ANNEX IV

CHRONOLOGY OF MAJOR POLICY ANNOUNCEMENTS: APRIL 2005 – JULY 2006

Date of Announce-ment		POLICY ANNOUNCEMENTS
		I. MONETARY POLICY MEASURES
2005		
April	**28**	• The fixed reverse repo rate under Liquidity Adjustment Facility (LAF) of the Reserve Bank increased by 25 basis points to 5.0 per cent effective April 29, 2005. The fixed repo rate under LAF retained at 6.0 per cent.
		• With effect from the fortnight beginning June 11, 2005, non-bank participants, except primary dealers (PDs), allowed to lend, on average in a reporting fortnight, up to 10 per cent of their average daily lending in call/notice money market during 2000-01. With effect from August 6, 2005, non-bank participants, except PDs, to be completely phased out from the call/notice money market.
		• With effect from the fortnight beginning April 30, 2005, the benchmark for fixing prudential limits on exposures to call/notice money market in the case of scheduled commercial banks (SCBs) linked to their capital funds (sum of Tier I and Tier II capital).
		• From April 30, 2005, all negotiated dealing system (NDS) members required to report their term money deals on NDS platform.
		• An electronic trading platform for conduct of market repo operations in Government securities, in addition to the existing voice based system, to be facilitated.
		• The minimum maturity period of certificates of deposit (CDs) reduced from 15 days to 7 days with immediate effect.
		• Keeping in view the importance of post-harvest operations, the limit on loans to farmers through the produce marketing scheme increased from Rs.5 lakh to Rs.10 lakh under priority sector lending.
Oct.	**25**	• The fixed reverse repo rate increased by 25 basis points to 5.25 per cent, effective October 26, 2005. Repo rate also increased by 25 basis points to 6.25 percent.
		• Indian Banks' Association (IBA) asked to review the benchmark prime lending rate (BPLR) system and issue transparent guidelines for appropriate pricing of credit.
Nov.	**17**	• The ceiling on interest rates on non-resident (external) rupee deposits for one to three years maturity raised by 25 basis points to LIBOR/SWAP rates plus 75 basis points for US dollar of corresponding maturity with immediate effect.
2006		
Jan	**24**	• The fixed reverse repo rate and the repo rate increased by 25 basis points each to 5.50 per cent and 6.50 per cent, respectively.
March	**28**	• The ceiling on interest rates on FCNR(B) deposits of all maturities raised by 25 basis points to 'not exceeding LIBOR/SWAP rates' from '25 basis points below the LIBOR/SWAP rates'.
April	**18**	• The ceiling on interest rates on non-resident (external) rupee deposits for one to three years maturity raised by 25 basis points to LIBOR/SWAP rates plus 100 basis points for US dollar of corresponding maturity with immediate effect.
		• The ceiling interest rate on export credit in foreign currency raised by 25 basis points to LIBOR plus 100 basis points from LIBOR plus 75 basis points with immediate effect.
		• The Reserve Bank to provide information on overnight rates and volumes for collateralised borrowing and lending operations (CBLO) and market repo, in addition to call money market, on its website.
	24	• The validity of the interest rate ceiling stipulated at BPLR minus 2.5 percentage points on pre-shipment rupee export credit up to 180 days and post-shipment rupee export credit up to 90 days was extended up to October 31, 2006.
June	**8**	• The fixed reverse repo rate and the repo rate increased by 25 basis points each to 5.75 per cent and 6.75 per cent, respectively, effective June 9, 2006.
July	**25**	• The fixed reverse repo rate and the repo rate increased by 25 basis points each to 6.00 per cent and 7.00 per cent, respectively.
		II. INTERNAL DEBT MANAGEMENT POLICIES
2005		
May	**11**	• Guidelines issued on adoption of standardised settlement on T+1 basis of all outright secondary market transactions in Government securities.
		• Guidelines issued permitting sale of Government securities allotted to successful bidders in primary issues on the day of allotment, with and between Constituents' Subsidiary General Ledger (CSGL) account holders.

Date of Announcement		POLICY ANNOUNCEMENTS
2005		**II. INTERNAL DEBT MANAGEMENT POLICIES** *(Contd.)*
May	**11**	• Non-scheduled urban cooperative banks (UCBs) and listed companies, having a gilt account with a scheduled commercial bank, made eligible to participate in repo market subject to certain conditions.
July	**20**	• Guidelines on transaction in Government securities further relaxed by permitting a buyer from an allottee in primary auction to re-sell the security.
Aug.	**1**	• The NDS-OM trading module introduced to provide NDS members with a more advanced and more efficient trading platform in Government securities.
	22	• Guidelines issued dispensing with the need to obtain counterparty confirmation in respect of deals matched on NDS-OM as Clearing Corporation of India Ltd. (CCIL) is the counter party in such transactions.
2006		
Feb.	**27**	• Guidelines issued permitting banks, both Indian and foreign, which fulfil certain eligibility criteria, to undertake Primary Dealer (PD) business departmentally. Banks, which do not, at present have partly or wholly owned subsidiary made eligible to apply for PD licence subject to the fulfilment of the following criteria: i) Minimum net owned funds of Rs.1,000 crore; ii) Minimum capital to risk weighted asset ratio (CRAR) of nine per cent; and iii) Net non-performing assets (NPAs) of less than three per cent and a profit making record for the last three years. Indian banks which are currently undertaking PD business through a partly or wholly owned subsidiary allowed to undertake PD business departmentally by merging/taking over PD business from their partly/wholly owned subsidiary subject to fulfilling the above stipulated criteria on minimum net owned funds and net NPAs. Foreign banks operating in India also permitted to undertake PD business departmentally by merging the PD business being undertaken by group companies subject to fulfilment of the above stipulated criteria pertaining to minimum net owned funds and net NPAs.
	28	• Guidelines issued permitting banks and PDs to undertake intra-day short sale in Central Government dated securities subject to the same being covered by outright purchase in secondary market within the same trading day.
April	**4**	• Guidelines issued on revised scheme for underwriting commitment and liquidity support to PDs and banks undertaking PD business departmentally in the wake of coming into effect of the provisions of the Fiscal Responsibility and Budget Management (FRBM) Act, 2003. Accordingly, PDs are required to meet an underwriting commitment, replacing the earlier requirement of bidding commitment and voluntary underwriting. • Based on the recommendations of the Bezbaruah Committee, a revised ways and means advances (WMA) scheme for State Governments was announced. The aggregate Normal WMA limits were increased by 10.5 per cent to Rs.9,875 crore for 2006-07. The interest rates on WMA and overdraft were linked to the repo rate (as against the Bank rate, as hitherto).
	18	• Mutual funds (MFs), which are NDS members, permitted to access the NDS-OM module with immediate effect. Other MFs would be permitted access by opening temporary current/Subsidiary General Ledger (SGL) accounts with the Reserve Bank. • Large pension/provident funds like Central Board of Trustees (CBOT)/Seamens'/ Coal Miners' funds permitted to access the NDS-OM module by opening temporary current/SGL accounts with the Reserve Bank. The smaller funds would be allowed access through the CSGL route. • Facility of non-competitive bidding (currently limited to Central Government dated securities) proposed to be extended to the primary auction of State Development Loans (SDLs). • Purchase and resale of SDLs by the Reserve Bank proposed to be introduced under the overnight LAF repo operations.
	19	• The scheme of ways and means advances (WMA) to the Central Government was revised in consultation with the Government. As per the revised arrangement, the WMA limits would be fixed on a quarterly basis instead of the existing half-yearly basis. Accordingly, the WMA limits for 2006-07 were placed at Rs.20,000 crore and Rs.10,000 crore for the first and second quarters, respectively, and Rs.6,000 crore each for the third and fourth quarters of the year. The Reserve Bank would retain the flexibility to revise the limits in consultation with the Government of India. The interest rates on WMA and overdraft linked to the repo rate as against the Bank Rate hitherto. Accordingly, the interest rate on WMA to be at the repo rate and that on overdraft to be at repo rate plus two percentage points.

