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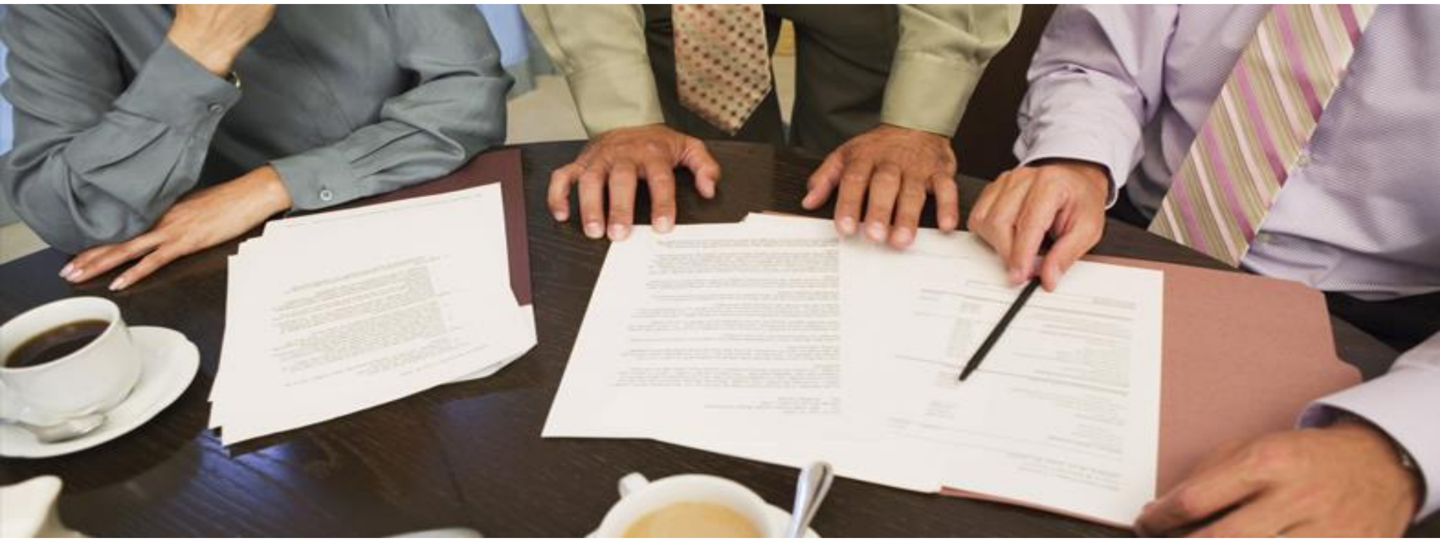
Contents

Preface

As per the prediction by the India Meteorological Department('IMD') monsoon arrived late in the country, but as against the fears of deficient rainfall, it was above normal by the end of June. A normal monsoon is critical for the Indian economy as it will significantly ease the inflationary pressure and would further drive increased spending in the rural and tier 2 and 3 cities in India thus giving an impetus to the investment cycle.
The government has been pushing its "Make In India" campaign with Prime Minister visiting multiple countries over the past few months. Indian companies being able to enter into some strategic partnerships with multinational companies is giving a further boost to the campaign.
Globally, with Greece being able to secure a deal to remain in Eurozone and China being able to arrest the decline of its stock markets, the focus of the economists has again turned towards the impending rate hike in the US. Federal Governor Janet Yellen has again reiterated that there is a possible case for rate hike by the end of the year, consequently there exists a possibility of outflows from stock and bond market in India. Another significant development was Iran being able to clinch the Nuclear deal, resulting in sanctions being lifted off and oil prices expected to be lower over for the next one year. As a result, both RBI and the government should be able to give fresh impetus to the economy by announcing rate cuts and also by fiscal consolidation.
With the central bank comfortable with the valuation of Rupee, RBI has announced rationalization of limits under Liberalized Remittance Scheme, thus allowing individuals to repatriate upto USD 250,000 abroad. Further as the investment in Debt market by FPI has picked up, with a view to provide flexibility in Interest rate futures market, RBI came up with the revised guidelines on Exchange-Traded Interest Rate Futures.
However, the banking system in the country still faces the challenge of increasing numbers of non performing loans. To tackle this problem of rising NPA and give more flexibility to banks in restructuring the debts, RBI has come up with the guidelines related to 'Strategic Debt Restructuring' giving banks the power to take over the management of companies. The same has been covered in detail as special article later in this issue.



