any way entitle unlicensed UCBs to claim a banking license at a later date and their application for license would be examined independently on its merits.
	6	• All SCBs were advised to classify 100 per cent of the credit outstanding under GCCs and overdrafts up to Rs.25,000 (per account) granted against 'no frills' accounts in rural and semi-urban areas as indirect finance to agriculture under priority sector.
		• All SCBs (excluding RRBs) were advised that any shortfall in lending to weaker sections would also be taken into account for the purpose of allocating amounts for contribution to RIDF or funds with other FIs with effect from April, 2009.
		• The lead bank responsibility in Ramgarh and Khunti districts of Ranchi was assigned to Bank of India.
	8	• All SCBs (excluding RRBs and LABs) were advised that in view of the representations made in regard to delays in completion of infrastructure projects for legal and other extraneous reasons, the asset classification norms for infrastructure projects under implementation were modified with effect from March 31, 2008. The revised norms stipulated that in case of infrastructure projects, financed by the bank after May 28, 2002, the date of completion of the project should be clearly spelt out at the time of financial closure of the project and if the date of commencement of commercial production extended beyond a period of two years (as against the earlier norm of one year) after the date of completion of the project, as originally envisaged, the account should be treated as sub-standard.

Date of Announcement		POLICY ANNOUNCEMENTS
2008		**III. FINANCIAL SECTOR MEASURES** *(Contd.)*
May	**12**	• All UCBs were advised to formulate a policy for settlement of claims of missing persons after considering the legal opinion and taking into account the facts and circumstances of each case. Further, keeping in view the imperative need to avoid inconvenience and undue hardship to the common person, UCBs were also advised that keeping in view the risk management systems, they should fix a threshold limit, up to which claims in respect of missing persons could be settled without insisting on production of any documentation other than (i) first information report (FIR) and the non-traceable report issued by police authorities and (ii) letter of indemnity.
	13	• All StCBs and DCCBs were directed to allow customers to use bank's own ATM for any purpose for free and also to use any other bank's ATMs for balance enquiries for free. Furthermore, banks were also instructed to bring down the charge for withdrawal of cash for non-customers to Rs. 20 with immediate effect and make it free with effect from April 1, 2009.
	14	• All commercial banks (excluding RRBs and LABs) were advised that there was change in risk weight for 'claims secured by residential property'. For loans with loan to value (LTV) ratio less than equal to 75 per cent, the risk weight was reduced to 50 per cent if the sanctioned loan amount was up to Rs.30 lakh and 75 per cent if the amount exceeded Rs.30 lakh. The risk weight was retained at 100 per cent for loans with LTV ratio more than 75 per cent.
	15	• It has been decided to permit Tier II UCBs to extend individual housing loans up to a maximum of Rs. 50 lakh from earlier ceiling of Rs. 25 lakh per beneficiary of a dwelling unit subject to extant prudential exposure limits.
		• UCBs other than those classified in grade III and IV and registered in States that have entered into MoU with the Reserve Bank or under Multi State Co-operative Societies Act, 2002, were permitted to undertake insurance as corporate agent without risk participation without the prior approval of the Reserve Bank. The minimum net worth criteria earlier applicable was dispensed with for such banks.
	22	• In terms of obligations of banks under the Prevention of Money Laundering Act, 2002, all SCBs (excluding RRBs) were advised to prepare a profile for each customer based on risk categorisation. The need for periodical review of risk categorisation was also emphasised. It was reiterated that banks, as a part of transaction monitoring mechanism, were required to put in place an appropriate software application to throw alerts when the transactions were inconsistent with risk categorisation and the updated profile of customers. Further, a reporting mechanism for attempted banking transactions and also for transactions involving counterfeit currency report was also introduced. Similar guidelines were issued to RRBs on June 18, 2008.
		• All RRBs were advised that they could sell loan assets held by them under the priority sector categories in excess of their priority sector lending target of 60 per cent.
		• In terms of earlier guidelines issued on 'KYC norms' and 'Anti-Money Laundering (AML) measures', FIs were required to prepare a profile for each customer based on risk categorisation. The need for periodical review of risk categorisation was also emphasised. It was reiterated that financial institutions, as a part of transaction monitoring mechanism, are required to put in place an appropriate software application to throw alerts when the transactions are inconsistent with risk categorisation and updated profile of customers.
	23	• The Finance Minister in his Budget Speech (2008-09) had announced the Debt Waiver and Debt Relief Scheme for farmers. A detailed scheme in this regard was notified for implementation by all SCBs, besides RRBs and co-operative credit institutions and UCBs. All SCBs (including LABs) and UCBs were advised that the implementation of the Agricultural Debt Waiver and Debt Relief Scheme should be completed by June 30, 2008.
	26	• As announced in the Annual Policy Statement for the year 2008-09, the eligibility norms for opening up of on-site ATMs were liberalised. Accordingly, UCBs that were registered in States which had entered into MoU with the Reserve Bank or were registered under the Multi-State Co-operative Societies Act, 2002 and classified in Grades other than Grade III and IV, could set up on-site ATMs without prior approval of the Reserve Bank.
		• Keeping in view the nature of membership and loan profile of the salary earners' banks (SEBs) and representations made by the banks and their federations, it was decided that the SEBs in Tier II may provide for Standard assets in respect of personal loans at the rate of 0.4 per cent instead of the existing level of 2.0 per cent. Provisioning requirement in respect of loans and advances qualifying as capital market exposure, commercial real estate loans and loans and advances to NBFCs–ND-SI would however continue to be 2.0 per cent for such banks.
		• Existing *mahila* UCBs which conform to the extant entry point norms for general category banks, were permitted to enroll male members up to a limit of 25 per cent of their total regular membership, subject to compliance by the banks with their respective bye-laws.

Date of Announcement		POLICY ANNOUNCEMENTS
2008		**III. FINANCIAL SECTOR MEASURES** *(Contd.)*
June	**2**	• As per the operative instructions for smooth implementation of the Agricultural Debt Waiver and Debt Relief Scheme, 2008 were issued. Accordingly UCBs were advised that one time consolidated claims for the bank as a whole could be submitted by them through their Head Office by September 30, 2008, to the respective regional office of the Reserve Bank. Guidelines regarding procedure for reimbursement of claims, data maintenance, monitoring of progress in implementation, procedure for audit of the claims were also issued.
	4	• All SCBs (excluding RRBs) were advised to ensure that all the banking facilities including cheque book facility including third-party cheques, ATMs, net banking, locker, retail loans, credit card, *etc.,* were invariably offered to the visually challenged without any discrimination. Banks were also advised to instruct their branches to render all possible assistance to the visually challenged for availing various banking facilities. Similar guidelines were issued to UCBs on June 12, 2008, to StCBs/DCCBs on July 9, 2008 and to RRBs on July 23, 2008.
		• It has been observed that, over the years, the Government of India has, from time to time, issued several special securities which do not qualify for the purpose of complying with the SLR requirements of State/Central co-operative banks/FIs. Such Government securities are governed by a separate set of terms and conditions and entail a higher degree of illiquidity spread. Currently, the guidelines issued by FIMMDA regarding the valuation of such non-SLR securities provide that such securities be valued by applying a mark-up of 50 basis points (bps) above the corresponding yield on Government of India securities. The issue of valuation of such special securities has since been examined. It has been decided that, for the limited purpose of valuation, all special securities issued by the Government of India, directly to the beneficiary entities, which do not carry SLR status, may be valued at a spread of 25 bps above the corresponding yield on Government of India securities. This amendment would come into force from the financial year 2008-09. Similar circular was issued for UCBs on June 17, 2008.
	9	• All private sector banks were advised that they should adhere to the revised calendar of reviews that was prescribed for public sector banks to the extent possible. The revised schedule would come into effect from July 1, 2008.
	12	• It was decided to enhance the limit of Rs.20 lakh to Rs.30 lakh in respect of bank loans for housing in terms of applicability of risk weights for capital adequacy purposes. Accordingly, such loans will carry a risk weight of 50 per cent.
		• Certain additional instructions for smooth implementation of the debt waiver scheme were issued to UCBs. A format for undertaking to be given by ‘other farmers’ eligible for one time settlement (OTS) relief was forwarded to banks.
	16	• The branch licensing norms have been liberalised. Approvals for branch expansion including off-site ATMs in respect of well-managed and financially sound UCBs in the States that have signed MoUs and those registered under the Multi-State Co-operative Societies Act, 2002, will henceforth be considered, based on their annual business plans, subject to certain conditions.
	17	• In order to ensure a measured movement towards strengthening the financials of all deposit taking NBFCs by increasing their NoF to a minimum of Rs.200 lakh, NBFCs-D having a minimum NoF of less than Rs.200 lakh were advised to freeze their deposits at the level currently held by them and further bring down public deposits to the revised ceiling of deposits as prescribed.
	20	• It was earlier mandated that all payment transactions above Rs.1 crore by the Reserve Bank regulated entities in the Reserve Bank regulated markets would have to be mandatorily routed through electronic payment systems like the RTGS system, NEFT system and ECS with effect from April 1, 2008. On review, the mandated threshold limit was reduced from Rs.1 crore to Rs.10 lakh with effect from August 1, 2008.
	24	• The definition of wilful defaulters was extended to include units that defaulted in meeting their payment/repayment obligation to the lender and had also disposed of or removed the movable fixed assets or immovable property given by them for the purpose of securing a term loan, without the knowledge of the bank/lender.
	30	• The reporting formats for priority sector lending by UCBs were revised. Accordingly, the UCBs were advised that data under the revised formats could be submitted to the Regional Office concerned on a yearly basis within 15 days of close of the financial year to which it pertained. UCBs were advised to submit the first set of returns by April 15, 2009.
July	**2**	• As a part of transaction monitoring mechanism, UCBs are required to put in place an appropriate software application to through alerts when the transactions are inconsistent with risk categorisation and updated profile of customers. They were also advised to initiate urgent steps to ensure electronic filing of CTR and STR to FIU-IND.