Date of Announcement		POLICY ANNOUNCEMENTS
2006		**II. INTERNAL DEBT MANAGEMENT POLICIES** *(Concld.)*
May	**3**	• Guidelines issued permitting NDS-OM members to enter into 'When Issued' transactions in Central Government securities that have been notified for issuance but not actually issued.
July	**4**	• Guidelines issued permitting stand-alone PDs to diversify their activities in addition to existing business of Government securities, subject to limits.
		III. FINANCIAL SECTOR MEASURES
2005		
April	**11**	• Detailed guidelines issued to banks for preparation of Annual Credit Plans on the basis of Potential Linked Plans (PLPs) prepared by NABARD.
		• Banks advised to pay compensation for delayed credit under electronic clearing services (ECS) / electronic funds transfer (EFT) / special electronic funds transfer (SEFT) *suo moto*.
		• Normal donations (for development of cooperative movement, charitable or any other public purpose) to be made during a year may, in aggregate, be restricted to a ceiling of 1 per cent of the published profits of the UCB for the previous year. Such normal donations, together with those that may be made to National Funds and other funds recognised / sponsored by the Central / State Government, during a year, may not exceed 2 per cent of the published profits of the bank for the previous year.
	15	• Banks advised to put in place a Business Continuity Plan including a robust information risk management system within a fixed time frame.
		• Prudential exposure limits fixed at 15 per cent and 40 per cent of the 'Capital Funds' in case of single borrower and group of borrowers, respectively, in the case of UCBs. 'Capital Funds' for the purpose of prudential exposure norm may be fixed in relation to bank's capital adequacy norms (both for Tier I and Tier II capital). The exposure shall henceforth include both credit exposure and investment exposure (Non-SLR), *viz*. Funded and non-Funded credit limits and underwriting and similar commitments.
	16	• Banks advised to take necessary action to convert the existing *ad hoc* Committees on Procedures and Performance Audit of Public Services (CPPAPS) into a Standing Committee on Customer Service.
	19	• Banks advised on the role of Customer Service Committee of the Board for monitoring the implementation of awards under the Banking Ombudsman Scheme.
	26	• A minimum framework for disclosures by financial institutions (FIs) on their risk exposures in derivatives laid out to provide a clear picture of their exposure to risks in derivatives, risk management systems, objectives and policies.
	27	• Banks permitted to shift their rural branches within the block/service area without obtaining prior approval of the Reserve Bank, subject to their complying with specified conditions.
		• Financial institutions not accepting public deposits but having asset size of Rs.500 crore and above would be subjected to limited off-site supervision by the Reserve Bank. Therefore, with effect from the period ended March 31, 2005, the existing system of off-site supervision has been replaced by a simplified information system known as the "Quarterly Return on Important Financial Parameters in respect of Select Financial Institutions".
	28	• UCBs advised to explore the option of merger/ amalgamation, wherever necessary for revitalising and rehabilitating the weak scheduled UCBs.
	30	• Banks allowed to formulate schemes for providing services at the premises of a customer within the framework of Section 23 of Banking Regulation Act, 1949 and submit to the Reserve Bank for approval.
		• Banks with capital of at least 9 per cent of the risk weighted assets for both credit risk and market risk for both Held for Trading (HFT) and Available for Sale (AFS) categories may transfer the balance in excess of 5 per cent of securities included under HFT and AFS categories in the Investment Fluctuation Reserve (IFR) to Statutory Reserve, which is eligible for inclusion in Tier I capital.
May	**4**	• General permission granted to banks to declare dividends under fulfilment of conditions such as observance of minimum CRAR and NPA ratio, subject to a ceiling of dividend payout ratio of 40 per cent.
		• UCBs to include a footnote in the quarterly statement on 'consolidated position of frauds outstanding' detailing the position of frauds outstanding in the housing loan segment effective quarter ended March 2005.
	11	• Detailed guidelines issued for merger/amalgamation of private sector banks laying down the process of merger proposal, determination of swap ratios, disclosures, the stages at which Boards will get involved in the merger process and norms of buying/selling of shares by the promoters before and during the process of merger.

Date of Announcement		POLICY ANNOUNCEMENTS
2005		**III. FINANCIAL SECTOR MEASURES** *(Contd.)*
May	**13**	• Vision Document on Payment and Settlement Systems 2005-08 released.
	20	• Banks advised to initiate early action with regard to scheme for "Small Enterprises Financial Centres" (SEFCs) envisaged for forming a strategic alliance between branches of banks and SIDBI located in the clusters for improving credit flow to the small scale industries (SSIs).
June	**7**	• Banks allowed to extend financial assistance to Indian companies for acquisition of equity in overseas joint ventures/ wholly owned subsidiaries or in other overseas companies, new or existing, as strategic investment in terms of a Board approved policy, duly incorporated in the loan policy of the bank.
	9	• Instructions issued to banks, in supersession of all earlier instructions, on settlement of claims in respect of deceased depositors, covering aspects relating to i) access to balance in deposit accounts, ii) premature termination of term deposit accounts, iii) treatment of flows in the name of the deceased depositor, iv) access to the safe deposit lockers/ safe custody articles, and v) time limit for settlement of claims.
		• Banks (both in private and public sector) need not obtain approval of the Reserve Bank for permitting any of their whole-time officers or employees (other than Chairmen/CEOs) to become director or a part-time employee of any other company.
	14	• Processing charges waived for all electronic products for transactions under EFT, SEFT and ECS facility involving Rs.2 crore and above with effect from June 14, 2005 up to the period ending March 31, 2006. This was in addition to the existing waiver on transactions involving up to Rs.2 crore.
	20	• Banks advised that while furnishing data/information to the Government or other investigating agencies they should satisfy themselves that the information is not of such a nature which will violate the provisions of the laws relating to secrecy in banking transactions.
	25	• Banks going for rights issues to make complete disclosure of the regulatory requirements in their offer documents.
	29	• Banks to have a Board mandated policy in respect of their real estate exposure covering exposure limits, collaterals to be considered, margins to be kept, sanctioning authority/level and sector to be financed. Banks to also report their real estate exposure under certain heads and disclose their gross exposure to real estate sector as well as the details of the break-up in their Annual Reports.
July	**1**	• Fresh investments by banks on or after July 1, 2005 in venture capital made ineligible for classification under priority sector leading. Investments in venture capital made by banks up to June 30, 2005 in venture capital made ineligible for classification under priority sector lending with effect from April 1, 2006.
	4	• UCBs having a single branch/Head Office with deposits up to Rs.100 crore and those having multiple branches within a single district with deposits up to Rs.100 crore permitted to classify NPAs based on 180 days delinquency norm till March 31, 2007 instead of the extant 90 days norm.
	5	• SCBs allowed the discretion to approach any general insurance company [which is a member of General Insurers' Public Sector Association of India] or any private sector general insurance company to provide personal accident insurance cover to Kisan Credit Card (KCC) holders at competitive rates/terms on an ongoing basis.
	6	• Lead Banks advised to ensure the presence of MPs/MLAs in District Level Review Committee Meetings as far as possible.
	13	• Banks advised to furnish information on pricing of services for products based on real time gross settlement (RTGS)/ SEFT/ EFT/ECS infrastructure.
		• Guidelines issued on sale/purchase of NPAs, including valuation and pricing aspects, and prudential and disclosure norms.
		• The norms relating to classification and valuation of investment portfolio of State cooperative banks (StCBs) and District central cooperative banks (DCCBs) modified allowing them to amortise their additional provisioning requirement, subject to specified conditions.
	20	• Prior approval of the Reserve Bank not required for offering internet banking services, subject to fulfilment of certain conditions.
	23	• The authority to grant permission to companies listed on a recognised stock exchange to hedge the price risk in respect of any commodity (except gold, silver, petroleum and petroleum products) in the international commodity exchanges/markets delegated to select commercial banks.
	26	• The risk weight for credit risk on capital market exposures and commercial real estate exposures increased from 100 per cent to 125 per cent.

Date of Announcement		POLICY ANNOUNCEMENTS
2005		**III. FINANCIAL SECTOR MEASURES** *(Contd.)*
July	**29**	• Guidelines issued for relief measures by banks in areas affected by unprecedented rains and floods in Maharashtra. Accordingly, banks were advised to consider granting consumption loans to the affected persons up to Rs.5,000 without any collateral and Rs.10,000 at the discretion of the branch manager, depending on the repaying capacity of the borrower.
Aug.	**2**	• Banks advised to issue necessary instructions to the Controlling Offices of currency chest branches for ensuring verification of balances as per the minimum periodicity stipulated in this regard and adherence to the essential safeguards in the internal control system (such as surprise verification/joint custody, *etc.*).
		• In view of the natural calamity and the need to provide immediate succour, banks instructed to observe minimum formalities for enabling such persons to open bank account quickly. Similar guidelines were issued to UCBs, StCBs and DCCBs on August 3, 2005.
	3	• Banks advised to formulate a detailed mid-term corporate plan for branch expansion for a three year period with the approval of the Board. The plan should cover all categories of branches/offices having customer contact, including specialised branches, extension counters and number of ATMs. The plan should be formulated district-wise giving number of branches proposed to be opened in metropolitan/urban/semi-urban/rural areas. The proposal for branch expansion with the above mentioned details should be submitted on an annual basis by December every year.
	4	• StCBs and DCCBs permitted to invest their genuine surplus funds in non-SLR securities without prior approval from the Reserve Bank on a case-to-case basis, subject to certain specified conditions.
	9	• In the case of UCBs, risk weight raised to: i) 125 per cent from 100 per cent in the case of loans extended against primary/collateral security of shares/debentures; ii) 127.5 per cent from 102.5 per cent in respect of investment in equities of All India Financial Institutions (AIFIs)/units of Unit Trust of India (UTI); iii) 125 per cent from 100 per cent in the case of commercial real estate.
	19	• In pursuance to the announcement made by the Union Finance Minister for stepping up credit to small and medium enterprises (SMEs), public sector banks were advised to take measures to improve the flow of credit to the sector. A reporting and monitoring system for the same was also prescribed. Similar guidelines were issued to private sector banks, foreign banks, regional rural banks (RRBs) and local area banks (LABs) on August 25, 2005.
	23	• Banks advised to make all out efforts in achieving the targets set for increasing the credit flow to SCs/STs under priority sector advances as well as under the Government sponsored schemes. Banks also instructed to ensure that sufficient publicity is given on the facilities extended to SCs/STs and all the instructions contained in the Master Circular on Credit Facilities to SCs/STs are strictly followed.
		• The Know Your Customer (KYC) procedure for opening accounts simplified further for those persons who intend to keep balances not Rs.50,000 in all their accounts taken together and the total credit in all the accounts taken together is not expected to exceed Rs.1,00,000 in a year. Banks may open accounts with introduction from another account holder (holding account for at least six months) who has been subjected to full KYC procedure or any other evidence as to identity and address of the customer to the satisfaction of the bank. Similar guidelines were also issued to RRBs, UCBs, StCBs and DCCBs on August 23, 2005 and to non-bank financial companies (NBFCs) on March 7, 2006.
	31	• Banks advised that for the purpose of Section 20 of the Banking Regulation Act, 1949, the term “loans and advances” shall not include line of credit / overdraft facilities extended by settlement bankers to CCIL to facilitate smooth settlement.
Sept.	**3**	• Guidelines on one time settlement scheme for SMEs accounts issued to public sector banks for recovery of NPAs below Rs.10 crore. The guidelines were made applicable to FIs from November 22, 2005.
	5	• Banks nominated to import gold allowed to extend Gold (Metal) Loans to domestic jewellery manufacturers, who are not exporters of jewellery, subject to certain conditions.
	6	• The periodicity of the ‘Quarterly return on important financial parameters of NBFCs not accepting/ holding public deposits and having assets size of Rs.500 crore and above’ changed from quarterly to monthly and the asset base for NBFCs covered under it changed from “Rs.500 crore and above” to “Rs.100 crore and above”.
	8	• The policy for authorisation of the branches of banks in India liberalised and rationalised. While considering applications for opening branches, weightage would be given to the nature and scope of banking facilities provided by banks to common persons, particularly in under-banked areas, actual credit flow to the priority sector, pricing of products and overall efforts for promoting financial inclusion, including introduction of appropriate new products and the enhanced use of technology for delivery of banking services.
		• Banks advised to implement a debt restructuring mechanism for units in the SME sector. Detailed guidelines were laid down relating to eligibility criteria, viability criteria, prudential norms for restructured accounts, treatment of additional finance, asset classification, and repeated restructuring. Similar guidelines were issued to UCBs on March 9, 2006.