Rationalisation under LRS for Current and Capital Account Transactions – A Synopsis

Rationalisation under LRS for Current and Capital Account Transactions– A Synopsis

Background & Objective

In India, any money sent overseas is subject to controls, as the government is wary of excessive outflows of foreign exchange draining its reserves and destabilising the rupee. But there has been an effort to gradually liberalise these controls.

In 2004, a window was opened for individuals to remit money abroad, without seeking specific approvals, called the Liberalised Remittance Scheme (LRS).The LRS represents India's steps towards dismantling controls on foreign exchange movements in and out of the country.

Having opened up the LRS to Indian residents in 2004, the RBI has tweaked the rules with an eye on the exchange rate situation. For example, the Reserve Bank reduced the eligibility limit for foreign exchange remittances under the Liberalised Remittance Scheme (LRS) to USD 75,000 in 2013 as a macro-prudential measure. With stability in the foreign exchange market, this limit was enhanced to USD 125,000 in June 2014 without end-use restrictions, except for prohibited foreign exchange transactions such as margin trading, purchase of lotteries and the like.

On February 3, 2015 through the Sixth Bi-Monthly Monetary Policy Statement, Dr.Raghuram G. Rajan, Governor of RBI enhanced the limit under the LRS to USD 250,000 per person per year. The decision to enhance the limit had been made on a review of the external sector outlook and as a further exercise in macro-prudential management.

Further, in order to ensure ease of transactions, resident individuals are allowed remittances for any permitted current or capital account transaction or a combination of both up to a limit of USD 250,000.

Extract of the regulation

It has been decided by RBI to make changes for further liberalization and rationalization on the existing guidelines on the Liberalised Remittance Scheme (LRS) for resident individuals and the existing guidelines issued under the Foreign Exchange Management (Current Account Transactions) Rules, 2000. AD banks may now allow remittances by a resident individual up to USD 250,000 per financial year for any permitted current or capital account transaction or a combination of both. If an individual has already remitted any amount under the LRS, then the applicable limit for such an individual would be reduced from the present limit of USD 250,000 for the financial year by the amount already remitted.

Impact Assessment

The release of the guideline has the following impact:-

- Banks should allow remittances by a resident individual up to USD 250,000 per financial year for any permitted current or capital account transaction or a combination of both.
- For any individual who has already made remittances in the year under the LRS, then the applicable limit for such an individual would be reduced from the present limit of USD 250,000 for the financial year by the amount already remitted i.e. USD 250,000 – Amount already remitted in the year = Current limit for the year.
- <u>Permissible capital account transactions</u>
  Capital account transactions by an individual under LRS are permitted for five types of transactions, namely:
  a) Opening of foreign currency account abroad with a bank;
  b) Purchase of property abroad;
  c) Making investments abroad;
  d) Setting up Wholly owned subsidiaries and Joint Ventures abroad;
  e) Extending loans including loans in Indian Rupees to Non-Resident Indians who are relatives as defined in Companies Act, 2013.
- <u>Permissible current account transactions</u>
  Permissible current account transactions by an individual within the limit of USD 250,000 without prior RBI approval are:
  a) Private visits to any country (except Nepal and Bhutan)
  b) Gift or donation.