Date of Announcement		POLICY ANNOUNCEMENTS
2008		**III. FINANCIAL SECTOR MEASURES** *(Contd.)*
July	**3**	• UCBs were advised that in terms of Agriculture Debt Waiver and Debt Relief Scheme, 2008, the Government of India had clarified that: "If the loan is for poultry farming or sheep rearing or piggery or a cattle farm and part of the loan amount is used for sheds, pens, fences, *etc*., the entire composite loan amount would be reckoned for calculating 'eligible amount' as defined in the scheme. If it is a standalone loan for putting up fencing or sheds, *etc*., these would not be covered". Accordingly the earlier circular in respect of the Scheme was modified.
	14	• All public sector banks were advised that the Government would continue to provide interest subvention of 2.0 per cent per annum in respect of short-term production credit up to Rs.3 lakh provided to farmers. This amount of subvention will be calculated on the amount of the crop loan disbursed from the date of disbursement/drawal up to the date of payment or up to the date beyond which the outstanding loan became overdue, *i.e.,* March 31, 2009 for *Kharif* and June 30, 2009 for *Rabi*, respectively, whichever was earlier.
	15	• In order to facilitate raising of capital funds (Tier 1 and Tier 2), UCBs were permitted to issue preference shares, *viz*., (i) perpetual non-cumulative preference shares (PNCPS), (ii) perpetual cumulative preference shares (PCPS), (iii) redeemable non-cumulative preference shares (RNCPS) and (iv) redeemable cumulative preference shares (RCPS). Further, UCBs were permitted to raise term deposits for a minimum period of not less than five years, which would be eligible to be treated as Tier 2 capital.
	23	• Instructions were issued to all SCBs (excluding RRBs) on the issue of unsolicited credit cards and provision of insurance cover to credit card holders.
	31	• All SCBs (excluding RRBs) were advised that for fine-tuning the management of bank reserves on the last day of the maintenance period, it was decided to introduce a SLAF on reporting Fridays, with effect from August 1, 2008. SLAF would be conducted between 4.00-4.30 p.m. and the auction results would be announced by 5.00 p.m.
		• NBFCs were advised that the balance in DTL account would not be eligible for inclusion in Tier 1 or Tier 2 capital for capital adequacy purpose as it was not an eligible item of capital. Further, DTA would be treated as an intangible asset and should be deducted from Tier 1 capital.
August	**1**	• All SCBs (excluding RRBs) were advised that the Government had decided to bring to a close the scheme that provided interest rate subvention to exporters from specified sectors with effect from September 30, 2008. Banks were asked to bring this to the notice of their exporter clients covered under the scheme, so that the exporters got adequate time to make necessary adjustments.
		• NBFCs-ND-SI were advised that they would be required to achieve 12 per cent CRAR by March 31, 2009 and 15 per cent CRAR by March 31, 2010. A few modifications were made in their disclosure and ALM reporting norms as well.
	5	• All SCBs (excluding RRBs) were advised that the eligibility income criteria of Rs.24,000 for urban areas under the DRI scheme was applicable to semi-urban areas also.
		• Obligation of NBFCs in terms of Rules notified under PMLA 2002 and certain clarifications regarding cash transaction report and suspicious transaction report were furnished to NBFCs.
	6	• All SCBs (excluding RRBs) were advised about the eligibility criteria to become trading/clearing members of SEBI-approved exchanges.
	8	• Final guidelines on prudential norms for off-balance sheet exposure of banks were issued to all SCBs (excluding LABs and RRBs).
	12	• UCBs were advised that fictitious lottery and money circulation schemes aimed at defrauding members of the public had come to light from time to time. It was clarified that remittances in any form towards participation in lottery schemes was prohibited under Foreign Exchange Management Act, 1999. Further, these restrictions were also applicable to remittances for participation in lottery-like schemes functioning under different names, such as money circulation scheme or remittances for the purpose of securing prize money/awards *etc.*
	14	• All NBFCs-D were advised that they could report frauds perpetrated in their subsidiaries and affiliates/joint ventures. Such frauds should, however, not be included in the report on outstanding frauds and the quarterly progress reports. They were further advised that in respect of frauds in borrowal accounts additional information under FMR-1 as prescribed may be furnished.
	18	• The lead bank responsibility in Alirajpur and Singrauli districts of Madhya Pradesh was assigned to Bank of Baroda and Union Bank of India, respectively.

Date of Announcement		POLICY ANNOUNCEMENTS
2008		**III. FINANCIAL SECTOR MEASURES** *(Contd.)*
August	**22**	• All SCBs (excluding RRBs) were issued detailed instructions for dealing with inoperative accounts. Banks were asked to consider launching a special drive for finding the whereabouts of the customers/legal heirs in respect of existing accounts which had been transferred to the separate ledger of 'inoperative accounts'.
		• All SCBs (excluding RRBs) were issued detailed instructions regarding display of information through comprehensive notice boards.
	26	• All SCBs were advised that they could accept an affidavit submitted by landless labourers, share croppers and oral lessees giving occupational status (*i.e.*, details of land tilled/crops grown) for loans up to Rs.50,000. Banks could also encourage the JLG/SHG mode of lending for such persons. However, banks should go through their procedures of identification as per KYC norms, appraisal and usual pre-sanction checks before extending finance.
	27	• All SCBs (including RRBs and local area banks) were advised that companies registered under Section 25 of the Companies Act, 1956, could be employed as BCs provided that the companies were stand-alone entities in which NBFCs, banks, telecom companies and other corporate entities did not have equity holdings in excess of 10 per cent. Further, while engaging Section 25 companies as BCs, banks would have to strictly adhere to the distance criterion of 15 kms/5 kms, as applicable, between the place of business of the BC and the branch.
	28	• All SCBs (excluding RRBs) were advised that banking by definition meant acceptance of deposits of money from the public for the purpose of lending and investment. As such, banks could not design any product which was not in tune with the basic tenets of banking. Further, incorporating such clauses in terms and conditions which restricted deposit of cash over the counters also amounted to an unfair practice. Banks were therefore advised to ensure that their branches invariably accepted cash over the counters from all their customers who desired to deposit cash at the counters.
		• All SCBs were advised that each bank could select one rain-fed district for introduction, on a pilot basis, of a new product for financing crop production whereby: (a) 80 per cent of the crop loan requirement of individual borrowers could be released through a short-term production loan in conformity with the extant norms/practices; and (b) the remaining 20 per cent representing the 'core component' (expenses for land preparation, pre-sowing operations, *etc.*, besides self-labour/consumption) could be sanctioned as a 'clean credit limit' to ensure year-round liquidity.
		• UCBs were advised to ensure that a suitable mechanism exists for receiving and addressing complaints from their customers with specific emphasis on resolving such complaints fairly and expeditiously. Several specific measures in this respect were suggested.
Sept.	**1**	• UCBs were advised to consider launching special drive for finding the whereabouts of the customers/legal heirs in respect of existing accounts which had been transferred to the separate ledger of 'inoperative accounts'.
		• In view of the increase in the amount of the unclaimed deposits with banks year after year and the inherent risk associated with such deposits, UCBs were advised to play a more pro-active role in finding the whereabouts of the account holders whose accounts have remained in-operative. Interests on savings accounts should be credited on regular basis whether the account is operative or not. If a matured fixed deposit is unpaid, the amount will attract savings bank rate of interest.
	4	• All SCBs (including LABs) were advised that procedures for reimbursement of claims and audit of claims under the Agricultural Debt Waiver and Debt Relief Scheme, 2008 had been modified. Similar guidelines are issued to UCBs on September 5, 2008.
	8	• All SCBs were advised that the name of the "Industrial Development Bank of India Limited" had been changed to "IDBI Bank Limited" in the Second Schedule to the RBI Act, 1934 with effect from May 7, 2008.
	9	• With a view to improving the quality of customer service in UCBs, scheduled UCBs were suggested to consider becoming members of BCSBI.
	12	• All SCBs (excluding RRBs) were advised to adopt the format devised by the Reserve Bank for display of information relating to interest rates and service charges which would enable the customer to obtain the desired information at a quick glance. Banks should also ensure that only the latest updated information in the above format was placed on their websites and the same was easily accessible from the home pages of their websites. UCBs were issued similar guidelines on September 18, 2008.

Date of Announcement		POLICY ANNOUNCEMENTS
2008		**III. FINANCIAL SECTOR MEASURES** *(Contd.)*
Sept.	**15**	• NBFCs (excluding RNBCs) were advised that the erstwhile equipment leasing/hire purchase NBFCs should, duly supported by statutory auditor's certificate as on March 31, 2008 approach the Regional Office concerned for appropriate classification latest by December 31, 2008. Those NBFCs which did not opt for the re-classification by the prescribed date would be deemed to be loan companies.
	17	• It was reiterated to all commercial banks (excluding RRBs) that they should ensure that they employ only those DMAs/ DSAs who are registered as telemarketers with the DoT. Further, any employment of telemarketers who are not registered with DoT would be treated as a violation of Hon'ble Supreme Court's directive by banks.
		• Guidelines on liquidity risk management were issued to Tier I UCBs. They were also advised to prepare separate returns as on the last reporting Friday of March/June/September/December and submit the same to the board within a month from the last reporting Friday. The first such set of returns may be put to the board as on the last reporting Friday of December 2008.
		• It was decided that in addition to scheduled UCBs for which guidelines are already in place, all other Tier II UCBs may also adopt ALM as per the guidelines forwarded to them. UCBs which have already adopted more sophisticated systems may ensure to fine-tune their current system to ensure compliance with the requirements of the ALM system suggested in the guidelines. To begin with UCBs should ensure coverage of at least 60 per cent of their liabilities and assets. UCBs were advised to set interim targets so as to cover 100 per cent of their business by April 1, 2010. Once the system stabilises, they should prepare to switch to more sophisticated techniques. To start with, the statement of structural liquidity should be prepared as on last reporting Friday of March/June/ September/ December and put up to ALCO(Asset-Liability Committee). In order to enable the UCBs to monitor their liquidity on a dynamic basis over a time horizon spanning 1-90 days, an indicative format was prescribed. UCBs were advised that the first such ALM return should be put to the ALCO/top management as on the last reporting Friday of December 2008.
		• UCBs which are recognised as AD category I and II may participate in designated currency futures exchanges recognised by SEBI as clients only, for the purpose of hedging their underlying foreign exchange exposures.
		• UCBs were, *inter alia,* advised to follow a more granular ALM guidelines, *i.e.,* to split the first time bucket (1-14 days at present) in the Statement of Structural Liquidity into three time buckets *viz.*, next day, 2-7 days and 8-14 days. The revised format would be effective from January 1, 2009.
	18	• New directions were issued regarding statutory auditors of NBFCs
	19	• All SCBs (excluding RRBs and local area banks) were advised to strengthen their information back-up about the borrowers enjoying credit facilities from multiple banks through a set of measures prescribed by the Reserve Bank.
		• In terms of a Supreme Court Judgement, UCBs have been advised that excess amount realised from their borrowers, if any, towards interest tax by way of rounding off may be deposited with a trust created for the benefit of disadvantaged people, by the Ministry of Social Justice and Empowerment.
	22	• All SCBs were advised about the access criteria for national payment systems.
		• AD category-1 banks were informed that the policy related to ECBs was reviewed and some aspects of the policy including the all-in-cost ceilings and those for borrowers from the infrastructure sector were modified.
	24	• It was decided to call for basic information from NBFCs-ND with asset size of Rs.50 crore and above but less than Rs.100 crore at quarterly intervals. The first such returns for the quarter ended September 2008 could be submitted by first week of December 2008. The quarterly return as at the end of each quarter could be filed online with the regional office of the Department of Non-Banking Supervision in whose jurisdiction the company was registered, within a period of one month from the close of the quarter.
	25	• It was decided to extend the simplified off-site surveillance (OSS) reporting system to all the remaining Tier I UCBs having deposits below Rs.50 crore. The annual return of the bank profile is to be prepared at March 31, every year and the other 4 quarterly returns are to be prepared at the end of March, June, September and December of every year. UCBs are required to submit all these returns to concerned Regional Offices of the Reserve Bank within one month from the end of the quarter/year. This would come into effect from quarter ending December 31, 2008 and the time for submission of the first quarter returns would be three months up to March 31, 2009.