Date of Announcement		POLICY ANNOUNCEMENTS
2005		**III. FINANCIAL SECTOR MEASURES** *(Contd.)*
Sept.	**9**	• Industrial Development Bank of India (IDBI) Limited excluded from the Second Schedule to the Reserve Bank of India Act, 1934 with effect from April 2, 2005.
	17	• Licensed and/or scheduled StCBs permitted to undertake, without risk participation, co-branded domestic credit card business with tie-up arrangement with one of the SCBs, already having arrangement for issue of credit cards, subject to their fulfilment of certain conditions. These conditions include, minimum positive net worth of Rs.50 crore,net profit for the last three years and not having accumulated losses, gross NPAs not exceeding 10 per cent, compliance with prudential and other norms of the Reserve Bank/NABARD and prior permission of the Reserve Bank.
	24	• Bank of Punjab merged with Centurion Bank with effect from October 1, 2005.
Oct.	**1**	• Conversion/rescheduling of loans in the case of natural calamities, when there is delay in declaration of *Annewari* by the State Government, may be extended following such declaration by the District Consultative Committee (DCC).
	6	• Certain categories of directors of UCBs excluded from the purview of the guidelines prohibiting extension of any loans and advances (both secured and unsecured) to the directors, their relatives and the firm/concern/companies in which they are interested.
	9	• The limit of consumption loan to be provided to the affected persons in the state of Jammu and Kashmir and other parts of north India in the wake of the earthquake increased up to Rs.5,000 without any collateral. This limit may be enhanced to Rs.10,000 at the discretion of the branch manager, depending on the repaying capacity of the borrower. Banks may also consider provision of financial assistance for the purpose of repairs/reconstruction of dwelling units damaged on account of earthquake.
	10	• Banks which have maintained capital of at least nine per cent of the risk weighted assets for both credit risks and market risks for both HFT and AFS categories as on March 31, 2006 permitted to treat the entire balance in the IFR as Tier I capital. For this purpose, banks may transfer the entire balance in the IFR 'below the line' in the Profit and Loss Appropriation Account to Statutory Reserve, General Reserve or balance of Profit and Loss Account.
	11	• KYC guidelines revisited in the context of the recommendations made by Financial Action Task Force on Anti-Money Laundering Standards and Combating Financing of Terrorism. The compliance with these standards was made equally applicable to persons authorised by NBFCs including brokers/agents *etc.* collecting public deposit on behalf of NBFCs.
	15	• Revised guidance note on management of operational risk issued to banks.
	17	• Banks advised to provide details to the customers in their Pass Book/Account Statement regarding the credits effected through ECS. Similar approach may be adopted for capturing the sender/remittance details for other electronic payment products such as EFT, SEFT, and RTGS.
Oct.	**20**	• UCBs carrying accumulated losses in their balance sheet not eligible to make donations.
	26	• Guidelines issued to all deposit taking NBFCs, including residuary non-banking companies (RNBCs) that all individual cases of frauds involving amount less than Rs.25 lakh may be reported to the respective regional offices of the Reserve Bank in whose jurisdiction registered office of the company is located; individual cases of frauds involving amount of Rs.25 lakh and above may be reported to Frauds Monitoring Cell, Department of Banking Supervision, Central Office, Mumbai.
Nov.	**2**	• SCBs (excluding RRBs) advised that while considering granting advances against jewellery they may keep in view the advantages of hallmarked jewellery and decide on the margin and rates of interest thereon. Similar guidelines were issued to RRBs on February 27, 2006, to UCBs on March 2, 2006 and to StCBs and DCCBs on March 9, 2006.
	4	• The general provisioning requirement for 'standard advances', with the exception of direct advances to agricultural and SME sectors, increased to 0.40 per cent from 0.25 per cent. Similar guidelines were issued to RRBs on November 8, 2005, to UCBs (Unit banks and UCBs having multiple branches within a single district with deposits base of Rs.100 crore and above, and all other UCBs operating in more than one district) on November 24, 2005, to financial institutions on December 6, 2005 and to StCBs and DCCBs on December 20, 2005.
	9	• Banks to set up Special Sub-Committees (SSCs) of District Level Co-ordination Committee (DLCC) in districts having credit deposit ratio of less than 40 per cent, in order to monitor the credit deposit ratio and to draw up Monitorable Action Plans (MAPs) to increase the credit deposit ratio. The districts having credit deposit ratio between 40 and 60 per cent will be monitored under the existing system by the DLCC.
	10	• Revised guidelines on Corporate Debt Restructuring mechanism issued. The major modifications included: extension of the scheme to entities with outstanding exposure of Rs.10 crore or more, requirement of support of 60 per cent of creditors by number in addition to the support of 75 per cent of creditors by value, discretion to the core group in dealing with wilful defaulters, linking the restoration of asset classification to implementation of the CDR package within four months, restricting the regulatory concession in asset classification and provisioning to the first restructuring, convergence in the methodology for computation of economic sacrifice, limiting Reserve Bank's role to providing broad guidelines for CDR mechanism, enhancing disclosures in the balance sheet, pro-rata sharing of additional finance requirement by both term lenders and working capital lenders, and allowing one-time settlement as a part of the CDR mechanism to make the exit option more flexible.

Date of Announcement		POLICY ANNOUNCEMENTS
2005		**III. FINANCIAL SECTOR MEASURES** *(Contd.)*
Nov.	**10**	• As regards CDR mechanism for SMEs involving wilful defaulters, banks may review the reasons for classification of the borrower as wilful defaulter (specially in old cases where the manner of classification of a borrower as a wilful defaulter was not transparent) and satisfy themselves that the borrower is in a position to rectify the wilful default provided he is granted an opportunity under the Debt Restructuring Mechanism for SMEs. Such exceptional cases may be admitted for restructuring with the approval of the Board of Directors of the banks only.
	11	• With a view to achieving the objective of greater financial inclusion, all banks advised to initiate steps, within one month, to make available a basic banking 'no-frills' account either with 'nil' or very low minimum balances as well as charges and report to the Reserve Bank on a quarterly basis. Banks also to give wide publicity to the facility of such a 'no-frills' account, including on their websites, indicating the facilities and charges in a transparent manner. Similar guidelines were issued to UCBs on November 24, 2005, to StCBs and DCCBs on December 13, 2005 and to RRBs (with a provision for small overdraft facility) on December 27, 2005.
	21	• Banks / NBFCs advised to have a well documented policy and a Fair Practices Code for credit card operations. The Fair Practices Code for credit card operations released by the IBA in March 2005 could be adopted by banks for this purpose. Guidelines include norms relating to issue of cards, interest rate and other charges, wrongful billing, use of agents, protection of customer rights, right to privacy, customer confidentiality, fair practices in debt collection, redressal of grievances, internal control and monitoring system, and right to impose penalty.
	22	• In order to smoothen the process of merger in the UCB sector, the acquirer UCB permitted to amortise the loss taken over from the acquired UCB over a period of not more than five years, including the year of merger.
	23	• Banks advised to develop appropriate delivery channels of electronic payment services using the payment systems developed by the Reserve Bank like RTGS, ECS, EFT, NEFT with no further delay. The service charges may also be reviewed keeping in mind the need for promotion of electronic payment culture.
Dec.	**5**	• Banks advised to take immediate measures to provide relief to the people affected by unprecedented rains and floods in Tamil Nadu, and consider increasing the limit of consumption loan to be provided to the calamity affected persons in Tamil Nadu up to Rs.5,000 without any collateral. This limit may be enhanced to Rs.10,000 at the discretion of the branch manager, depending on the repaying capacity of the borrower.
	6	• All private sector banks to ensure that they actively participate in the various fora under Lead Bank Scheme to increase the flow of credit to agriculture, priority sector and weaker sections of the society.
	12	• NBFCs (including RNBCs) with public deposits/deposits of Rs.50 crore and above were advised that it would be desirable if they stipulate that the partners of the Chartered Accountant firm conducting the audit be rotated every three years so that the same partner does not conduct audit of the company continuously for more than three years. The partner so rotated will be eligible for conducting the audit of the NBFC/RNBC after an interval of three years. Companies were advised to incorporate appropriate terms in the letter of appointment of the firm of auditors and ensure its compliance.
	21	• Profit making banks may make donations during a financial year (which can not be carried forward) aggregating upto one per cent of their published profits for the previous year; loss-making banks can make donations totalling Rs.5 lakh only in a financial year including donations to exempted entities/funds.
	27	• Guidelines for General Credit Card (GCC) scheme issued to banks (including RRBs) for issuing GCC to their constituents in rural and semi-urban areas, based on the assessment of income and cash flow of the household similar to that prevailing under normal credit card. Interest rate on the facility may be charged, as considered appropriate and reasonable. Banks may utilise the services of local post offices, schools, primary health centres, local government functionaries, farmers' associations/clubs, well-established community-based agencies and civil society organisations for sourcing of borrowers for issuing GCC.
		• For accelerating the flow of credit by RRBs, a number of measures were announced such as: i) provision of lines of credit by sponsor banks at a reasonable rate of interest, ii) borrowing from other RRBs including those sponsored by other banks subject to counter-party credit risk policy and limits, iii) setting up an off-site ATM in its area of operation after assessing the costs and benefits, iv) requests for opening of currency chests to be considered by the Reserve Bank, and v) allowing handling pension and other government business as sub-agents.
		• All SCBs (including RRBs and LABs) advised to provide a simplified mechanism for one-time settlement of loans where the principal amount is equal to or less than Rs.25,000 and which have become doubtful and loss assets as on September 30, 2005. In case of loans granted under government-sponsored schemes, banks may frame separate guidelines following a state-specific approach to be evolved by the SLBC. The borrowers whose accounts are settled under this mechanism will be fully eligible for fresh loans.
	28	• Banks to make available all printed material used by retail customers including account opening forms, pay-in-slips, passbooks in trilingual form *i.e.,* English, Hindi and the concerned regional language. Similar guidelines were issued to RRBs, StCBs and DCCBs on December 30, 2005.