Rationalisation under LRS for Current and Capital Account Transactions – A Synopsis

c) Going abroad for employment

d) Emigration

e) Maintenance of close relatives abroad

f) Travel for business, or attending a conference or specialised training or for meeting expenses for meeting medical expenses, or check-up abroad, or for accompanying as attendant to a patient going abroad for medical treatment/ check-up.

g) Expenses in connection with medical treatment abroad

h) Studies abroad

i) Any other current account transaction

Facility for remittances for the purpose of emigration, expenses in connection with medical treatment abroad and studies abroad by individuals can be availed in excess of the prescribed limit under the LRS if it required by a country of emigration, medical institute offering treatment or a university. Indicative list of documents that can be obtained from the customer for any expenses incurred in excess of USD 250,000 without prior approval of RBI is as below:

Purpose of Remittance	Document
Studies abroad	Invoice / prospectus / admission form college necessitating the need for fee payment in excess of USD 250,000
Medical treatment	Bills or quotation or email from the overseas hospital for treatment in excess of USD 250,000
Emigration	Any document substantiating the requirement of amount in excess of USD 250,000

Gift in INR by resident individuals to NRI relatives as defined in the Companies Act, 2013 shall also be included under the LRS limit. A person who is a resident but not a permanent resident of India can make remittances subject to the following conditions:

1. The person should be a citizen of a foreign State other than Pakistan;

2. The person should be a citizen of India, who is on deputation to the office or branch of a foreign company or subsidiary or joint venture in India of such foreign company may make remittance up to his net salary (after deduction of taxes, contribution to provident fund and other deductions). For this purpose, the duration of employment of the person should not exceed 3 years for him to be a resident but not permanently resident.

- Remittances cannot be made for the purpose of any prohibited or illegal activities such as margin trading, lottery, etc.
- Banks should obtain a declaration (format prescribed in the Annex to the circular) for resident individual seeking to make the remittances.
- Banks should ensure that the declaration provided by the customer should contain details of foreign exchange purchased by the customer from a full-fledged money changer (FFMC) for private/ business visits and the same should be within the LRS limit of USD 250,000.
- All KYC/ AML guidelines should be adhered to while facilitating remittance transactions.
- Banks should ensure that no fund based or non-fund based facilities are provided to resident individuals under the five permitted capital account transactions as mentioned above.
- Customers are allowed to make remittance for allowable capital account transactions only if they have maintained account with the Bank for a minimum period of one year. For a new customer, the Bank would need to carry out due diligence on the operations of the client and maintenance of the account.
- Indicative list of documents to carry out the customer due diligence is as below:

  a) Account statement for the period account maintained with the bank.

  b) Account statement of any other account maintained with any other bank.

  c) Copy of the ITR/ Assessment order

  d) Any other document as deemed necessary by the bank

Rationalisation under LRS for Current and Capital Account Transactions – A Synopsis

- Remittance should not be permitted to non-cooperative countries and territories as prescribed by the Financial Action Task Force (FATF) and communicated by RBI.
- Banks should furnish a monthly statement basis details of the number of applicants and total amount remitted under LRS to the Chief General Manager - External Payment Division of the Foreign Exchange Department of RBI.
- Facilities for persons other than individuals: Persons other than individuals can make remittances for the following permissible purposes:

  a) Donations for educational institutions. Donations as detailed in the circular exceeding 1% of the foreign exchange earnings during the previous three financial years or USD 5million , whichever is less, requires a prior approval from RBI.

  b) Commissions to agents abroad for sale of residential flats/commercial plots in India. Commission exceeding USD 25,000 or 5% of the inward remittance, whichever is more, requires prior approval from RBI.

  c) Remittances for consultancy services. Remittances exceeding USD 10 million per project, for any consultancy services in respect of infrastructure projects and USD 1 million per project, for other consultancy services procured from outside India requires RBI approval.

  d) Remittances for reimbursement of pre-incorporation expenses. Remittances exceeding 5% of investment brought into India or USD 1 million whichever is higher, by an entity in India by way of reimbursement of pre-incorporation expenses requires prior RBI approval.

Ambiguity

- As per the RBI guidelines on Liberalised Remittance Scheme of USD 25,000 for Resident Individuals dated February 4, 2004, the LRS facility will not be made available for remittances made directly or indirectly to Bhutan, Nepal,Mauritius or Pakistan. The latest guideline dated June 1, 2015 states that remittances should not be made to non-cooperative countries and territories by the Financial Action Task Force (FATF). However, the FATF list does not contain to Bhutan, Nepal, Mauritius or Pakistan as one of the non-cooperative countries and territories.
- In the section on permissible current account transactions, any other current account transaction is included in the list despite a detailed list being provided. This does not provide a clarity on what any other current account transaction would include and is left to the discretion of the Bank to define it in line with the FEMA guidelines.