Date of Announcement		POLICY ANNOUNCEMENTS
2008		**III. FINANCIAL SECTOR MEASURES** *(Contd.)*
Sept.	**25**	• It was decided to extend the OSS reporting system to all the remaining Tier II UCBs having deposits below Rs.50 crore. The system comprises of a set of 8 returns of which 7 are required to be submitted at quarterly intervals while the eighth return on bank profile is an annual return. The annual return of the bank profile is to be prepared at March 31, every year and the other 7 quarterly returns are to prepared at the end of March, June, September and December of every year. UCBs are required to submit all these returns to concerned Regional Offices of the Reserve Bank within one month from the end of the quarter/year. This would come into effect from the quarter ending December 31, 2008.
	26	• UCBs were advised to review that their branches are operating from premises which have a subsisting and valid lease agreement, free of any dispute between the bank and the landlord of the premises in question.
	29	• All SCBs were advised that the name of "Centurion Bank of Punjab Ltd" was excluded from the Second Schedule to the RBI Act, 1934.
	30	• As per extant instructions on treatment of deposits with DCCB/StCB as SLR, UCBs availing loan from DCCBs/StCBs with which the UCB maintains deposits, can deduct the amount of loan availed from the deposits irrespective of whether lien had been marked on such deposits or not, for the purpose of reckoning such deposits as SLR. In this connection, salary earners' co-operative banks were allowed extension of time up to March 31, 2009 for complying with the instructions.
Oct.	**8**	• Operating guidelines regarding mobile banking transactions were issued to all SCBs.
	13	• Issues regarding asset classification status of overdue payments in respect of derivative transactions and restructuring of derivative contracts were examined and guidelines issued to all commercial banks (excluding RRBs and LABs).
	14	• Restrictions on lending and buyback only in respect of certificates of deposits held by mutual funds were relaxed effective from October 14, 2008 for a period of 15 days.
	15	• The Reserve Bank agreed to provide a sum of Rs.25,000 crore (as temporary liquidity support for financing agricultural operations) under the Agriculture Debt Waiver and Debt Relief Scheme to scheduled banks and NABARD, which the Government had agreed to provide to commercial banks, RRBs and co-operative credit institutions as the first installment.
		• All SCBs (excluding RRBs) were advised that the special fixed rate term repo under LAF would be conducted every day until further notice up to a cumulative amount of Rs.20,000 crore. Accordingly, the residual amount would be notified every day till further notice.
		• All StCBs/DCCBs were advised that the interest rates on fresh Non-Resident (External) Rupee (NRE) term deposits for one to three years maturity should not exceed the LIBOR/SWAP rates plus 100 basis points, as on the last working day of September 2008 for US dollar of corresponding maturities. The interest rates as determined above for three year deposits will also be applicable in case the maturity period exceeds three years. The changes in interest rates will also apply to NRE deposits renewed after their present maturity period. Similar guidelines were issues to UCBs on October 16, 2009.
	27	• All SCBs (excluding RRBs) were advised that the validity of interest rates on rupee export credit would be in force up to April 30, 2009.
	29	• All SCBs (excluding RRBs and LABs) were advised that the principle of borrower-wise asset classification to treat all other funded facilities granted to a client as NPA would apply only to the overdues arising from forward contracts and plain vanilla swaps and options.
		• Taking into consideration, the need for enhanced funds for increasing business and meeting regulatory requirements, it was decided that NBFCs-ND-SI may augment their capital funds by issue of PDIs subject to certain conditions.
	31	• As a temporary measure, it was decided to permit NBFCs-ND-SI to raise short-term foreign currency borrowings, under the approval route, subject to certain conditions pertaining to eligibility of borrower and lenders, end-use of funds, maturity *etc*.
Nov.	**3**	• Reserve Bank decided to extend the facility of temporary liquidity support for financing agricultural operations (announced in October 2008) for a period up to December 5, 2008. The rate of interest on the temporary liquidity support was revised to be the prevailing fixed repo rate under LAF.
	10	• In order to mitigate the inherent risks attached to sanction of loans and advances against gold/silver ornaments, safeguards were specified for UCBs.

Date of Announcement		POLICY ANNOUNCEMENTS
2008		**III. FINANCIAL SECTOR MEASURES** *(Contd.)*
Nov.	**11**	• As regards the Agricultural Debt Waiver and Debt Relief Scheme, all SCBs (excluding RRBs) were advised that the Government of India had decided to pay interest on the 2nd, 3rd, and 4th instalments, payable by July 2009, July 2010, and July 2011 respectively, at the prevailing YTM on 364-day Government of India Treasury Bills. The SCBs were informed that the interest would be paid on these installments from the date of the reimbursement of the first installment (*i.e.* November 2008) till the date of the actual reimbursement of each installment. Similar circulars were issued to primary UCBs, StCBs, DCCBs and RRBs on November 17, 2008.
	15	• SIDBI and the NHB were allocated Rs.2,000 crore and Rs.1,000 crore, respectively, against banks' estimated shortfall in priority sector lending in March 2009.
		• The provisioning requirements for all types of standard assets were reduced to a uniform level of 0.40 per cent except in case of direct advances to agricultural and SME sector which shall continue to attract provisioning of 0.25 per cent, as hitherto. Risk weights on banks' exposures to all unrated claims on corporates, claims secured by commercial real estate and claims on NBFCs-ND-SI were reduced to 100 per cent.
	17	• RRBs were granted greater flexibility in opening new branches subjects to certain conditions regarding their profitability and improvements in financials.
	26	• On a review, it was decided to increase the proportion of SLR holdings in the form of Government and other approved securities as percentage of NDTL in the following manner, which should be achieved by non-scheduled UCBs by end-March 2011: (i) Non-scheduled UCBs in Tier I shall maintain SLR in the form of government and other approved securities not less than 7.5 per cent of their NDTL by September 30, 2009 and 15 per cent of their NDTL by March 31, 2010; (ii) The current prescription of holding SLR in government and other approved securities up to 15 per cent of their NDTL is respect of other non-scheduled UCBs would continue up to March 31, 2010; and (iii) From March 31, 2011 onwards all non-scheduled UCBs should maintain SLR in government and other approved securities up to 25 per cent of their NDTL.
Dec.	**1**	• Under the SRF, all SCBs (excluding RRBs) were provided refinance from the Reserve Bank equivalent to up to 1.0 per cent of each bank's NDTL as on October 24, 2008 at the repo rate up to a maximum period of 90 days during which refinance could be flexibly drawn and repaid. It was clarified that this facility could be rolled over. It was also decided to continue this facility up to June 30, 2009.
	2	• In the course of operations of the Indian banks' branches and subsidiaries abroad, it is possible that while complying with the host-country regulatory requirements in certain jurisdictions, they might be required to undertake an activity which is not permitted under the Banking Regulation Act/the respective statute of the public sector bank. In such circumstances, the banks were advised to ensure that they obtain relevant permissions from the Reserve Bank/ Government of India for undertaking such activities.
	6	• Loans granted by banks to HFCs for on-lending to individuals up to Rs.20 lakh per dwelling unit per family were classified under priority sector.
		• It was decided to extend exceptional/concessional treatment to the commercial real estate exposures, which are restructured up to June 30, 2009.
		• It was decided, as a one-time measure, that the second restructuring done by banks of exposures (other than exposures to commercial real estate, capital market exposures and personal/consumer loans) up to June 30, 2009, will also be eligible for exceptional regulatory treatment.
	8	• In respect of overdue bills, banks were earlier permitted to charge the rates fixed for Export Credit Not Otherwise Specified (ECNOS) for the period beyond the due date. In view of the difficulties faced by exporters on account of the weakening of external demand, it was decided that the prescribed interest rate as applicable to post-shipment rupee export credit (not exceeding BPLR minus 2.5 percentage points) may also be extended to overdue bills up to 180 days from the date of advance.
		• In view of the difficulties faced by the real estate sector, it was decided to extend exceptions/special treatment to the commercial real estate exposures which are restructured up to June 30, 2009, subject to certain conditions. Furthermore recognising the fact that in the face of the current economic downturn, even viable units may face temporary cash flow problems, it was decided, as a one-time measure, that the second restructuring done by banks of exposures (other than exposures to commercial real estate, capital market exposures and personal/consumer loans) up to June 30, 2009, will also be eligible for exceptional/special regulatory treatment.

Date of Announce-ment		POLICY ANNOUNCEMENTS
2008		**III. FINANCIAL SECTOR MEASURES** *(Contd.)*
Dec.	**10**	• It was noticed that some banks levy in addition to a processing fee, certain charges which are not initially disclosed to the borrower. Reserve Bank clarified that this is an unfair practice. RRBs were therefore advised to ensure that all information relating to charges/fees for processing are invariably disclosed in the loan application forms. Further, the banks must inform 'all-in-cost' to the customer to enable him to compare the rates charged with other sources of finance. Similar circular was issued to State and Central co-operative banks on December 19, 2008.
	16	• The Government of India decided to extend interest subvention of 2.0 per cent with effect from December 1, 2008 till March 31, 2009 on pre- and post-shipment rupee export credit, for certain employment oriented export sectors such as textiles (including handloom), handicrafts, carpets, leather, gems and jewellery, marine products, and small and medium enterprises, *etc.* The interest rate applicable to these credit were revised and banks were directed to charge interest rate not exceeding BPLR minus 4.5 percentage points on pre-shipment credit up to 270 days and post-shipment credit up to 180 days on the outstanding amount for the period December 1, 2008 to March 31, 2009 to the above mentioned sectors subject to certain conditions.
	23	• NBFCs-ND-SI were permitted, as a temporary measure, to raise foreign currency short term borrowings under the approval route subject to certain conditions. In this connection, all the NBFCs-ND-SI that had availed short-term foreign currency loans were advised to furnish a monthly return as per the prescribed format within 10 days from the end of the month to which it pertained.
2009		
Jan.	**2**	• In view of the fact that the rates of interest beyond a certain level may be seen to be excessive and can neither be sustainable nor be conforming to normal financial practice, Reserve Bank issued directions regarding excessive rates of interest charged by NBFCs.
	21	• Tier I UCBs were exempted from maintaining SLR in Government and other approved securities up to 15 per cent of their NDTL provided the amount was held in interest-bearing deposits with the State Bank of India and its subsidiary banks and the public sector banks, including IDBI Bank Ltd. In view of various representations received from UCBs and their Federations, it was decided to continue this exemption, provided that, with effect from October 1, 2009, such exemption shall not exceed 7.5 per cent of NDTL. The exemption shall stand withdrawn effective from April 1, 2010.
	22	• In order to sustain the momentum for financial inclusion, banks are advised to : (i) ensure that steps are taken to provide banking services nearer to the location of the no-frills account holders through a variety of channels including satellite offices, mobile offices, business correspondents, etc.;(ii) consider providing GCC/small overdrafts along with 'no frills' accounts to encourage the account holders to actively operate the accounts; (iii) conduct awareness drives so that the 'no frills' account holders are made aware of the facilities offered; (iv) review the extent of coverage in districts declared as 100 per cent financially included so as to meet the gaps in banking facilities to those desirous of obtaining such facilities; and (v) efficiently leverage on the technology enabled financial inclusion initiatives being implemented in various States with Reserve Bank support such as smart cards with biometric access involving hand-held devices/ mobile phones.
	23	• The Reserve Bank expressed willingness to consider financial restructuring proposals of weak UCBs as an additional option for resolution of problems, subject to fulfillment of certain conditions.
	30	• The extant guidelines, *inter alia*, provided that, where the net worth of the acquired bank is negative, the acquirer bank should protect the deposits of the acquired bank on its own or with upfront financial support from State Government. In legacy cases pertaining to UCBs having negative net worth as on March 31, 2007, it was decided that the Reserve Bank may also consider scheme of amalgamation that provides for payment to depositors. The detailed guidelines in this respect were issued. Further, guidelines were also laid down for valuations of assets and liabilities of the transferor bank.
Feb.	**2**	• All primary UCBs were advised regarding the framework of charges to be levied by banks for offering various electronic products, for outstation cheque collection services and transfer of surplus clearing funds.
	4	• All NBFCs (both deposit taking and non-deposit taking) with asset size of Rs.100 crore and above were instructed to furnish the information to the Reserve Bank about downgrading/upgrading of assigned rating of any financial product issued by them, within fifteen days of such a change in rating.
	5	• Banks were allowed to apply special regulatory treatment for accounts which were standard on September 1, 2008 and taken up for restructuring up to January 31, 2009 even if these had turned non-performing during this period. Subsequently, the time schedule for taking up restructuring was extended up to March 31, 2009.