Date of Announcement		POLICY ANNOUNCEMENTS
2006		**III. FINANCIAL SECTOR MEASURES** *(Contd.)*
Jan.	**9**	• UCBs to take the benefit of the scheme for "Small Enterprises Financial Centres" (SEFCs) on such terms as are mutually agreed to between them and SIDBI.
	20	• Banks advised to ensure filing of the returns under Banking Cash Transaction Tax (BCTT) every month and in case the particular bank has no collection under BCTT, a " NIL" Return may be filed.
	23	• Procedural modifications under Branch Authorisation Policy announced.
		• Banks (excluding RRBs) prohibited from crediting 'account payee' cheque to the account of any person other than the payee named therein. Where the drawer/payee instructs the bank to credit the proceeds of collection to any account other than that of the payee, the instruction being contrary to the intended inherent character of the 'account payee' cheque, banks should ask the drawer/payee to have the cheque or the account payee mandate thereon withdrawn by the drawer. This instruction would also apply with respect to the cheque drawn by a bank payable to another bank. Similar guidelines were issued to UCBs on January 30, 2006 and to StCBs and DCCBs on April 27, 2006.
	24	• The norms relating to giving prior public notice by the NBFCs about change in the control / management of the NBFCs (both deposit taking and non-deposit taking) were relaxed.
	25	• Banks allowed to augment their capital funds by issue of the following additional instruments: i) Innovative perpetual debt instruments (IPDI) eligible for inclusion as Tier I capital, ii) Debt capital instruments eligible for inclusion as Upper Tier II capital, iii) Perpetual non-cumulative preference shares eligible for inclusion as Tier I capital, and iv) Redeemable cumulative preference shares eligible for inclusion as Tier II capital.
		• FIIs registered with SEBI and NRIs permitted to subscribe to the issue of perpetual debt instruments eligible for inclusion as Tier I capital and debt capital instruments as upper Tier II capital subject to certain limits.
		• Guidelines issued to banks (including RRBs) for the use of Business Facilitator and Correspondent models to achieve greater financial inclusion and increasing the outreach of the banking sector.
	30	• It was clarified that in case of fully drawn term loans, where there is no scope for re-drawal of any portion of the sanctioned limit, UCBs may reckon the outstanding for arriving at credit exposure limit for the purpose of adhering to the exposure norms.
	31	• With effect from October 28, 2005, the name of 'ING Bank N.V.' excluded from the Second Schedule to the Reserve Bank of India Act, 1934.
Feb.	**2**	• Guidelines on securitisation of standard assets issued to all SCBs (excluding RRBs), FIs and NBFCs (including RNBCs). The guidelines cover definitions and norms relating to true sale, criteria to be met by special purpose vehicle (SPV), special features including representations and warranties and re-purchase of assets from SPVs, policy on provision of credit enhancement, liquidity and underwriting facilities, policy on provision of services, prudential norms for investment in the securities issued by SPV, accounting treatment of the securitisation transactions and disclosures.
	7	• In the light of the recommendations of the Working Group to Review Export Credit, SCBs (excluding RRBs) advised to review their existing procedures for export credit, Gold Card Scheme, export credit for non-star exporters and other issues on the lines prescribed in the notification in this regard.
	15	• SCBs advised to go through the provisions of Prevention of Money Laundering Act (PMLA), 2002 and the Rules notified thereunder and take all steps considered necessary to ensure compliance. The Rules include maintenance of records of transactions, preservation of information, reporting to Financial Intelligence Unit-India, *etc.* Similar guidelines were issued to StCBs and DCCBs on March 3, 2006, to RRBs on March 9, 2006, to UCBs on March 21, 2006 and to NBFCs, miscellaneous non-banking companies (MNBCs) and RNBCs on April 5, 2006.
	17	• In view of the difficulties in investing in the Government securities market, non-scheduled UCBs, having single branch-cum-head office or having multiple branches within a single district, having a deposit base of Rs.100 crore or less, exempted till March 31, 2008, from maintaining SLR in prescribed assets up to 15 per cent of their demand and time liabilities (DTL) on keeping the required amount, in interest bearing deposits, with State Bank of India, its subsidiary banks and the public sector banks including IDBI Ltd.
	20	• Loans to power distribution corporations/companies, emerging out of bifurcation/restructuring of SEBs, may also be classified as indirect finance to agriculture subject to certain conditions.
March	**1**	• SCBs while appraising loan proposals involving real estate, advised to ensure that the borrowers should have obtained prior permission from government/local governments/other statutory authorities for the project, wherever required.
	3	• SCBs advised to expedite the process of allotting Indian Financial System Codes (IFSC) to the branches. It was also decided that IFSC of the branch be printed just above the magnetic ink character recognition (MICR) band on the cheques preferably above the serial number of the cheque.

Date of Announcement		POLICY ANNOUNCEMENTS
2006		**III. FINANCIAL SECTOR MEASURES** *(Contd.)*
March	**6**	• The name of "Bank of Punjab Limited" excluded from the Second Schedule to the Reserve Bank of India Act, 1934 with effect from October 1, 2005. The name of 'Centurion Bank Limited' changed to 'Centurion Bank of Punjab Limited' in the Second Schedule to the Reserve Bank of India Act, 1934 with effect from October 17, 2005.
	9	• For grant of interest relief of two percentage points in the interest rate, as envisaged by Finance Minister in the Union Budget Speech (2006-07), on the principal amount up to Rs.1 lakh on crop loans availed by the farmers for Kharif and Rabi 2005-06, SCBs advised to credit the proposed relief to the farmer's account before March 31, 2006 and thereafter seek reimbursement.
	16	• The concessions/credit relaxations to borrowers/customers in the state of Jammu & Kashmir will continue to be operative for a further period of one year *i.e.*, up to March 31, 2007.
	17	• The name of 'UFJ Bank Ltd' excluded from the Second Schedule of the Reserve Bank of India Act, 1934 with effect from January 1, 2006. The name of 'The Bank of Tokyo - Mitsubishi, Ltd' changed to 'The Bank of Tokyo - Mitsubishi UFJ, Ltd' in the Second Schedule of the Reserve Bank of India Act, 1934 with effect from January 1, 2006.
	21	• Based on the half-yearly review by NABARD, StCBs/DCCBs advised to take appropriate action in certain areas such as, i) conduct of the half-yearly review of investment portfolio; ii) framing of investment policy; iii) preparation of approved panel of brokers; iv) placing of funds as deposits with PSU/Companies/Corporations/UCBs/NBFCs *etc*; v); submission of securities actually held to Reserve Bank; vi) irregularities in non-SLR investments; and vii) violation of the provisions of Section 19 of the Banking Regulation Act, 1949 (AACS) relating to investments in shares of other cooperative institutions.
	24	• Currency chest facility extended to (i) scheduled UCBs which are registered under Multi-State Cooperative Societies Act, 2002 and (ii) UCBs under the State Acts, where the State Governments concerned have assured regulatory co-ordination by entering into MoU with the Reserve Bank.
		• Norms relating to risk weight and exposure norms for bills discounted under letter of credit (LC) revised for SCBs. Accordingly, i) bills purchased/discounted/negotiated under LC (where the payment to the beneficiary is not made 'under reserve') will be treated as an exposure on the LC issuing bank and not on the borrower; ii) all clean negotiations as indicated above will be assigned the risk weight as is normally applicable to inter-bank exposures, for capital adequacy purposes; iii) in the case of negotiations 'under reserve' the exposure should be treated as on the borrower and risk weight assigned accordingly. Similar guidelines were issued to UCBs on April 19, 2006.
	29	• UCBs permitted on an ongoing basis to exceed the limit of 25 per cent of their total investments under HTM category provided: i) the excess comprises only of SLR securities; and ii) the total SLR securities held in the HTM category is not more than 25 per cent of their net demand and time liabilities (NDTL) as on the last Friday of the second preceding fortnight. Further relaxations include: i) as a special case the banks may shift securities from and to HTM once more on or before March 31, 2006; ii) where the market value is lower than the face value, the provision required would be the difference between book value and face value; iii) the provisioning may be made over the remaining period to maturity instead of five years; iv) in case as a result of valuation as above the provision already held by the bank is rendered surplus, the same should not be taken to the Profit and Loss account.
	31	• The exemption granted to RRBs from 'mark to market' norms in respect of their investments in SLR securities extended by one more year *i.e.*, for the financial year 2006-07.
		• The pattern of discretionary investments for RNBCs was modified. For the purpose of discretionary investments, the Aggregate Liability to Depositors (ALD) was bifurcated as ALD as on December 31, 2005 and the incremental ALD. Incremental ALD means the ALD, on a subsequent date, exceeding the ALD as on December 31, 2005. Under the modified pattern, RNBCs have been permitted to continue with the discretionary investments, not more than five per cent of the ALD as on December 31, 2005 or one time of net owned fund of the company whichever is less, in the prescribed manner, up to March 31, 2007. No discretionary investment is permitted on the incremental ALD. There will be no discretionary investment from April 1, 2007.
April	**4**	• SCBs advised that principal and interest due on working capital loans in poultry industry as also instalments and interest on term loans which have fallen due for payment on/after the onset of bird flu, *i.e.*, February 1, 2006 and remaining unpaid may be converted into term loans. The converted loans may be recovered in instalments based on projected future inflows over a period up to three years with an initial moratorium of up to one year. Similar advice was given to UCBs on April 20, 2006.
	5	• SCBs advised to instruct designated branches to strictly adhere to the direction that only one Bond Ledger Account (BLA) shall be opened in the name of each investor for operations in relief/savings bonds. The existing multiple BLAs, if any, in the name of the same investor should be reviewed and merged into one BLA.
		• Certain changes were made in the format of monthly return to be submitted by the NBFCs not accepting/holding public deposits and having assets size of Rs.100 crore and above to include parameters such as cumulative position in P&L account, age wise break up of NPAs, highest outstanding balance of working capital, additional information on capital market exposure of the company and foreign sources of funds.