Strategic Debt Restructuring Scheme - Special Article

Strategic Debt Restructuring Scheme– Not a substitute for poor underwriting standards

The recently released Financial Stability Report highlights the stress existent within the Banking system on account of the non-performing assets on the Bank balance sheets. It is no surprise that the RBI has been focused on strengthening the credit underwriting and monitoring systems for quite some time. While guidelines around the CDR have been around for quite some time, the JLF framework and guidelines around early warning systems are the new guidelines that have been issued keeping in the mind these challenges. While the JLF framework, did bring about a lot of rigor in the NPA monitoring process and the early warning systems help identify stressed assets, there was a need for a framework to incentivize the corporates to want the restructuring to be a success as much as the Banks wanted it.

The Strategic Debt Restructuring guidelines issued by the RBI is a step in the right direction. The guidelines incentivize the corporates to make the restructuring a success, the downside to which could be a change in the ownership structure of their business, giving the Banks greater control over their business. The guidelines provide this framework to the existing members of the JLF framework. Thus the SDR mechanism is actually an exit route provided to the Banks, wherein they could actually take complete control of the business of their debtor for the purpose of recovery of their dues. While the guidelines specifically articulate the key triggers that would need to be initiated for the Banks to initiate the SDR framework, there are a few challenges that the Banks could encounter in this journey. The Banks would be compelled purely on relationship grounds to take the easier stance with their borrowers, as the credit framework in any Bank is relationship driven. While the framework would help the Banks to address the notorious cases, the framework would not be triggered all the time. The credit risk monitoring department within the Bank would need to start playing a larger independent role to help avoid such instances, keeping the larger interest of a health bank balance sheet in mind. The Banks would need to ensure greater independence of their risk functions. Another challenge that the Banks should be cognizant of, is the extent to which the SDR mechanism is resorted to.

The Banks should remember that the SDR framework is an exception mechanism and not a substitute for poor credit decisions on account of weak underwriting standards within the Bank. The governance functions within the Bank have a larger responsibility to ensure that the framework is applied in the right context and spirit. RBI has been increasingly issuing guidelines to ensure that Banks put their house in order and thereby are able to support the economic system to help achieve the sizeable opportunities that lie ahead. SDR is definitely a step towards mitigating bad credit and Banks need to ensure that they leverage this framework for mitigating such cases and not hamper good credit. At the end of the day, we all need to remember that credit is what fuels the growth in the Indian economy.

Our point of view on key RBI guidelines issued in June 2015

Guidelines on Compensation of Non-executive Directors of Private Sector Banks

RBI Circular Reference: RBI/2014-2015/617
Date of Notification: June 1, 2015
Applicable Entities: The Managing Director and CEO All Private Sector Banks

Background & Objective

The need to bring in professionalism to the boards of banks cannot be overemphasized. In order to attract and retain professional directors, it is essential that they are appropriately compensated. Public sector banks follow guidelines issued by the government in this regard. The remuneration of the part-time Chairmen of private sector banks are approved specifically for each bank under the current statutory provisions. However, there is no guidance on remuneration to other non-executive directors of private sector banks.

Key Directives Issued by RBI

An announcement was made in the First Bi-monthly Monetary Policy statement 2015-16 to issue guidelines to private sector banks on remuneration for the non-executive directors (other than Part-time Chairman) that will reflect market realities and will be within the parameters specified in the Banking Regulation Act, 1949 and the Companies Act, 2013.

Accordingly, Reserve Bank has finalized the guidelines on compensation for non-executive Directors, which are contained in the Annex of the circular for implementation by private sector banks.

As hitherto, private sector banks would be required to obtain regulatory approval regarding remuneration to Part-time non-executive Chairman in terms of Section 10B(1A)(i) and 35B of the Banking Regulation Act, 1949.