Date of Announcement		POLICY ANNOUNCEMENTS
2009		**III. FINANCIAL SECTOR MEASURES** *(Contd.)*
Feb.	9	• In view of low usage of Indo-Nepal remittances scheme through NEFT system, it was decided to revise the service charges levied to customers for funds transfer from India to Nepal through this scheme. The revised charges were made applicable with immediate effect.
	13	• NBFCs (accepting public deposits) [Excluding RNBCs] were allowed investments in fixed deposits of SIDBI and NABARD for meeting the requirements of Section 45 IB of Reserve Bank of India Act, 1934.
	18	• Various risk mitigation measures regarding credit/debit card transactions of all SCBs (including RRBs), UCBs, StCBs and DCCBs were put in place. Accordingly the banks were advised to develop with effect from August 1, 2009: (i) a system of providing for additional authentication/validation based on information not visible on the cards for all on-line card (ii) a system of "online alerts" to the cardholder for all 'card not present' transactions of the value of Rs.5,000 and above.
		• All NBFCs-ND with asset size of Rs.100 crore and above were apprised that the Government of India had approved a scheme for providing liquidity support to eligible NBFCs-ND-SI through a SPV for meeting the temporary liquidity mismatches in the operations.
March	2	• NBFCs-ND with asset size of Rs.50 crore and above but less than Rs.100 crore were advised to submit the quarterly return on important financial parameters as hard copy and soft copy (*via* e-mail in excel format) to the concerned regional office, within a period of one month from the close of the quarter, till the online procedure in this regard was advised.
	6	• StCBs and DCCBs were informed that Government of India had decided to extend the last date of repayment of first instalment by the "other farmers" under the Debt Relief Scheme from September 30, 2008 to March 31, 2009. Similar circular was issued to RRBs on March 23, 2009.
		• In view of the current economic downturn and the spillover effects of the global recession on the Indian economy particularly from September 2008 onwards, which has created stress on liquidity and payments for the otherwise viable units/activities, the guidelines on restructuring of advances by UCBs were modified.
	25	• It was decided to extend interest subvention of 2 per cent on export credit for a further period of six months *i.e.* from April 1, 2009 till September 30, 2009 to the specified sectors.
		• It was clarified to all SCBs (including local area banks) that the regulatory norms for provisioning represent the minimum requirement and as such banks may voluntarily make specific provisions for NPAs at rates which are higher than the prescribed rates. Guidelines regarding the prudential treatment of different types of provisions in respect of loan portfolios were also specified.
	31	• UCBs were instructed that whenever they submit any data stored in their computer systems as evidence under Bankers' Book Evidence Act, 1891 to a Court, the data must be accompanied by the specified certificate regarding identification and verification of the data. Similar guidelines were issued to StCBs and DCCBs on April 24, 2009.
April	8	• All the banks participating in RTGS system were informed that a bank customer receiving RTGS credit should be provided with the name of the remitter in his account statement/pass book and similarly a bank customer sending a RTGS remittance should be provided with the name of the beneficiary in his account statements/pass book. The banks were therefore instructed to comply with the wire transfer guidelines issued earlier with a view to capturing the details about sender and receiver information.
	13	• Guidelines were issued to all SCBs (excluding RRBs) to facilitate access of bank branches/ATMs to persons with disabilities. Similar guidelines were issued to RRBs on April 21, 2009 and to UCBs on April 29, 2009.
	17	• The SCBs (excluding RRBs and LABs) were clarified that in case of the pendency of application for restructuring of the advance, the usual asset classification norms continue to apply.
	22	• As per the extant guidelines, no bank guarantee was normally allowed to have a maturity of more than 10 years. However, in view of the changed scenario of the banking industry where banks extend long term loans for periods longer than 10 years for various projects, it was decided to allow banks to issue guarantees for periods beyond 10 years as well. However, banks were advised to take into account the impact of very long duration guarantees on their ALM while issuing such guarantees.
	24	• All SCBs were advised to calculate the payment of interest on savings bank accounts on a daily product basis with effect from April 1, 2010.

Date of Announcement		POLICY ANNOUNCEMENTS
2009		**III. FINANCIAL SECTOR MEASURES** *(Contd.)*
April	24	• All the SCBs and local area banks were informed that maximum distance criterion for the operation of a BC for rural, semi-urban and urban areas has been increased from the present 15 kms to 30 kms.
		• All RRBs were advised that the names of 8 amalgamated RRBs have been included in the second schedule to the RBI Act, 1934. Simultaneously, the names of 29 erstwhile RRBs have been excluded from the said schedule.
		• Clarifications were issued regarding repossession of vehicles financed by NBFCs.
	29	• All SCBs were advised that the period of validity of the interest rates on rupee export credit, which was to remain in force up to April 30, 2009 was extended up to October 31, 2009.
May	4	• The Working Group on Rehabilitation of Sick SME's (Chairman: Dr. K. C. Chakrabarty), which submitted its report in April 2008 had, *inter alia*, recommended that Reserve Bank of India may announce a one time settlement (OTS) scheme for the MSME sector. However, any policy on settlement of non-performing loans is essentially a management function to be exercised by individual banks, based on their commercial judgment. Accordingly, in the light of the recommendations of the Group, banks were advised to undertake a review and put in place the policies relating to extension of credit facilities, restructuring/rehabilitation policy for revival of potentially viable sick units/enterprises the MSE sector and non-discretionary OTS scheme for recovery of non-performing loans, with due approval by the Board of Directors. Similar guidelines were issued to UCBs on June 16, 2009.
		• The network-based communication facilities relating to critical IT based payment and other systems supported by the Reserve Bank, are being improved, based on technological developments in this sphere of operations. Accordingly, applications such as the NDS for transactions in government securities, the RTGS system, the CFMS, *etc.,* are being migrated to operate in a network-based environment using the Multi Protocol Label Switching (MPLS) technology, which uses a meshed network topology thereby providing increased redundancies *vis-à-vis* the point-to-point connectivity at cheaper costs without impacting the security aspects. Banks were advised to migrate to the MPLS system on a time-bound basis.
	6	• The earlier condition that post-restructuring, the management of UCB should be in the hands of a Board of Administrators consisting of representatives of individual depositors as well as professional bankers to ensure proper implementation of the reconstruction scheme including recovery of NPAs was dispensed with. Accordingly, management aspects will be considered on a case to case basis while considering the financial restructuring proposals of UCBs.
		• In order to provide avenues for organic growth to sound and well functioning uni-State Tier II UCBs, the extant norms regarding expansion of area of operation were liberalised. Accordingly it was announced that the Reserve Bank will henceforth consider requests for expansion of area of operation to the entire state from licensed Tier II UCBs registered in states that have entered into MoU with Reserve Bank and are classified as Grade I as per the last statutory inspection and/or conforming to the financials of a Grade I bank as per the latest audited reports.
	7	• The prudential guidelines on restructuring of advances, which were earlier made applicable to SCBs were extended to select AIFIs as well.
		• It was decided to allow banks operating in India to pay interest, at their discretion, on ACU Euro Vostro accounts in addition to ACU Dollar Vostro accounts maintained by them. The decision to pay interest and the rate at which it will be paid and other conditions is left to the discretion of each bank.
		• As per earlier instructions, the inter-changing of investments from permanent to current category and vice versa was allowed to be done with the prior authorisation of the Board of Directors. These instructions were reviewed and it was decided that banks may shift investments to/from permanent category with the approval of their Board of Directors only once a year. Such shifting may normally be allowed at the beginning of the accounting year. No further shifting to/from permanent category will be allowed during the remaining part of that accounting year.
	11	• All RTGS participants were advised to desist from the practice of pushing customer transactions in the interbank mode and strictly adhere to the RTGS procedural guidelines.
		• The position regarding long pending outstanding debit and credit entries in nostro accounts of banks was reviewed. In respect of outstanding debit/credit entries of individual value US$ 2500 and above or equivalent in Nostro accounts, banks were advised to continue to make efforts for reconciliation. Instructions were also issued in respect of outstanding credit entries of individual value less than US$ 2500 or equivalent in Nostro accounts originated up to March 31, 2002.

Date of Announcement		POLICY ANNOUNCEMENTS
2009		**III. FINANCIAL SECTOR MEASURES** *(Contd.)*
May	**13**	• RRBs were advised to strictly comply with the provisions of Banking Regulation Act, 1949 and Banking Companies (Nomination) Rules, 1985 and devise a proper system of acknowledging the receipt of the duly completed form of nomination, cancellation and/or variation of the nomination. RRBs were instructed to give such an acknowledgement to all the customers irrespective of whether the same is demanded by the customers.
	22	• Detailed guidelines were issued to RRBs regarding dealing with inoperative/dormant accounts. RRBs were advised to consider launching a special drive for finding the whereabouts of the customers/legal heirs in respect of existing accounts which have already been transferred to the separate ledger of 'inoperative accounts'.
		• It was decided to assign the lead bank responsibility of the newly founded Tiruppur district to Canara Bank.
	25	• State and Central Cooperative Banks were advised to desist from financing the commercial real estate sector. As regards the credit facilities already extended to this sector, it should be ensured that such exposures are well secured and adequate provisioning made, wherever required, as per the existing prudential guidelines. These banks were told to ensure that the credit facilities are not renewed.
	26	• The timeline for increase of CRAR of 12 per cent and 15 percent for NBFCs-ND-SI was deferred to March 31, 2010 and March 31, 2011 respectively.
		• The norms for capital adequacy treatment of banks' various types of credit risk exposures to the central counterparties (CCPs) were revised. Accordingly, the exposures to CCPs on account of derivatives trading and securities financing transactions (*e.g.* CBLOs, repos) outstanding against them, will be assigned zero exposure value for counterparty credit risk. The deposits/collaterals kept by banks with the CCPs will attract risk weights appropriate to the nature of the CCP. In the case of CCIL, the risk weight will be 20 per cent and for other CCPs, it will be according to the ratings assigned to these entities as per the New Capital Adequacy Framework.
	29	• It was clarified that the extant guidelines regarding issuing guarantees by banks on behalf of corporate entities apply only to loans and not to bonds or debt instruments. In view of the fact that guarantees by the banking system for a corporate bond or any debt instrument not only have significant systemic implications but also impede the development of a genuine corporate debt market, banks were advised to strictly comply with the extant regulations and in particular, not to provide guarantees or equivalent commitments for issuance of bonds or debt instruments of any kind.
June	**2**	• SLBC convenor banks were advised to set up the Sub-Committee to discuss exporters' problems in relation to export finance and other bank-related issues at the State level and hold meetings at prescribed intervals for this purpose. They were also advised to ensure that the intimation of the dates of convening forthcoming meetings are communicated to all concerned well in advance so that issues of the export sector are well represented.
	4	• It was observed that in a dynamic environment, the asset size of a NBFCs-ND-SI company can fall below Rs.100 crore in a given month, which may be due to temporary fluctuations and not due to actual downsizing. It was clarified to NBFCs-ND-SI that in such a case the company may continue to submit the Monthly return on important financial parameters to Reserve Bank and to comply with the extant directions as applicable to NBFCs-ND-SI, till the submission of their next audited balance sheet to Reserve Bank and a specific dispensation is received from the Bank in this regard.
	5	• SCBs were allowed, for limited statistical/reporting purposes, to close those fraud cases involving amounts up to Rs.25 lakh, where: (a) the investigation is on or challan/charge sheet not filed in the Court for more than three years from the date of filing of First Information Report (FIR) by the CBI/police; or (b) the trial in the courts, after filing of charge sheet/challan by CBI/police, has not started, or is in progress subject to certain conditions.
	9	• Further clarifications were issued to NBFCs regarding accounting for taxes on income under Accounting Standard 22 regarding treatment of DTA and DTL for computation of capital.
	11	• All commercial banks were advised to migrate to the MPLS technology on a time-bound basis.
	12	• SCBs were permitted to install off-site ATMs at centres/places identified by them, without having to take permission from the Reserve Bank in each case subject to certain conditions.
	15	• On a review of the Money Transfer Service Scheme (MTSS) scheme, it was decided that the amount of security deposits to be maintained by the agents with the UCBs acting as sub-agents may, henceforth, be decided mutually. However, UCBs were advised to ensure that the payouts by UCBs pending reimbursement by the agents should not, at any point of time, be higher than the security deposits.