Date of Announcement		POLICY ANNOUNCEMENTS
2006		**III. FINANCIAL SECTOR MEASURES** *(Contd.)*
April	**12**	• SCBs (excluding RRBs) to furnish annual return within one month in respect of non-SSI (sick/weak) industrial units in the revised format from the year March 31, 2006. As a one time measure, they were required to furnish data in the revised format for the period ending March 31, 2004 and March 31, 2005 by May 2006.
	13	• UCBs registered in States, which have signed MoU and those registered under the Multi-State Co-operative Societies Act, 2002 may enter into agreements with mutual funds for marketing their units subject to the certain conditions such as i) the bank should act as an agent of the customers, ii) the purchase of MF units should be at the customers' risk and without the bank guaranteeing any assured return, iii) the bank should not acquire such units of mutual fund from the secondary market, iv) the bank should not buy back units of mutual funds from the customers and v) compliance with extant KYC/anti-money laundering (AML) guidelines. Similar guidelines were issued to RRBs on May 17, 2006.
	28	• In order to enable better customer service, UCBs permitted to undertake following limited transactions at the extension counters: i) deposit/withdrawal transactions, ii) issue and encashment of drafts and mail transfers, iii) issue and encashment of travellers' cheques, iv) collection of bills, v) advances against fixed deposits of their customers (within the sanctioning power of the concerned officials at the extension counter), and vi) disbursement of other loans (only for individuals) sanctioned by the Head Office / base branch up to the limit of Rs.10 lakh only.
		• UCBs permitted to set up ATMs subject to the following eligibility criteria: i) minimum deposits of Rs.100 crore, ii) compliance with the prescribed CRAR, iii) net NPAs less than 10 per cent, and iv) consistent record of profitability and compliance with CRR/SLR. Among others, the requirement of prior Reserve Bank approval for network connectivity and/or sharing of the ATMs installed by UCBs has also been dispensed with.
May	**2**	• SCBs (excluding RRBs) advised about State/UT wise credit mobilisation target for the year 2006-07 under SGSY.
	16	• All commercial banks (including RRBs) to display and update, on their website, the details of various service charges in the prescribed format. SCBs are also to display the charges relating to certain services as prescribed in their offices/branches. This may also be displayed in the local language. Similar guidelines were issued to UCBs on May 26, 2006 wherein scheduled UCBs were required to put the details of various service charges on their website while all UCBs (including scheduled and non-scheduled) were to display the charges relating to certain services as prescribed in their offices/branches.
	23	• It was clarified that the interest subvention related to relief measures by banks to poultry industry will be calculated at four percentage points on the term loans and working capital loans outstanding as on March 31, 2006. All categories are eligible for relief by way of interest subvention and will cover term loans and working capital loans sanctioned for all activities relating to poultry industries as outlined therein. Similar guidelines were issued to UCBs on May 26, 2006.
	25	• The risk weight on SCBs' (excluding RRBs) exposure to the commercial real estate increased to 150 per cent from 125 per cent. Similar measure was introduced for UCBs on June 1, 2006. Furthermore, SCBs' total exposure to venture capital funds will form a part of their capital market exposure and, henceforth, a higher risk weight of 150 per cent will be assigned to these exposures.
	29	• The general provisioning requirement for SCBs (excluding RRBs) on standard advances in specific sectors, *i.e.*, personal loans, loans and advances qualifying as capital market exposures, residential housing loans beyond Rs.20 lakh and commercial real estate loans increased to 1.0 per cent from 0.40 per cent. The revised norms were made applicable for UCBs (Unit banks and banks having multiple branches within a single district with deposit of Rs.100 crore and above and all other UCBs operating in more than one district) on June 15, 2006.
		• SCBs (excluding RRBs) to disclose in the 'Notes on Account' details of break-up of provisions and contingencies as follows: i) provisions for depreciation on investment, ii) provision towards NPA, iii) provision towards standard assets, iv) provision made towards income tax, and v) other provision and contingencies (with details).
June	**5**	• Public sector banks (PSBs) and RRBs advised that pursuance to the announcement in the Union Budget, 2006-07, the Government will provide interest subvention of 2 per cent per annum to PSBs and RRBs 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 becomes overdue, *i.e.*, March 31, 2007 for Kharif and June 30, 2007 for Rabi, respectively, whichever is earlier. This subvention will be available to PSBs and RRBs on the condition that they make available short-term credit at ground level at 7 per cent per annum. In case of RRBs, this will be applicable only to short term production credit disbursed out of their own funds and will exclude such credit supported by NABARD refinance. Banks were advised to immediately provide their estimates of short-term production credit to farmers up to Rs.3 lakh for Kharif and Rabi 2006-07 (separately) to enable the Reserve Bank to provide Government with an estimate of the likely amount of subvention,
	6	• StCBs and DCCBs permitted to open savings bank accounts in the names of State Government departments/bodies/agencies in respect of grants/subsidies released for implementation of various programmes/schemes sponsored by State Governments on production of an authorisation from the respective Government departments certifying that the concerned Government department or body has been permitted to open savings bank account.

Date of Announcement		POLICY ANNOUNCEMENTS
2006		**III. FINANCIAL SECTOR MEASURES** *(Concld.)*
June	**8**	• SCBs (excluding RRBs) advised not to enter into swap transactions involving conversion of fixed rate rupee liabilities in respect of innovative Tier I/Tier II bonds into floating rate foreign currency liabilities. Further, with regard to swaps already entered into, banks are to follow the specified procedure for accounting gains / losses arising out of such swap transactions.
	12	• Bureau of Indian Standards (BIS) has formulated a comprehensive building Code namely National Building Code (NBC) of India 2005 providing guidelines for regulating the building construction activities across the country. Banks' boards may consider this aspect for incorporation in their loan policies. Similar guidelines were issued to UCBs on June 19, 2006, to RRBs on June 22, 2006 and to StCBs and DCCBs on June 26, 2006.
	13	• The Empowered Committees (ECs) for RRBs, constituted by the Reserve Bank at its regional offices, would deliberate and make recommendation on the applications for opening, shifting or merger of branches of RRBs. The Reserve Bank would take into account the ECs' recommendation and dispose of such applications expeditiously. Similarly, requests from RRBs for conduct of foreign exchange business, as limited authorised dealers for current account transactions, would be considered by the Reserve Bank after clearance by the EC.
	22	• Revised norms issued to SCBs (excluding RRBs) on utilisation, creation, accounting and disclosures of floating provisions, *i.e.*, provisions which are not made in respect of specific NPAs or are made in excess of regulatory requirement for provisions for standard assets.
July	**11**	• Investments that may be made by UCBs on or after April 1, 2007 in the bonds issued by NHB / HUDCO shall not be eligible for classification under priority sector lending.
	12	• SCBs permitted to phase out the additional general provisioning on standard advances in specific sectors *i.e.*, personal loans, loans and advances qualifying as capital market exposures, residential housing loans beyond Rs.20 lakh and commercial real estate loans. Additional provisioning requirement over the financial year 2006-07 would stand at: (a) 0.55 per cent for the quarter ended June 2006; (b) 0.70 per cent for the half-year ended September 2006; (c) 0.85 per cent for the quarter ended December 2006; and (d) 1 per cent for the year ended March 2007.
	14	• SCBs not to associate themselves with interest based electronic purse schemes which are in the nature of acceptance of deposits which can be withdrawn on demand. Similar guidelines were issued to UCBs on July 26, 2006.
	17	• SCBs to ensure that farmer's loan accounts, which are overdue as on July 1, 2006, are rescheduled on the lines of the package of "Relief Measures to the Vidarbha Region in Maharashtra" announced by the Hon'ble Prime Minister and the interest thereon (as on July 1, 2006) is fully waived. Fresh finance may be ensured to such farmers. The total amount of credit of Rs.1,275 crore envisaged to be released by banks will be allocated by Bank of Maharashtra (as SLBC Convenor) among the banks functioning in the districts. Similar guidelines were issued to UCBs on July 21, 2006.
	20	• SCBs to place service charges and fees on the homepage of their website at a prominent place under the title of 'Service Charges and Fees' so as to facilitate easy access by the bank's customers. A complaint from, along with the name of the nodal officer for complaint redressal, may be provided in the homepage itself to facilitate complaint submission by customers. The complaint form should also indicate that the first point for redressal of complaints is the bank itself and that complainants may approach the Banking Ombudsman only if the complaint is not resolved at the bank level within a month. Similar guidelines were issued to UCBs on July 24, 2006.
		IV. CAPITAL MARKET POLICIES
2005		**a) Securities and Exchange Board of India (SEBI)**
April	1	• In order to bring uniformity in documentary requirements across different segments and exchanges and also to avoid duplication and multiplicity of documents, SEBI formulated uniform set of broker-client registration and agreement documents.
May	**20**	• The BSE (Corporatisation and Demutualisation) Scheme, 2005 was approved and notified.
July	**1**	• SEBI suspended fresh registrations for obtaining Unique Identification Number (UIN) and the requirement to obtain/ quote UIN under the Central Database of Market Participants Regulations/Circulars.
Aug.	**4**	• SEBI instructed stock exchanges (SEs) and brokers to maintain books of accounts and other documents for five years.
	11	• In order to facilitate the unit holders to claim the tax benefit associated with payment of securities transaction tax (STT), SEBI permitted Mutual Funds (MFs) to share the Unique Client Code (UCC) of their schemes/plans with their unit holders.

Date of Announce-ment		POLICY ANNOUNCEMENTS
2005		**IV. CAPITAL MARKET POLICIES** *(Contd.)*
Aug.	**29**	• The Corporatisation and Demutualisation schemes of ten stock exchanges, *viz.*, The Calcutta Stock Exchange Association Limited (CSE), The Delhi Stock Exchange Association Limited (DSE), The Madras Stock Exchange Limited (MSE), The Uttar Pradesh Stock Exchange Association Limited (UPSE), The Madhya Pradesh Stock Exchange (MPSE), The Cochin Stock Exchange Limited (CoSE), The Bangalore Stock Exchange Limited (BgSE), Pune Stock Exchange Limited (PSE), The Guwahati Stock Exchange Limited (GSE) and The Hyderabad Stock Exchange Limited (HSE) were approved and notified.
Sept.	**2**	• In order to facilitate execution of large trades, SEBI redefined the definition of "bulk deal" on the stock exchanges to facilitate large trades, while permitting the stock exchanges to provide a separate trading window. A trade, with a minimum quantity of 5,00,000 shares or minimum value of Rs.5 crore executed through a single transaction on this separate window of the stock exchange will constitute a "block deal" as distinguished from "bulk deal" defined earlier. The said window will be kept open for trading for a limited time period of 35 minutes from the beginning of trading hours, *i.e.,* from 9.55 a.m. to 10.30 a.m. Also, orders may be placed in this window at a price not exceeding ± 1 per cent from the ruling market price / previous day's closing price. Every trade executed in this window must result in delivery and shall not be squared off or reversed. Disclosure of all trades in this window and its dissemination to general public has been mandated. The stock exchanges have to ensure that all appropriate trading and settlement practices as well as surveillance and risk containment measures, *etc.*, as presently applicable to the normal trading segment are made applicable and implemented in respect of the proposed special window also.
	14	• SEBI permitted mutual funds to participate in the derivatives market, bringing them at par with foreign institutional investors (FII), in respect of position limits in index futures, index options, stock options and stock futures contracts.
	15	• The Corporatisation and Demutualisation schemes of eight more stock exchanges, *viz.*, The Saurashtra Kutch Stock Exchange Limited (SKSE), The Stock Exchange - Ahmedabad (ASE), The Jaipur Stock Exchange Limited (JSE), The Vododara Stock Exchange Limited (VSE), Inter-connected Stock Exchange of India Limited (ISE), The Bhubaneswar Stock Exchange (BhSE), The Ludhiana Stock Exchange Association Limited (LSE) and The Magadh Stock Exchange Association (MSEA) were approved and notified. Over-the Counter Exchange of India (OTCEI) was notified as an already corporatised and demutualised stock exchange.
	19	• SEBI (Disclosure and Investor Protection) Guidelines, 2000 with respect to book building were amended to provide for specific allocation for Mutual Funds; discontinuation of discretionary allotment and introduction of proportionate allotment to QIBs; and margin requirement for QIBs.
Nov.	**9**	• Depository Participants (DPs) were advised not to levy any charges when a beneficiary owner (BO) transfers all the securities lying in his account to another branch of the same DP or to another DP of the same depository or another depository, provided the BO account/s at transferee DP and at transferor DP are one and the same, *i.e.,* identical in all respects.
2006		
Jan.	**12**	• SEBI (Custodian of Securities) Regulations, 1996 were amended to include safekeeping of gold or gold related instruments within the meaning of "custodial services". The regulations were amended with respect to introduction of gold exchange traded funds.
	19	• SEBI advised depositories to activate the ISINs of securities issued as Initial Public Offering (IPO) only on the date of commencement of trading of such securities on the stock exchanges.
	20	• SEBI revised the Trading Member/FII /MFs position limits for stock based derivatives.
		• SEBI revised the criteria for stocks for derivatives trading on account of corporate restructuring.
	24	• SEBI amended the SEBI (Mutual Funds) Regulations, 1996 to introduce Gold Exchange Traded Fund schemes by Mutual Funds.
	31	• SEBI amended the SEBI (Delisting of Securities) Guidelines, 2003 to ensure adequate and wide public notice of the fact of delisting and disclosure of the fair value through newspapers and notice boards/trading systems of the stock exchanges.
Feb.	**15**	• SEBI clarified that if a post restructured company comes out with an IPO, then the same prescribed criteria as currently applicable for introduction of derivatives on a company coming out with an IPO may be applied for introduction of derivatives on stocks of the post restructured company from its first day of listing.
March	**31**	• SEBI amended the SEBI 'Disclosure and Investment Protection' Guidelines, 2000 with respect to rationalisation of disclosure requirements, abridged letter of offer, disclosure of issue price, further issue of shares and lock-in provisions for listed companies making rights or public issue.

Date of Announcement		POLICY ANNOUNCEMENTS
2006		**IV. CAPITAL MARKET POLICIES** *(Concld.)*
April	**3**	• SEBI issued listing agreements for India Depository Receipts (IDR).
	13	• SEBI amended the Clause 40A and Clause 35 of Equity Listing Agreement with respect to the minimum level of public shareholding of all the listed companies and revision in the reporting format for shareholding pattern.
	24	• SEBI amended the SEBI (Discloser and Investment Protection) Guidelines, 2000 to permit unlisted companies to opt for grading of IPO from credit rating agencies and to ensure disclosure of all grades by it, including unaccepted grades.
May	**8**	• In order to provide an additional route for raising fund in the domestic market, SEBI permitted listed companies to raise funds in the form of “Qualified Institutional Placement” (QIP).
June	**16**	• SEBI asked the stock exchanges to make the existing margining system more stringent in the cash segment. SEBI directed exchanges to update risk arrays in the cash market at least five times in a day as is done in derivative market and accordingly, update applicable margin rates.
		(b) Government of India
2006		
Feb.	**28**	• The Union Budget, 2006-07 proposed the following measures: i) increase in FII investment limit in the Government securities to US $ 2 billion from US $ 1.75 billion, ii) increase in FII investment limit in corporate debt to US $ 1.5 billion from US $ 0.5 billion, iii) increase in ceiling on aggregate investment by mutual funds in overseas instruments to US $ 2 billion from US $ 1 billion and removal of requirement of 10 per cent reciprocal share holding, iv) limited number of qualified Indian MFs allowed to invest, cumulatively up to US $ 1 billion in overseas exchange traded funds, v) steps to create a single, unified exchange-traded market for corporate bonds, and vi) an investor protection fund under the aegis of SEBI.
		V. EXTERNAL SECTOR POLICIES
2005		**a) Trade Policy**
April	**8**	• Annual Supplement to Foreign Trade Policy 2004-09 announced so as to help Indian companies become globally competitive and simultaneously give Indian consumers world-class products and services. The policy renewal provided packages for several sectors including agriculture, marine products, export oriented units and service sectors; major procedural simplification initiatives to reduce transaction costs; setting up of an Inter State Trade Council to engage State Governments more actively in export effort; and proposals to abolish cess on export of all agricultural and plantation commodities levied under the Commodity Board Act. In a further boost to agri-exports, benefits under the ‘*Vishesh Krishi Upaj Yojana*’ extended to poultry and dairy products in addition to export of flowers, fruits, vegetables, minor forest produce and their value added products.
	28	• Additional Standard Input Output Norms (SION) notified for 27 new export items of which 25 norms related to the chemicals and allied products and one each related to engineering products and plastic products.
May	**10**	• Special economic zone (SEZ) units obtaining gold/silver/platinum from the nominated agencies on loan basis required to export that jewellery within 90 days from the date of release, except outright purchase.
	13	• Export Oriented Units (EOU)/ Electronic Hardware Technology Park (EHTP)/ Software Technology Park (STP)/ Bio-Technology Park (BTP) units allowed to sell finished products (except pepper and pepper products), which are freely importable under the policy in the Domestic Tariff Area (DTA) under intimation to the Development Commissioner against payment of full duties, provided they have achieved positive net foreign exchange earnings.
Aug.	**5**	• Service providers like Customs House Agents entitled for benefits under Served From India Scheme for the services exclusively rendered by them and for which the foreign exchange earnings are received and retained by them on this account, subject to certain conditions.
	31	• EOUs made eligible for benefits under *Vishesh Krishi Upaj Yojana* for physical exports made by them at par with such exports made by DTA units, in respect of items appearing in Appendix – 37A of Handbook of Procedures 2004-09.
Oct.	**10**	• Exporters given the flexibility to import the alternative input/product mentioned in the SION as long as the same can be used in the manufacture of the exported product under the Duty Free Replenishment Certificate (DFRC) scheme.
Dec.	**5**	• Supplies from domestic tariff area (DTA) to SEZs made eligible for benefits under Duty Free Entitlement Certificate (DFEC) and Target Plus Scheme subject to the specified conditions, provided the payments are realised in free foreign exchange.