Date of Announce-ment		POLICY ANNOUNCEMENTS
2009		**III. FINANCIAL SECTOR MEASURES** *(Concld.)*
June	15	• UCBs were advised that they may declare dividend without prior permission of the Reserve Bank subject to compliance with the condition that": (a) CRAR norms are as prescribed by the Reserve Bank; and (b) net NPA are less than 10 per cent after making all necessary provisions as per the assessment made by Reserve Bank in its last inspection report.
	16	• Short-term agricultural advances as well as advances for other purposes are granted by State Co-operative Banks/ Central Co-operative Banks to Central Co-operative Banks/Primary Agricultural Credit Societies respectively for the purpose of on-lending. As per extant instructions, out of such advances granted under on-lending system, only that particular facility which becomes irregular is treated as NPA and not all other facilities granted to them. On a review, it was decided to extend the above concession to all other credit societies under on-lending system, in addition to Primary Agricultural Credit Societies. However, in respect of all direct loans and advances granted to a borrower, all such loans will become NPA even if one loan account becomes NPA, as mentioned in the earlier guidelines.
	18	• In view of the interest subvention facility extended by the Government of India in respect of rupee pre-shipment credit up to 270 days and post-shipment credit up to 180 days, scheduled UCBs holding AD category I licences were advised to charge interest at 2.0 per cent below the interest rates charged from exporters in other categories of export sectors for the same period, on the outstanding amount of credit to the specified sectors for the period June 1, 2009 to September 30, 2009.
	24	• SCBs were advised to have a consolidated view of frauds committed by a borrower on different banks so as to ascertain the quantum of frauds, loss caused by the frauds, perceived ramifications thereof, *etc.* As such, all the banks which have financed a borrower under 'multiple banking' arrangement should take co-ordinated action, based on commonly agreed strategy, for legal/criminal actions, follow up for recovery, exchange of details on modus operandi, achieving consistency in data/information on frauds reported to Reserve Bank of India, *etc.*
	25	• SCBs were granted extension of transition period up to December 31, 2009 to comply with Reserve Bank's guidelines on loans extended by banks to Mutual Funds as also regarding the Irrevocable Payment Commitments (IPCs).
		• SCBs were informed about Government of India's decision to make the accounts of "other farmers" eligible for a debt relief of 25 per cent from Government of India, even if they pay their entire share of 75 per cent as one single installment, provided the same is deposited by such farmers till June 30, 2009. The banks were advised not to charge any interest on the eligible amount till June 30, 2009. Similar circular was issued to StCBs/DCCBs on June 26, 2009.
	29	• Guidelines in regard to the prudential treatment of different types of provisions in respect of loan portfolios of UCBs were laid down. Banks were advised that they may voluntarily make specific provisions for NPAs at rates which are higher than the rates prescribed under existing regulations if such higher rates are based on a policy approved by the Board of Directors to provide for estimated actual loss in collectible amount and the policy is consistently adopted from year to year or if provided in the respective State Cooperative Societies Acts/Multi-State Cooperative Societies Act 2002
	30	• All public sector banks were informed about Government of India's decision to continue SRMS scheme aimed at rehabilitating the remaining scavengers and their dependents beyond March 31, 2009. Banks were, therefore, advised to disburse loan to all eligible applicants under SRMS by September 30, 2009 in a time-bound manner.
July	7	• The time schedule for introduction of advanced approaches of Basel II framework in India was announced. Accordingly, the earliest date of making application by banks to the Reserve Bank for adoption of 'internal models approach for market risk' and 'the standardised approach for operational risk' was set at April 1, 2010. The same for adoption of 'advanced measurement approach for operational risk' and 'internal ratings-based approach for credit risk' was set at April 1, 2012. The likely dates for approval by Reserve Bank for adoption of these approaches were also specified.
	17	• The guidelines regarding time line of reconciliation of transactions of ATM failures were comprehensively reviewed. Accordingly, all the SCBs including RRBs, UCBs, StCBs, DCCBs were advised to reimburse to the customers, the amount wrongfully debited on account of failed ATM transactions within a maximum period of 12 days, from the date of receipt of customer complaint. Failure to re-credit the customer account within the stipulated time frame would attract a compensation of Rs.100 per day to the aggrieved customer.
	21	• All SCBs were advised to prominently display at the branches, the names of the officials who can be contacted for redressal of complaints, together with their direct telephone number, fax number, complete address and e-mail address etc. The SCBs were further advised to ensure that the name and other details of concerned Nodal Officer appointed under Banking Ombudsman Scheme is also displayed prominently.

Date of Announcement		POLICY ANNOUNCEMENTS
		IV. CAPITAL MARKET POLICIES
2008		**Securities and Exchange Board of India (SEBI)**
April	**3**	• Investors residing in Sikkim were exempted from the mandatory requirement of PAN for their investments in mutual funds.
	7	• Filing fees for offer documents was revised downwards by SEBI.
	8	• SEBI increased the aggregate ceiling for overseas investment by mutual funds to US$ 7 billion.
	9	• SEBI amended provisions with respect to independent directors in Clause 49 of the listing agreement.
	16	• Mutual funds were allowed to sell government securities contracted for purchase in DVP III mode for government securities market.
		• SEBI amended (Mutual Funds) Regulations, 1996 to permit mutual funds to launch Real Estate Mutual Funds.
	17	• Guidelines were issued by SEBI for Comprehensive Risk Management framework for cash market.
	30	• SEBI revised the format of Monthly Cumulative Report of Mutual Funds.
May	**5**	• Cross margining across cash and derivatives segments were allowed.
	6	• SEBI simplified the process of half-yearly reporting of information by merchant bankers. Accordingly, reports have to be submitted only in electronic form. SEBI also simplified reporting of information with respect to bankers to issue and debenture trustees.
	29	• SEBI (FIIs) Regulation, 1995 was amended. Under this, asset management company, investment manager, or institutional portfolio manager owned by NRIs, shall be eligible to be registered as FII subject to the condition that they shall not invest their proprietary funds. Furthermore, the type of securities in which FIIs were permitted to invest has been widened to include schemes floated by a Collective Investment Scheme.
June	**6**	• The cumulative debt-investment limit for FII Investments in Government Securities and corporate debt was increased to US$ 5 billion and US$ 3 billion from US$ 3.2 billion and US$1.5 billion, respectively.
	19	• SEBI (Intermediaries) Regulations, 2008 was released, whereby a comprehensive regulation, applicable to all intermediaries, simplified registration practices.
		• SEBI released SEBI (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008.
		• SEBI notified regulation for issuance and listing of debt securities to provide for simplified regulatory framework for issuance and listing of non-convertible debt securities issued by any company, public sector or statutory corporations.
	30	• SEBI clarified that PAN may not be insisted in case of Central Government, State Government and court officials for transacting in securities markets.
July	**7**	• SEBI instructed all registered intermediaries to create a designated email-id for regulatory communications. It was clarified that the email-id shall be an exclusive email-id only for the above purpose and should not be a person centric email-id.
	23	• SEBI instructed all the exchanges to conduct comprehensive audit relating to examination of trading systems, clearing and settlement systems (clearing corporation/clearing house), risk management, databases, disaster recovery sites, business continuity planning, security capacity management and information security of their systems by a reputed independent auditor on an annual basis.
	30	• In its continuing endeavour to make the existing public issue process more efficient, SEBI introduced a supplementary process of applying in public issues, *viz.*, the "Applications Supported by Blocked Amount (ASBA)" process. The ASBA process shall be available in all public issues made through the book building route. It shall co-exist with the current process.
August	**4**	• SEBI amended Employee Stock Option Scheme (ESOS) and Employee Stock Purchase Scheme (ESPS) Guidelines, 1999, bringing the accounting treatment prescribed by SEBI in line with the accounting treatment provided by ICAI in this regard.
	6	• As per recommendations of the Committee Report on Exchange Traded Currency Futures, SEBI instructed the recognised stock exchanges and their clearing corporations / clearing houses, clearing members and trading members regarding the compulsory requirements to introduce exchange traded currency derivatives.

Date of Announcement		POLICY ANNOUNCEMENTS
2008		**IV. CAPITAL MARKET POLICIES** *(Contd.)*
August	**8**	• SEBI decided that a calendar spread position on exchange traded equity derivatives may be granted calendar spread treatment till the expiry of the near month contract.
	22	• SEBI advised stock exchanges to direct stock brokers/clearing members to carry out internal audit, covering, *inter alia*, the existence, scope and efficiency of the internal control system, compliance with the provisions of the SEBI Act, circulars issued by SEBI, agreements, KYC requirements, Bye Laws of the Exchanges, data security and insurance in respect of the operations of stock brokers/clearing members.
	28	• SEBI amended the SEBI (DIP) Guidelines, 2000 with respect to reduction in timelines for rights issue; definition of "Qualified Institutional Buyers"; eligibility and pricing norms of "Qualified Institutions Placement"; lock-in on shares on exercise of warrants issued on preferential basis; eligibility of shares for promoters' contribution and offer for sale and filing of offer documents at SEBI regional offices.
Sept.	**4**	• SEBI amended the Equity Listing Agreement in order to bring more transparency and efficiency in the governance of a listed company.
	25	• SEBI extended Applications Supported by Blocked Amount (ASBA) Facility in rights issues.
Oct.	**6**	• SEBI changed the eligibility criteria for introduction of derivatives on shares.
	7	• SEBI removed restrictions on P-Notes by FIIs against securities, including derivatives as underlying.
	15	• With a view to ensuring market safety and safeguard the interest of investors, SEBI increased the exposure margin to 10 per cent or 1.5 times the standard deviation (of daily logarithmic returns of the stock price) of the notional value of the gross open position in single stock futures and gross short open position in stock options in a particular underlying.
		• SEBI decided that the position of the securities lent by FIIs and their sub-accounts abroad shall be disseminated on a consolidated basis twice a week.
	16	• SEBI increased the cumulative debt investment limit from US$ 3 billion to US$ 6 billion for FII investments in corporate debt. SEBI decided to do away with the conditions provided in regulation 15(2) of SEBI FII regulations pertaining to restrictions of 70:30 ratio of investment in equity and debt, respectively.
	18	• SEBI revised norms for the valuation of debt securities by mutual funds taking into consideration tenure and credit rating of the security.
	31	• SEBI made some changes in the operationalisation of the securities lending and borrowing (SLB), *viz.*, increased the tenure SLB to 30 days, extended the time for SLB session to the normal trade timings and advised the stock exchanges to follow the common risk management practices.
Nov.	**6**	• SEBI reduced the time period given to FIIs to utilise their allocated investment limits in debt instruments from 15 days to 11 working days.
	14	• The Foreign Investment Promotion Board (FIPB) allowed FDI in private equity (PE) funds registered as trusts, provided they register themselves as VC funds.
Dec.	**2**	• SEBI revised the existing facility of cross margining and extended it across cash and derivatives segments to all categories of market participants, in order to improve the efficiency of the use of the margin capital by market participants.
	5	• SEBI directed every company proposing to issue new securities to deposit before the opening of subscription list and keep deposited with the designated exchange, 1 per cent of the amount of securities offered for subscription to the public and/or to the holders of existing securities of the company.
	8	• SEBI allowed companies to issue non-convertible debentures (NCDs) along with warrants — which can be converted into shares — to qualified institutional buyers (QIB), to encourage participation of institutional buyers in the capital market. QIBs can subscribe to the combined offering of NCDs with warrants or to individual instruments issued by a listed company. NCDs and warrants can be separately listed on stock exchanges and traded.
	11	• In order to strengthen the framework for close-ended schemes, SEBI decided that for all close-ended schemes (except Equity Linked Savings Schemes) to be launched on or after December 12, 2008, the unit shall be mandatorily listed. NAV shall be computed and published on daily basis.
	29	• SEBI approved the broad guidelines to provide an exit option to such Regional Stock Exchanges whose recognition is withdrawn, renewal refused or/and who may want to surrender their recognition.

Date of Announcement		POLICY ANNOUNCEMENTS
2009		**IV. CAPITAL MARKET POLICIES** *(Contd.)*
Jan.	**21**	• SEBI has made it mandatory on the part of promoters (including promoter group) to disclose the details of pledge of shares held by them in listed entities promoted by them.
Feb.	**2**	• The Government of India increased the cumulative debt investment limit by US$ 9 billion (from US$ 6 billion to US$ 15 billion) for FII investments in corporate debt. Consequently, SEBI decided that US$ 8 billion would be allocated to the market participants in an open bidding platform. The minimum amount of bid would be Rs.250 crore and the minimum tick size would be Rs.100 crore.
	10	• SEBI revised the Annual Issuers' charges with effect from April 01, 2009. Accordingly, the Depositories may levy and collect the charges towards custody from the issuers, on a per folio (ISIN position) basis as at the end of the financial year or the minimum amount, by April 30 of each financial year failing which depositories may charge penal interest subject to a maximum of 12 per cent per annum.
	24	• SEBI has amended preferential issue norms, allowing companies to list warrants along with non-convertible debentures through qualified institution placements.
March	**2**	• In order to enhance the transparency of portfolio of debt oriented close-ended and interval schemes/plans, SEBI has decided that Asset Management Companies shall disclose the portfolio of such schemes on a monthly basis on their respective websites.
	24	• SEBI has revised the position limit applicable for Client and non-bank Trading Member for Exchange Traded Currency Derivatives as per the recommendations of the RBI-SEBI Standing Technical Committee.
April	**20**	• With the opening of a Western Regional Office at Ahmedabad, the allocation of regions for processing of draft offer documents for public/ rights issues, was modified and Merchant Bankers were advised to file the draft offer documents of size up to Rs. 50 crores, of the companies whose registered office falls in Gujarat and Rajasthan, with the regional office of SEBI in Ahmedabad.
	24	• SEBI decided to amend certain clauses in the Equity Listing Agreement to enhance disclosures regarding shareholding pattern in a listed company. These amendments include inter alia providing a uniform procedure for dealing with unclaimed shares; reducing the notice period for record date to 7 working days and for board meeting to 2 working days; uniformity in dividend declaration by listed companies on per share basis only; and disclosure of shareholding pattern for each class of shares and voting rights pattern.
May	**11**	• In order to develop the primary market for corporate bonds SEBI notified the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, which provided a simplified regulatory framework for issuance and listing of non-convertible debt securities by any issuer company, public sector undertaking or statutory corporation.
		• SEBI decided that those portfolio managers, who have not complied with sub-regulation (8) of regulation 16 of the SEBI (Portfolio Managers) Regulations, 2008, by which any portfolio manager holding the listed securities belonging to the portfolio account in its own name on behalf of its client shall segregate each clients' listed securities and keep them separately, shall immediately stop undertaking new clients for portfolio management services till the time they become fully compliant with the said requirements.
	20	• SEBI clarified that for securities market transactions and off-market/private transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company/ RTAs for registration of such transfer of shares.
June	**9**	• SEBI clarified that mutual funds can invest in Indian Depository Receipts (IDRs) subject to compliance with SEBI (Mutual Funds) Regulations 1996 and guidelines issued thereunder, specifically investment restrictions as specified in the seventh schedule of the regulations.
	11	• All registered portfolio managers were required to submit a monthly report regarding their portfolio management activity every month as per the format prescribed by SEBI.
	12	• With a view to ensuring that the value of debt securities reflects the current market scenario in calculation of net asset value, SEBI decided that discretionary mark up and mark down shall be brought to the level as detailed in SEBI circulars dated September 18, 2000 and February 20, 2002 to the valuation methodology which allows the discretion of -50 basis points (bps) to +100 bps to account for the aforesaid risks.
	16	• SEBI issued separate listing requirements for listing of IDRs issued by companies from the countries whose securities market regulators are the signatories to the multilateral memorandum of understanding of IOSCO.

Date of Announcement		POLICY ANNOUNCEMENTS
2009		**IV. CAPITAL MARKET POLICIES** *(Concld.)*
June	**17**	• RBI and SEBI jointly unveiled norms enabling exchange-traded interest rate futures (IRF). Foreign portfolio investors have been allowed to trade in IRFs, but limits have been put in place to keep their influence under check. The regulations also allow banks to participate in IRFs.
July	**3**	• SEBI laid down that applicants seeking registration as Foreign Venture Capital Investors (FVCIs) with SEBI, have to obtain firm commitment from their investors in the form of a minimum contribution of US$ 1 million at the time of submission of applications.
	21	• SEBI amended the Equity Listing Agreement to prohibit listed companies from issuing shares with superior rights as to voting or dividend *vis-à-vis* the rights on equity shares that are already listed.
	22	• FIIs and NRIs have been permitted to invest in Indian Depository Receipts (IDRs) subject to specified conditions.
	27	• SEBI specified the risk management framework for the cash market transactions.
	31	• SEBI announced amendments in the DIP guidelines concerning general and disclosure requirements pertaining to IDR issues, *viz.,* the disclosure of financial information pertaining to the issuing company and the extent of applicability of the DIP Guidelines to the IDR issuances.
		• Mutual Funds, while reporting their trades in corporate bonds shall also report their inter-scheme transfers to BSE, NSE and FIMMDA, which maintain reporting platforms to capture information related to trading in corporate bonds.
		V. EXTERNAL SECTOR POLICIES
2008		
		a) Trade Policy
April	**11**	• The Annual Supplement (2008) to India's Foreign Trade Policy (2004-09) was announced by Government of India. The Supplement aimed at further strengthening of the export sector by introducing sectoral initiatives, promotional measures, relief to sectors affected by rupee appreciation, measures to reduce transaction cost and procedural simplification.
Oct.	**29**	• India's Duty Free Tariff Preference (DFTP) Scheme for the Least Developed Countries (LDCs) was announced by Government of India. The DFTP Scheme grants duty free access on 94 per cent of India's total tariff lines to be implemented over a period of five years. Specifically it would provide preferential market access on tariff lines that comprise 92.5 per cent of global exports of all LDCs. The Scheme is open to all 49 LDC members.
Nov.	**15**	• In order to support the export sector in the aftermath of global financial crisis, following measures were announced by the Reserve Bank: • The aggregate limit of ECR facility for SCBs (excluding RRBs) was enhanced from 15 per cent to 50 per cent of the outstanding export credit eligible for refinance. • The period of entitlement of the first slab of pre-shipment rupee export credit was extended from 180 days to 270 days. • The period of entitlement of the first slab of post-shipment rupee export credit was extended from 90 days to 180 days.
Dec.	**8**	• The prescribed interest rate as applicable to post-shipment rupee export credit (not exceeding BPLR minus 2.5 percentage points) was extended by the Reserve Bank to overdue bills up to 180 days.
2009		
Jan.	**2**	• To support exporters in an aftermath of global recessionary conditions, various measures were announced by Government such as restoration of DEPB rates to those prevailing prior to November 2008, extension of DEPB scheme till 31.12.2009, enhancement of duty drawback benefits on certain items including knitted fabrics, bicycles, agricultural hand tools and specified categories of yarn, constitution of a committee of secretaries to resolve procedural issues raised by exporters where modification of procedures could reduce delays faced by exporters, and credit line of Rs.5,000 crore for the EXIM Bank.

Date of Announcement		POLICY ANNOUNCEMENTS
2009		**V. EXTERNAL SECTOR POLICIES** *(Contd.)*
Jan.	**14**	• A Challenge Fund for export promotion activities by Indian Missions abroad, was set up with a corpus of Rs. 5 crore, under the Market Access Initiative (MAI) scheme. The MAI scheme of the Department of Commerce is an export promotion scheme envisaged to act as a catalyst to promote India's exports on a sustainable basis.
Feb.	**26**	• The Annual Supplement (2009) to India's Foreign Trade Policy (2004-09) was announced by the Government of India against the backdrop of the ongoing global financial crisis and economic recession in major economies, which has a bearing on India's trade performance. Various sector-specific and trade facilitation measures were announced in the Supplement with the aim of strengthening of India's exports. Specific measures were announced for certain sectors, *viz.*, leather, textiles, capital goods and gems and jewellery. Trade facilitation measures included, *inter alia*, simplification of procedures and promotional measures for exports.
July	**6**	• In Union Budget 2009-10, several measures were announced for export sector, which mainly comprised extension of period of Adjustment Assistance Scheme which was introduced earlier for badly hit export sectors, enhancement in allocation for Market Development Assistance Scheme, extension of period for interest subvention of 2 per cent on pre-shipment export credit, measures to facilitate the flow of credit at reasonable rates to Micro, Small and Medium Enterprises (MSMEs), extension of period for income tax benefits to export sector, sector-specific relief measures pertaining to customs duty and measures facilitating the refund of service tax to exporters.
	29	• An Inter-Ministerial Committee was constituted by Government of India to co-ordinate the plan to tackle non-tariff measures (NTMs) imposed by India's trading partners by taking an effective remedial action. An institutional mechanism in the form of a database of NTMs imposed by other countries on India's exports was also created.
	31	• Interest subvention of 2 per cent to all SCBs in respect of Rupee Export Credit to the specified categories of exporters, which was granted by the Reserve Bank earlier, was further extended till March 31, 2010.
2008		
		b) Foreign Exchange Market
April	**3**	• The aggregate ceiling for overseas investment by Mutual Funds registered with SEBI has been enhanced from US$5 billion to US$7 billion. The existing facility to allow a limited number of qualified Indian Mutual Funds to invest cumulatively up to US$1 billion in overseas exchange-traded funds, as may be permitted by SEBI, shall continue as hitherto. The investments would be subject to the terms and conditions and operational guidelines as issued by SEBI.
	16	• As a sector specific measure, the limit for direct receipt of import bills/documents was enhanced from US$100,000 to US$300,000 in the case of import of rough precious and semi-precious stones by non-status holder exporters.
	28	• Foreign direct investment was allowed in Credit Information Companies in compliance with the Credit Information Companies (Regulations) Act 2005 and subject to the following : i) The aggregate Foreign Investment in Credit Information Companies would be 49 per cent. ii) Foreign Investment up to 49 per cent would be allowed only with the prior approval of FIPB and regulatory clearance from RBI. iii) Investment by SEBI Registered FIIs would be permitted only through purchases in the secondary market to an extent of 24 per cent. iv) Investment by SEBI Registered FIIs would be within the overall limit of 49 per cent for Foreign Investment. v) No FII can individually hold directly or indirectly more than 10 per cent of the equity.
		• Foreign direct investment was allowed in Commodity Exchanges subject to the following conditions : i) There would be a composite ceiling of 49 per cent Foreign Investment, with a FDI limit of 26 per cent and an FII limit of 23 per cent. ii) FDI will be allowed with the specific approval of the Government. iii) FII purchases in equity of Commodity Exchanges will be restricted only to the secondary markets. iv) Foreign Investment in Commodity Exchanges would also be subject to compliance with the regulations issued, in this regard, by the Forward Market Commission.

Date of Announcement		POLICY ANNOUNCEMENTS
2008		**V. EXTERNAL SECTOR POLICIES** *(Contd.)*
May	**28**	• On a review the all-in-cost ceiling in respect of Trade Credits up to one year was enhanced from 50 bps to 75 bps over six months LIBOR
	29	• Some aspects of ECB policy were modified as indicated below: (i) borrowers in infrastructure sector may avail ECB up to US$ 100 million for Rupee expenditure for permissible end-uses under the approval route (earlier limit US$ 20 million); (ii) in the case of other borrowers, the existing limit of US$ 20 million for Rupee expenditure for permissible end-uses under the approval route has been enhanced to US$ 50 million. (iii) the all-in-cost ceilings in respect of ECB were modified as follows, with effect from May 29, 2008

Average maturity period	All-in-cost ceiling over six months LIBOR*	
	Existing	Revised
3 years & up to 5 years	150 bps	200 bps
More than five years	250 bps	350 bps

* For the respective currency of credit or applicable bench mark.