Date of Announcement		POLICY ANNOUNCEMENTS
2005		**V. EXTERNAL SECTOR POLICIES** *(Contd.)*
Dec.	**8**	• Duty credits issued under *Vishesh Krishi Upaj Yojana* allowed to be utilised for payment of customs duty on import of inputs and goods, which are freely importable. This would include all freely importable items under Chapter 1 to 24 of ITC (HS) Classification of export and import items except a small negative list. Import of capital goods, however, not permitted against *Vishesh Krishi Upaj Yojana* scrips pending finalisation of list of such capital goods.
2006		
Feb.	**10**	• In exercise of the powers conferred by section 55 of the Special Economic Zone Act, 2005 (28 of 2005), the Central Government announced Special Economic Zones Rules (SEZs), 2006 containing definitions, procedures etc. regarding setting up and operation of SEZs.
April	**7**	• Annual Supplement 2006 to the Foreign Trade Policy (2004-09) announced. The Annual Supplement, 2006 envisaged the twin objectives of (i) putting the country's exports on a trajectory of quantum growth and (ii) creating employment opportunities, especially in the rural and semi-urban areas, within the broad contours of Foreign Trade Policy 2004-09 and the changing international trade scenario. Towards these objectives, the Annual Supplement introduced two new incentive schemes, Focus Product Scheme (FPS) and Focus Market Scheme (FMS), in addition to modifying the existing incentive schemes for promotion of India's merchandise trade. The Focus Product and Focus Market Schemes replaced the earlier Target Plus Scheme.
June	**14**	• It was clarified that import of motor cars, sports utility vehicles / all purpose vehicles would be allowed only to hotels, travel agents, tour operators or tour transport operators and companies owning/operating golf resorts subject to certain conditions.
July	**1**	• India notified the reduction of tariffs as per Article 7 of South Asian Free Trade Agreement (SAFTA). The SAARC Free Trade Agreement signed by the member states of South Asian Association for Regional Cooperation came into force from January 1, 2006.
	27	• A new system for issuance of Importer-Exporter Code (IEC) was introduced.
		b) Foreign Exchange Market
2005		
April	**25**	• Foreign insurance companies which have obtained prior approval from the Insurance Regulatory and Development Authority (IRDA) were allowed to establish liaison offices in India.
		• NGOs engaged in micro finance activities were permitted to raise external commercial borrowing (ECB) up to US $ 5 million during a financial year for permitted end-use, under the automatic route. NGOs engaged in micro finance activities having satisfactory borrowing relationship of at least three years with a scheduled commercial bank authorised to deal in foreign exchange and 'fit and proper' status of the board/management committee, would be eligible to avail ECB subject to conditions: (i) the designated Authorised Dealer (AD) will ensure that the ECB proceeds are utilised for lending to self-help groups or for micro-credit or for bonafide micro finance activity including capacity building, (ii) the designated AD has to ensure at the time of draw down that the forex exposure of the borrower is hedged, (iii) ECB funds should be routed through normal banking channel from internationally recognised sources, *viz.*, international banks, multilateral financial institutions and export credit agencies. Individuals and overseas organisations complying with Know Your Customer (KYC) guidelines and anti-money laundering (AML) safeguards may also lend. All other ECB parameters such as minimum average maturity, all-in-cost ceilings, issuance of guarantee, choice of security, parking of ECB proceeds, prepayment, refinancing of ECB and reporting arrangements under the automatic route should be complied with.
May	**12**	• The limit for overseas investment under the automatic route was raised from 100 per cent of net worth of the Indian entity to 200 per cent of its networth as on date of the last audited balance sheet, in any *bonafide* business activity. This ceiling is not applicable to investments made out of balances held in Exchange Earners' Foreign Currency (EEFC) accounts and out of the proceeds of ADR / GDR issue.
	13	• Earlier, NRIs/PIOs were permitted to remit an amount not exceeding US $ 1 million, per calendar year, out of balances held in Non-Resident Ordinary (NRO) account / sale proceeds of assets/ assets in India acquired by them by way of inheritance/legacy, on production of certain documents. The facility available under inheritance/legacy was extended to an arrangement under a "settlement" whereby the property is passed on to the legatees during the lifetime of the owner/parent who normally retains a life interest in the property since "settlement' is also a mode of inheritance from the parent, the only difference being that the property under the "settlement" passes to the beneficiary on the death of the owner/parent without any legal procedures/hassles. This helps in avoiding delay and inconvenience in applying for probate, *etc.* Accordingly, banks authorised to deal in foreign exchange may allow remittance facility to NRI/PIO under a deed of settlement made either by his parents or close relatives (as defined in Section 6 of the Companies Act, 1956). The remittance facility would be available only on demise of the settler.

Date of Announcement		POLICY ANNOUNCEMENTS
2005		**V. EXTERNAL SECTOR POLICIES** *(Contd.)*
May	**17**	• ADs were allowed to open foreign currency accounts for the project offices established under the general/specific approval of the Reserve Bank as well as to permit intermittent remittances by project offices, without approval of the Reserve Bank, subject to certain conditions. Inter-project transfer of funds shall, however, require prior approval of the concerned Regional Office of the Reserve Bank. In case of disputes between the project office and the project sanctioning authority or other Government/Non-Government agencies, *etc.*, the balance held in such account shall be converted into Indian rupees and credited to a special account which shall be dealt with as per the settlement of the dispute.
June	**14**	• Prior permission from the Reserve Bank is not required by AD banks for issue of Store Value Cards/Charge Cards/ Smart Cards to residents travelling on private/business visit abroad which are used by residents to make payment to merchant establishment overseas and also for drawing cash from ATM terminals. However, the use of such cards is limited to permissible current account transactions and is subject to the limits prescribed under the current account transactions rules, as amended from time to time.
	23	• All forward contracts booked by residents to hedge current account transactions, regardless of tenor, were allowed to be cancelled and rebooked freely. However, this relaxation will not be applicable to forward contracts booked on past performance basis without documents and on forward contracts booked to hedge transactions denominated in foreign currency but settled in Indian rupee.
July	**12**	• Earlier, it was obligatory on the part of the ADs to follow up with the importers for submission of evidence of import where the value of foreign exchange remitted for import proceeds exceeds US $ 1,00,000. ADs were permitted not to follow up submission of evidence of import involving amount of US $ 1,00,000 or less provided they are satisfied about the genuineness of the transaction and the *bona fides* of the remitter. A suitable policy may be framed by the bank's Board of Directors in this regard and the ADs may set their own internal guidelines to deal with such cases.
	23	• Residents in India were allowed to enter into contracts in commodity exchanges or markets outside India to hedge the price risk on import/export of a commodity, subject to certain conditions and reporting requirements. Powers were delegated to select commercial banks satisfying minimum prescribed norms to grant general permission to companies listed on a recognised stock exchange to hedge the price risk in respect of any commodity except gold, silver, petroleum and petroleum products in the international commodity exchanges/markets. The company is required to submit a board resolution indicating that it understands the risks involved in such transactions, the nature of hedge transactions that it would undertake in the ensuing year and that it would undertake hedge transaction only where it is exposed to price risk. However, the AD may refuse to undertake any hedge transaction in case of doubt about the *bona fides* of the transaction or if the corporate is not exposed to price risk.
	29	• Foreign Direct Investment (FDI) up to 100 per cent was permitted under the automatic route in petroleum product marketing, oil exploration in both small and medium sized fields and petroleum product pipelines. In Air Transport Services (domestic airlines) sector, FDI up to 100 per cent was permitted under the automatic route by Non-Resident Indians and up to 49 per cent by others. No direct or indirect equity participation by foreign airlines is allowed.
Aug.	**1**	• The ECB policy was further liberalised as follows: (i) NBFCs permitted to raise ECB with a minimum average maturity of five years from certain category of lenders to finance import of infrastructure equipment for leasing to infrastructure projects under the approval route, (ii) housing finance companies satisfying certain criteria permitted to raise Foreign Currency Convertible Bonds (FCCBs) with prior approval of Reserve Bank, (iii) AD banks permitted to allow prepayment of ECB up to US $ 200 million against the existing limit of US $ 100 million, (iv) Domestic rupee denominated structured obligations credit enhanced by international banks/international financial institutions/joint venture partners (which earlier required approval of the Government of India) would be considered by the Reserve Bank under the approval route.
	11	• FDI and portfolio investment were permitted in an Indian company publishing newspapers and periodicals dealing with news and current affairs within a composite ceiling of 26 per cent of the paid-up capital of the company subject to the guidelines issued by the Ministry of Information and Broadcasting. As such, FIIs, NRIs and Foreign Venture Capital Investors were allowed to purchase shares of an Indian company engaged in print media sector.
	17	• FDI up to 100 per cent permitted in townships, housing, built-up infrastructure and construction development projects under the automatic route, subject to certain guidelines.
	25	• The procedure for obtaining prior approval of the Reserve Bank for transfer of security, by way of gift, from a person resident in India to a person resident outside India was modified. The applications would be considered subject to compliance with the conditions stipulated by the Reserve Bank in this regard.
	29	• In addition to the existing facility of making investment in Indian rupees, investments in Bhutan was allowed to be made in any freely convertible foreign currency. However, all dues receivable on such investments including winding up and sale proceeds should be repatriated to India in freely convertible currencies only.