	30	• In order to capture the details of FDI in a more comprehensive manner, the reporting format *viz*. form FC-GPR was revised. Further, a standard format for reporting of the receipt of the amount of consideration for issue of shares / convertible debentures has been prescribed. A format for the KYC report on the non-resident investor from the overseas bank remitting the amount required to be submitted along with the form FC-GPR has also been introduced.
June	**2**	• Entities in the service sector *viz.* hotels, hospitals and software companies have been permitted to avail ECB up to US$ 100 million, per financial year, for the purpose of import of capital goods under the Approval Route.
	3	• Domestic crude oil refining companies have been permitted to hedge their commodity price risk exposure dynamically as under: a) To hedge their commodity price risk on domestic purchase of crude oil and sale of petroleum products on the basis of underlying contracts linked to International prices on overseas exchanges / market. b) Domestic crude oil refining companies have been permitted to hedge their commodity price risk on crude oil imports in overseas exchanges / market on the basis of their past performance up to 50 per cent of the volume of actual imports during the previous year or 50 per cent of the average volume of imports during the 3 previous financial years, whichever is higher. Contracts booked under this facility will have to be regularised by production of supporting import orders during the currency of hedge.
		• Regulations governing overseas investment were further liberalised as under : i) Energy and Natural Resources Sector – Indian companies have been permitted to invest in excess of 400 per cent of their net worth, as on the date of the last audited balance sheet, in the energy and natural resources sectors such as oil, gas, coal and mineral ores. The investment is required to be made with the prior approval of the Reserve Bank. ii) Unincorporated entities in oil sector – Other Indian entities have been permitted to invest in overseas unincorporated entities in oil sector up to 400 per cent of the net worth with the prior approval of the Reserve Bank.
		• AD Category-I banks have been permitted to write-off the export bills and delete them from XOS statement where documentary evidence about settlement of export claims from ECGC/insurance companies registered with IRDA is produced and export incentives, if any, have been surrendered.
		• With effect from June 3, 2008, the period of realisation and repatriation to India of the amount representing full export value of goods or software exported has been enhanced from 6 months to 12 months from the date of export, subject to review after one year.
	27	• Registered trusts and societies engaged in manufacturing/educational sector have been allowed to make investment in the same sector(s) in a joint venture or wholly-owned subsidiary outside India, with the prior approval of the Reserve Bank subject to compliance with the prescribed eligibility criteria.

Date of Announce-ment		POLICY ANNOUNCEMENTS
2008		**V. EXTERNAL SECTOR POLICIES** *(Contd.)*
July	**11**	• Under the extant ECB guidelines, the choice of security to be provided to the overseas lender/supplier for securing ECB is left to the borrower. However, creation of charge over immoveable assets and financial securities and issue of corporate or personal guarantees, on behalf of the borrower in favour of the overseas lender, to secure the ECB under automatic/approval route, require prior approval of the Reserve Bank.
		• AD Category–I banks have now been permitted to convey 'no objection' under the Foreign Exchange Management Act (FEMA), 1999 for creation of charge on immovable assets, financial securities and issue of corporate or personal guarantees in favour of overseas lender / security trustee, to secure the ECB to be raised by the borrower, subject to certain conditions. The 'no objection' is issued from the foreign exchange angle only.
	31	• Foreign companies having Project Offices in India were permitted to open only one foreign currency account for each project, subject to certain terms and conditions. With a view to avoiding currency exposures, AD Category – I banks have been allowed to open an additional foreign currency account for each Project Office (established under the general/specific approval of Reserve Bank) subject to the same terms and conditions as applicable to the existing foreign currency account provided that both the foreign currency accounts are maintained with the same AD Category – I bank.
August	**4**	• All exporters, as a temporary measure, were permitted to earn interest on EEFC accounts to the extent of outstanding balances of US$ 1 million per exporter. The permission was valid up to October 31, 2008 and was subject to review. The measure was reviewed in consultation with the Government of India and it has been decided to withdraw the facility from November 01, 2008. Accordingly, with effect from November 01, 2008, all EEFC accounts shall only be permitted to be opened and maintained in the form of non-interest bearing current accounts.
	6	• The detailed guidelines on trading of currency futures were issued on August 6, 2008. The exchange traded currency futures started trading first on the National Stock Exchange from August 29, 2008, followed by the Bombay Stock Exchange and MCX Stock Exchange from October 01, 2008 and October 7, 2008, respectively. As the product is exchange traded, the conduct of currency futures trading facility would be regulated by SEBI.
	13	• AD Category - I banks have been permitted to regularise cases of dispatch of shipping documents by the exporter direct to the consignee or his agent resident in the country of the final destination of goods, up to US$ 1 million or its equivalent, per export shipment, subject to certain conditions.
		• Registered Trusts and Societies which have set up hospital(s) in India have been allowed to make investment in the same sector(s) in a Joint Venture or Wholly Owned Subsidiary outside India, with the prior approval of the Reserve Bank, subject to compliance with the prescribed criteria.
	21	• Under the existing FEMA provisions, AD Category – I banks are permitted to make advance remittance without any limit on behalf of their importer constituents for import of goods, subject to the following conditions.
		• For advance remittance exceeding US$ 100,000 or its equivalent, AD Category – I banks are required to obtain an unconditional, irrevocable standby Letter of Credit or a guarantee from an international bank of repute situated outside India or a guarantee of an AD Category – I bank in India, if such a guarantee is issued against the counter guarantee of an international bank of repute situated outside India.
		• In cases where the importer (other than Public Sector Company or a Department / Undertaking of the Government of India / State Government) is unable to obtain bank guarantee from the overseas supplier and the AD Category – I bank is satisfied about the track record and the bonafides of the importer, the requirement of bank guarantee / Stand-by Letter of Credit was not insisted upon for advance remittance up to US$ 1,000,000 or its equivalent. This limit of US$ 1,000,000 has been enhanced to US$ 5,000,000 or its equivalent.
	22	• The tie-up of an AD Category – I bank with an Exchange House was required to be approved by the Reserve Bank. A cap of 20 on the number of arrangements and 300 on the number of drawee branches was prescribed by the Reserve Bank as a prudential measure, which could be relaxed by the Reserve Bank subject to the AD Category - I banks having sound risk management systems and on-line monitoring of funds position to avoid concealed overdrafts in the vostro accounts.
		• The instructions were reviewed and as a measure of further liberalisation AD Category – I banks have been permitted to designate drawee branches under Rupee Drawing Arrangements (RDA) beyond 300, provided such branches are under Core Banking Solution where on-line monitoring of funds position is ensured to avoid concealed overdrafts in vostro accounts, subject to the terms and conditions of Reserve Bank's approval for the tie-up with an Exchange House (EH) and the instructions pertaining to Rupee Drawing Arrangements issued by the Reserve Bank from time to time. The AD Category - I banks should obtain necessary Board approval before increasing the number of drawee branches beyond 300 and inform the Reserve Bank immediately. However, the extant instructions on obtaining prior permission from the Reserve Bank for tie-ups with EHs remain unchanged.

Date of Announcement		POLICY ANNOUNCEMENTS
2008		**V. EXTERNAL SECTOR POLICIES** *(Contd.)*
August	28	• Under the FEMA provisions, AD Category – I banks were permitted to approve Suppliers' and Buyers' credit (trade credit) up to US$ 20 million per import transaction for imports permissible under the Foreign Trade Policy of the DGFT with a maturity period up to one year from the date of shipment (three years in the case of capital goods).
		• These instructions were reviewed and accordingly the period of Suppliers' and Buyers' credit, including the usance period of Letters of Credit opened for import of Platinum, Palladium, Rhodium and Silver should not exceed 90 days from the date of shipment.
Sept.	1	• AD Category - I banks were permitted to make remittances for imports, where the import bills / documents were received directly by the importer from the overseas supplier and the value of import bill did not exceed US$ 100,000. This limit has been enhanced to US$ 300,000.
	8	• The limit for advance remittance for all admissible current account transactions for import of services without bank guarantee has been enhanced from US$ 100,000 to US$ 500,000 or its equivalent. AD Category – I banks may frame their own guidelines to deal with such cases as per the policy approved by the bank's Board of Directors.
	22	• The ECB policy was reviewed and liberalised as under : i) Borrowers in infrastructure sector are allowed to avail ECB up to US$ 500 million per financial year as against US$ 100 million for Rupee expenditure under the Approval Route. Borrowings in excess of US$ 100 million should have a minimum average maturity of 7 years. ii) The All-in-cost ceilings for ECBs have also been revised as under :

Average maturity period	All-in-cost ceilings over 6 months LIBOR	
	Existing	Revised
3 years and up to 5 years	200 bps	200 bps
More than 5 years and up to 7 years	350 bps	350 bps
More than 7 years	350 bps	450 bps

	23	• FCEB Scheme, 2008 has been operationalised with effect from September 23, 2008. Foreign Currency Exchangeable Bond means a bond expressed in foreign currency, the principal and interest in respect of which is payable in foreign currency, issued by an Issuing Company and subscribed to by a person who is resident outside India, in foreign currency and exchangeable into equity share of another company (offered company), in any manner, either wholly, or partly or on the basis of any equity related warrants attached to debt instruments. The FCEB may be denominated in any freely convertible foreign currency. Full details of the Scheme are given in the Notification issued by Ministry of Finance, Government of India, New Delhi vide G.S.R.89(E) dated February 15, 2008.
Oct.	8	• On a review of ECB policy and to promote development of mining, exploration and refinery sectors in the country, the definition of infrastructure for the purpose of availing ECB has been expanded to include mining, exploration and refining. Accordingly, the infrastructure sector henceforth is defined as (i) power, (ii) telecommunication, (iii) railways, (iv) road including bridges, (v) sea port and airport, (vi) industrial parks, (vii) urban infrastructure (water supply, sanitation and sewage projects) and (viii) mining, exploration and refining.
	15	• With a view to providing greater flexibility to AD Category-I banks in seeking access to overseas funds, AD Category-I banks have been permitted 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-I capital as at the close of the previous quarter or US$ 10 million (or its equivalent), whichever is higher, as against the existing limit of 25 per cent (excluding borrowings for financing of export credit in foreign currency and capital instruments).
	17	• In order to accord flexibility to the FIIs to allocate their investments across equity and debt instruments, the Securities and Exchange Board of India (SEBI), in consultation with the Government of India, vide its Circular No.IMD/FII & C/33/2007 dated October 16, 2008 has dispensed with the conditions provided in Regulation 15(2) of the SEBI - FII Regulations pertaining to restrictions of 70:30 ratio of investments in equity and debt, respectively. Accordingly, FEMA Regulations have been amended. The existing stipulations in respect of FII holdings in security receipts issued by Asset Reconstruction Companies continue.

Date of Announcement		POLICY ANNOUNCEMENTS
2008		**V. EXTERNAL SECTOR POLICIES** *(Contd.)*
Oct.	**22**	• Based on a review, ECB policy has been modified as under : i) ECB up to US$ 500 million per borrower per financial year has been permitted for rupee expenditure and / or foreign currency expenditure for permissible end-uses under the Automatic Route. The requirement of minimum maturity period of seven years for ECB more than US$ 100 million for Rupee capital expenditure by the borrowers in the infrastructure sector has been dispensed with. ii) In order to further develop the telecom sector in the country, payment for obtaining license / permit for 3G Spectrum would be considered an eligible end-use for the purpose of ECB. iii) ECB proceeds were required to be parked overseas until actual requirement in India and such proceeds could be invested in specified liquid assets. Henceforth, borrowers have been granted flexibility to either keep these funds off-shore or keep it with the overseas branches / subsidiaries of Indian banks abroad or to remit these funds to India for credit to their Rupee accounts with AD Category-I banks in India, pending utilisation for permissible end-uses. However, as hitherto, the rupee funds will not be permitted to be used for investment in capital markets, real estate or for inter-corporate lending. iv) In view of the tight liquidity conditions in the International financial markets, the all-in-cost ceilings have been rationalised and enhanced as under :

Average maturity period	All-in-cost ceilings over 6 months LIBOR	
	Existing	Revised
3 years and up to 5 years	200 bps	300 bps
More than 5 years and up to 7 years	350 bps	500 bps
More than 7 years	450 bps	

	27	• As the domestic importers are experiencing difficulties in raising trade credits within the existing all-in-cost ceilings in view of the tight liquidity conditions in the International credit markets, an enhancement of the all-in-cost ceiling for trade credit was announced in the Mid-term review of Annual Policy Statement for the year 2008-09. Accordingly, the revised all-in-cost ceiling for Trade Credits is as under :

Average maturity period	All-in-cost ceilings over 6 months LIBOR	
	Existing	Revised
Up to one year	75 bps	200 bps
More than one year up to three years	125 bps	

Nov.	**10**	• AD Category – I banks are allowed to make direct remittance towards payment obligations arising out of commodity derivative transactions entered into by their resident customers with overseas counterparties. With a view to providing greater flexibility to resident entities who have such payment obligations, AD Category – I banks have been allowed to issue guarantee / standby letters of credit to cover these specific payment obligations subject to conditions.
Dec.	**2**	• The existing instructions for Opening and Maintenance of Rupee / Foreign Currency Vostro accounts of Non-Resident Exchange Houses was reviewed and modified as under : (i) With a view to give more flexibility to Exchange Houses, the maximum float period was enhanced from three days to five days. (ii) In view of the reduction in time lag between issuance of drafts and payment to the beneficiaries, the period for collateral requirement was reduced from 30 days to 10 days, which can be kept either in the form of cash deposit or a bank guarantee from an international bank of repute.
	8	• The proposals from Indian companies for buyback of FCCBs was, hitherto, being considered by the Reserve Bank under the approval route provided the buyback was financed out of their foreign currency resources held in India or abroad and / or out of fresh ECB raised in conformity with the prevailing ECB norms.

Date of Announcement		POLICY ANNOUNCEMENTS
2008		**V. EXTERNAL SECTOR POLICIES** *(Contd.)*
Dec.	**8**	• This policy was reviewed on December 8, 2008 and the procedure was revised as under : *Automatic Route* AD Category – I banks have been permitted to allow Indian companies to prematurely buyback FCCBs provided : (i) the buyback value of the FCCB is at a minimum discount of 15 per cent of the book value, (ii) the buyback was financed out of their foreign currency resources held in India (including funds held in EEFC account) or abroad and / or out of fresh ECB raised in conformity with the current ECB norms. *Approval Route* The Reserve Bank will consider proposals where the buyback is out of internal accruals, provided (i) the buyback value of the FCCB is at a minimum discount of 25 per cent on the book value, (ii) the internal accruals to be evidenced by a certificate from the Statutory Auditor and the designated AD Category – I bank, (iii) the total amount of buyback shall not exceed US$ 50 mn of the redemption value per company.
	10	• ADs were permitted to accept payment in cash up to Rs. 50,000 against sale of foreign exchange for travel abroad. Wherever the sale of foreign exchange exceeded the amount equivalent to Rs. 50,000, the payment must be received by crossed cheque / Bankers' cheque / Pay Order / Demand Draft. • With a view to providing flexibility in the mode of payment against sale of foreign exchange, ADs Category I & II and FFMCs are now permitted to accept payment through debit cards / credit cards / prepaid cards, subject to conditions.
	26	• With effect from January 01, 2009, participants in the Asian Clearing Union have the option to settle their transactions either in ACU Dollar or in ACU Euro. Accordingly, the Asian Monetary Unit (AMU) has been denominated as 'ACU Dollar' and 'ACU Euro' which shall be equivalent in value to one US Dollar and one Euro, respectively.
2009		
Jan.	**2**	• Some aspects of the ECB policy were modified as indicated below : (i) As per extant ECB policy, the all-in-cost ceilings for ECBs, in respect of both Automatic and Approval routes are as under:

Average maturity period	All-in-cost ceilings over 6 months LIBOR*
Three years and up to five years	300 bps
More than five years	500 bps

* for the respective currency of borrowing or applicable benchmark.

The requirement of all-in-cost ceilings on ECB under the Approval Route has been dispensed with until June 30, 2009. Accordingly, eligible borrowers, proposing to avail of ECB beyond the permissible all-in-cost ceilings specified above may approach the Reserve Bank under the Approval Route. This relaxation in all-in-cost ceiling will be reviewed in June 2009.

(ii) In May, 2007, Reserve Bank had withdrawn the exemption accorded to the 'development of integrated township' as a permissible end-use of ECB. It has now been decided to permit corporates, engaged in the development of integrated township, as defined in Press Note 3 (2002 Series) dated January 04, 2002, issued by DIPP, Ministry of Commerce & Industry, Government of India to avail of ECB under the Approval Route. Integrated township, as defined above, includes housing, commercial premises, hotels, resorts, city and regional level urban infrastructure facilities, such as roads and bridges, mass rapid transit systems and manufacture of building materials. Development of land and providing allied infrastructure forms an integrated part of township's development. The minimum area to be developed should be 100 acres for which norms and standards are to be followed as per local bye-laws / rules. In the absence of such bye-laws/rules, a minimum of two thousand dwelling units for about ten thousand population will need to be developed. The policy will be reviewed in June 2009.

Date of Announcement		POLICY ANNOUNCEMENTS
2009		**V. EXTERNAL SECTOR POLICIES** *(Contd.)*
Jan.	**2**	(iii) As per the extant ECB policy, Non-Banking Financial Companies (NBFCs) were permitted to avail of ECB for a minimum average maturity period of five years to finance import of infrastructure equipments for leasing to infrastructure projects in India. It has now been decided to allow NBFCs, which are exclusively involved in financing of the infrastructure sector, to avail of ECBs from multilateral / regional financial institutions and Government owned development financial institutions for on-lending to the borrowers in the infrastructure sector under the Approval route. While considering the applications, Reserve Bank will take into account the aggregate commitment of these lenders directly to infrastructure projects in India. The direct lending portfolio of the above lenders vis-à-vis their total ECB lending to NBFCs, at any point of time should not be less than 3:1. AD Category - I banks should obtain a certificate from the eligible lenders to this effect. This facility will be reviewed in June 2009.
		(iv) At present, entities in the services sector, *viz.*, Hotels, Hospitals and Software sector are allowed to avail of ECB up to US$ 100 million per financial year for import of capital goods, under the Approval route. It has now been decided to permit the corporates in the Hotels, Hospitals and Software sectors to avail of ECB up to US$ 100 million per financial year, under the Automatic Route, for foreign currency and / or Rupee capital expenditure for permissible end-use. The proceeds of the ECBs should not be used for acquisition of land.
Feb.	**4**	• Powers were delegated to AD Category - I banks, which have been granted permission by the Reserve Bank to approve commodity hedging, to allow hedging of freight risk by domestic oil-refining companies and shipping companies subject to certain terms and conditions.
	13	• The procedure for opening of Diamond Dollar Account/s was liberalised and AD Category – I banks were delegated powers to permit firms and companies to open and maintain DDA with AD Category – I banks, subject to the following terms and conditions:
		(i) The exporter should comply with the eligibility criteria stipulated in the Foreign Trade Policy of the Government of India, issued from time to time.
		(ii) The DDA shall be opened in the name of the exporter and maintained in US Dollars only.
		(iii) The account shall only be in the form of current account and no interest should be paid on the balance held in the account.
		(iv) No intra-account transfer should be allowed between the DDAs maintained by the account holder.
		(v) An exporter firm / company shall be permitted to open and maintain not more than 5 DDAs.
		(vi) The balances held in the accounts shall be subject to Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) requirements.
		(vii) Exporter firms and companies maintaining foreign currency accounts, excluding EEFC accounts, with banks in India or abroad, are not eligible to open Diamond Dollar Accounts.
		Further, subject to specified credits and debits.
March	**9**	• In view of the growth in money changing activities and issuance of several instructions including AML Guidelines on money changing activities, the existing instructions pertaining to money changing activities were rationalised.
	13	• The date for completing the entire procedure for buyback of FCCBs was extended from March 31, 2009 to December 31, 2009.
	26	• As part of simplifying the procedures, it has been decided to make the GR Forms available on-line as well.
April	**20**	• As a measure of rationalisation of the existing procedure, AD Category – I banks have been allowed to convey 'no objection' from the Foreign Exchange Management Act (FEMA), 1999 angle for issue of corporate guarantee in favour of the overseas lessor, for operating lease in respect of import of aircraft / aircraft engine / helicopter.
	22	• In order to capture the details of investment received by way of transfer of the existing shares / compulsorily and mandatorily convertible preference shares (CMCPS) / debentures [hereinafter referred to as equity instruments], of an Indian company, by way of sale, in a more comprehensive manner, the form FC-TRS has been revised. Accordingly, the proforma for reporting of inflows / outflows on account of remittances received / made in connection with the transfer of equity instruments by way of sale, submitted by IBD / FED / nodal branch of the AD Category-I bank to the Reserve Bank has also been modified. Further, it has been decided that the form FC-TRS should be submitted to the AD Category I bank, within 60 days from the date of receipt of the amount of consideration

Date of Announcement		POLICY ANNOUNCEMENTS
2009		**V. EXTERNAL SECTOR POLICIES** *(Concld.)*
April	**28**	• As announced in Para 107 of the Annual Policy Statement 2009-10 and considering the continuing pressure on credit spreads in the international markets, the relaxation in all-in-cost ceilings has been extended up to December 31, 2009 under the approval route.
		• As announced in Para 110 of the Annual Policy Statement 2009-10 and keeping in view the benefits accruing to the Indian companies, the current policy has been reviewed and the total amount of permissible buyback of FCCBs, out of internal accruals, has been increased form US$ 50 million of the redemption value per company to US$ 100 million, under the approval route subject to conditions
		• As announced in Para 111 of the Annual Policy Statement 2009-10 , the existing cap of Rs. 20 lakh has been enhanced to Rs. 100 lakh on loans against security of funds held in NR (E) RA and FCNR (B) deposits either to the depositors or third parties.
June	**30**	• In June 2008, the period of realisation and repatriation to India of the amount representing the full export value of goods and software exported was enhanced from six months to twelve months subject to review after one year. On review the said relaxation has been extended up to June 30, 2010 subject to review.
		• On a review, the permission to corporates, engaged in the development of Integrated township permitted to avail of ECB, under the Approval route has been extended up to December 31, 2009.
		• The condition of direct lending portfolio of the lenders (multilateral / regional financial institutions and Government owned development financial institutions) vis-a vis their total ECB lending to NBFCs for financing of infrastructure sector, at any point of time, should not be less than 3:1 has been withdrawn with effect from July 1, 2009. The proposals will, however, continue to be examined by the Reserve Bank under the Approval route, as hitherto.
		• SEZ developers have been permitted to avail of ECB under the Approval route for providing infrastructure facilities, as defined in the ECB policy, within the SEZ. However, ECB shall not be permissible for development of integrated township and commercial real estate within the SEZ.
July	**22**	• In order to facilitate the eligible companies resident outside India to issue Indian Depository Receipts (IDRs) through a Domestic Depository and to permit persons resident in India and outside India to purchase, possess, transfer and redeem IDRs, the IDR Rules, notified by the Government of India, as amended from time to time, have been operationalised with effect from July 22, 2009
		• Accordingly, eligible companies resident outside India may issue Indian Depository Receipts (IDRs) through a Domestic Depository subject to compliance with the Companies (Issue of Depository Receipts) Rules, 2004 and subsequent amendments made thereto and the SEBI (DIP) Guidelines, 2000, as amended from time to time. In case of raising of funds through issuance of IDRs by financial / banking companies having presence in India, either through a branch or subsidiary, the approval of the sectoral regulator(s) should be obtained before the issuance of IDRs.