Date of Announcement		POLICY ANNOUNCEMENTS
2005		**V. EXTERNAL SECTOR POLICIES** *(Contd.)*
Sept.	**5**	• In order to bring the ADR/GDR guidelines in alignment with the guidelines on domestic capital issues framed by SEBI, the Government of India amended the Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993. Accordingly, both listed and unlisted companies in India have to comply with the amended guidelines for issue of FCCBs and ADRs/GDRs.
	27	• ADs were allowed to permit airline companies to remit up to US $ 1 million per aircraft towards security deposits with lessor for payment of lease rentals for import of an aircraft/aircraft engine/helicopter on operating lease without a standby letter of credit/guarantee from a reputed international bank abroad/guarantee of an AD in India against a counter-guarantee of a reputed international bank abroad subject to certain conditions. However, in case of an airline company in the public sector or a Department/Undertaking of the Government of India/State Government/s, ADs were allowed to permit remittance up to US $ 1,00,000 per aircraft provided the company has obtained a specific waiver of bank guarantee from the Ministry of Finance, Government of India in addition to conditions applicable to other airline companies.
Nov.	**4**	• The ECB policy was liberalised further as follows: (i) Special Purpose Vehicles (SPVs) or any other entity notified by the Reserve Bank, set up exclusively to finance infrastructure companies/ projects to be treated as financial institutions and ECB proposals by such entities will be considered under the approval route on a case by case basis, (ii) Banks allowed to issue guarantees / standby letters of credit / letters of undertaking / letters of comfort in respect of ECB by textile companies for modernisation or expansion of their textile units after phasing out of Multi-Fibre Agreement. Such applications will also be considered under the approval route subject to prudential norms.
	11	• Persons / entities eligible under the FDI route other than FIIs were permitted to invest in the equity capital of Asset Reconstruction Companies (ARCs) registered with the Reserve Bank. Applications from eligible entities for investment in the ARCs would be considered by the Foreign Investment Promotion Board (FIPB) subject to certain conditions. FIIs registered with the SEBI were allowed to invest in security receipts (SRs) issued by ARCs registered with the Reserve Bank up to 49 per cent of each *tranche* of scheme of SRs subject to the condition that investment of a single FII in each *tranche* of scheme of SRs should not exceed 10 per cent of the issue. The policy of investment in ARCs under the FDI route and investment by FIIs in SRs issued by ARCs would be reviewed after a period of two years and one year, respectively.
Dec.	**2**	• Anti-Money Laundering (AML) guidelines were issued to enable authorised money changer (AMCs) to put in place the policy framework and systems for prevention of money laundering while undertaking money exchange transactions. All AMCs will formulate suitable policies and procedures for the AML measures which would include (i) Customer Identification Procedure – “Know your Customer” norms, (ii) Recognition, handling and disclosure of suspicious transactions, (iii) Appointment of Money Laundering Reporting Officer (MLRO), (iv) Staff training, (v) Maintenance of records, and (vi) Audit of transactions in accordance with the guidelines issued. AML policy framework and measures have to be approved by the Board of Directors of the AMC.
2006		
Jan.	**10**	• Powers were delegated to AD banks to grant GR approval in cases where goods are being exported for re-import after repairs / maintenance / testing / calibration, *etc*., subject to the condition that the exporter shall produce relative bill of entry within one month of re-import of the item exported from India. However, where goods being exported for testing are destroyed during testing, AD banks, in lieu of bill of entry for import, may obtain a certificate issued by the testing agency that the goods have been destroyed during testing.
	23	• Multi-State Cooperative Societies engaged in manufacturing activities were allowed to raise ECB. The proposal for ECB by such societies will be considered by the Reserve Bank under the approval route, provided the Cooperative Society is financially solvent, submits its up-to-date audited balance sheet and the proposal complies with all other parameters of the ECB guidelines.
March	**6**	• A scheme for categorisation / re-categorisation and issue of authorisation to select entities to undertake release / remittance of foreign exchange for certain non-trade related current account transactions was decided. Such entities will be called as ‘Authorised Dealers - Category II’. Accordingly, the Reserve Bank would consider granting licence to Full Fledged Money Changers (FFMCs), UCBs and RRBs - categorised as ‘Authorised Dealers - Category II’, to undertake release / remittance of foreign exchange for certain non-trade related current account transactions. The eligibility criteria would essentially focus on strong financials, good governance, regulatory / prudential comfort, adequate internal control mechanism and an overall assessment that the entity is fit and proper. These entities are also required to adhere to reporting requirements.
	27	• Earlier, only promoter corporates were permitted to offer guarantees on behalf of their WOS / JVs abroad under the automatic route while issue of personal, collateral and third party guarantees required prior approval of Reserve Bank. The scope of guarantees under the automatic route was enlarged and Indian entities were allowed to offer other forms of guarantee - corporate or personal / primary or collateral / guarantee by the promoter company / guarantee by group company, sister concern or associate company in India, subject to certain conditions.

Date of Announce-ment		POLICY ANNOUNCEMENTS
2006		**V. EXTERNAL SECTOR POLICIES** *(Concld.)*
March	**27**	• In order to enable companies to have operational flexibility, the automatic route of disinvestment was further liberalised. Accordingly, (i) cases where joint venture (JV) /wholly owned subsidiaries (WOS) are listed on the overseas stock exchanges, (ii) cases where the Indian promoter company is listed on a stock exchange in India and has a net worth of not less than Rs. 100 crore, and (iii) cases where the Indian promoter is an unlisted company and the investment in overseas venture does not exceed US $ 10 million were allowed to divest without prior approval of the Reserve Bank, subject to reporting requirement. Earlier, all investments involving write-off needed prior approval of the Reserve Bank.
		• Recognised star exporters constituted as proprietary / unregistered partnership firms, satisfying certain eligibility criteria, were allowed to set up a JV / WOS outside India with prior approval of the Reserve Bank.
April	**5**	• AD banks were allowed remittances for acquiring shares under employees stock option plan (ESOP) Schemes, irrespective of the method of the operationalisation of the scheme, *i.e.*, either the shares under the scheme are offered directly by the issuing company or indirectly through a trust / a special purpose vehicle (SPV) / step down subsidiary provided i) the company issuing the shares effectively, directly or indirectly, holds in the Indian company, whose employees / directors are being offered shares, not less than 51 per cent of its equity, ii) the shares under the ESOP Scheme are offered by the issuing company globally on uniform basis, and iii) an Annual Return is submitted by the Indian company to the Reserve Bank through the AD banks giving details of remittances / beneficiaries / etc. Foreign companies were also granted general permission to repurchase the shares issued to residents in India under any ESOP scheme provided (i) the shares were issued in accordance with the Rules / Regulations framed under Foreign Exchange Management Act, 1999, ii) the shares are being repurchased in terms of the initial offer document, and iii) an annual return is submitted through the AD banks giving details of remittances / beneficiaries / *etc.*
	21	• The limit of invoice value which AD banks are allowed to grant extension of time for realisation of export proceeds beyond prescribed period from the date of export was increased from US $ 100,000 to US $ 1 million subject to existing terms and conditions.
		• AD banks were permitted to allow remittance for expenses of branch offices opened abroad up to 10 percent for initial and up to five percent for recurring expenses of the average annual sales/income or turnover during last two accounting years subject to the existing terms and conditions.
June	**26**	• Anti-Money Laundering guidelines for AMCs were issued in December 2005. In view of the difficulties expressed by AMCs in implementing some of the guidelines, it was decided to amend certain instructions as follows: (i) for purchase of foreign exchange less than US $ 200 or its equivalent, photocopies of the identification document need not be kept on record. However, full details of the identification document should be maintained; (ii) for encashment of foreign exchange between US $ 200 and US $ 2,000 or its equivalent, the photocopies of the identification document should be maintained for one year and completion of statutory audit; (iii) for encashment in excess of US $ 2,000 or its equivalent, the photocopies of the identification document should be maintained for a minimum period of five years; and (iv) requests for payment in cash by foreign visitors / NRIs may be acceded to the extent of US $ 2,000 or its equivalent.