Implications

RBI has proposed that compensation should be paid to non-executive Directors based on the following criteria:

- A compensation of INR 10 lakh per annum can be given to non-executive directors besides sitting fee and expense reimbursement for attending board meetings.
- Private banks should prepare a comprehensive compensation policy for non-executive directors other than part-time non-executive chairman. While formulating the policy, the Board of the Bank shall ensure compliance with the provisions of the Companies Act, 2013.The compensation policy of Banks would be subject to supervisory oversight including review under the Supervisory Review and Evaluation Process under Pillar 2 of Basel II framework. Deficiencies in the policy would increase the risk profile of banks with consequences such as including a requirement of additional capital if the deficiencies are very significant.
- Banks in private sector would be required to obtain prior approval of RBI for granting remuneration to the part-time non-executive Chairman.
- Banks are required to make disclosure on remuneration paid to the directors on an annual basis at the minimum, in their Annual Financial Statements.

Amendment to Prevention of Money Laundering (Maintenance of Records) Rules, 2005 – additional documents for the limited purpose of ‘proof of address’

RBI Circular Reference: RBI/2014-2015/633
Date of Notification: June 11, 2015
Applicable Entities: All Banks, NBFCs, Payment System Providers/ System Participants and Prepaid Payment Instrument Issuers, agents of Money Transfer Service Scheme

Background & Objective

The government has amended the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 providing additional relaxations for the purpose of proof of address.

In July 2014, the RBI had said that only passport, driving license, PAN Card, Voter's Identity Card, MNREGA job card, and Aadhaar number were to be considered Officially Valid Documents (OVDs) for proof of identity and address required at the time opening an account of an individual.

In accordance with the change in the PML Act by the government, RBI has issued this revised guidelines.

Key Directives Issued by RBI

The Government has since amended the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 providing additional relaxations for the purpose of proof of address in addition to the relaxations in proof of identity under ‘simplified measures’ as contained in paragraph 2(d) of PML Rules. RBI has prescribed additional documents as proof of address that are deemed to be OVDs under ‘simplified measures'.

Implications

RBI has provided additional documentation relaxations for the purpose of proof of address under ‘simplified measures’ as below:

- Utility bill which is not more than two months old of any service provider (electricity, telephone, postpaid mobile phone, piped gas, water bill);
- Property or Municipal Tax receipt;
- Bank account or Post Office savings bank account statement;
- Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;
- Letter of allotment of accommodation from employer issued by State or Central Government departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies. Similarly, leave and license agreements with such employers allotting official accommodation; and
- Documents issued by Government departments of foreign jurisdictions and letter issued by Foreign Embassy or Mission in India.

Banks will be required to revise their policies and account opening forms to include the additional documents as stated above. Banks must make note that this guideline gives relaxation only in respect of low risk customers.

Subscription to chit funds by Non-Resident Indian on non-repatriation basis

RBI Circular Reference: RBI/2014-2015/636
Date of Notification: June 11, 2015
Applicable Entities: All Authorised Dealer Category-I Banks

Background & Objective

In India, Chit Fund is a saving scheme that has been in practice since times immemorial. Besides the assurance of a high return, Chit fund offers its investors a high degree of liquidity.

In May 2000, RBI had imposed a prohibition stating that "no person resident outside India shall make investment in India, in any form, in any company or partnership firm or proprietary concern or any entity, whether incorporated or not, which is engaged or proposes to engage in the business of chit fund".

However, as per the recent notification on Subscription to chit funds by Non-Resident Indian on non-repatriation basis, RBI, in consultation with the Government of India, has amended its May 2000 regulations pertaining to investment by NRIs in the chit funds.

RBI has allowed non-resident Indians (NRIs) to invest in chit funds on non-repatriation basis without any ceiling. This decision of the RBI will assure a flow of capital into the economy. This comes after a 15-year period, during which chit funds were on the 'prohibited list' of investments for the NRIs.

Key Directives Issued by RBI

In terms of RBI Regulation dated 3rd May 2000, no person resident outside India shall make investment in India, in any form, in a company or partnership firm or proprietary concern or any entity, whether incorporated or not, which is engaged or proposes to engage “in the business of chit fund”.

The extant guidelines for subscription to the chit funds have been reviewed in consultation with the Government of India and accordingly, it has been decided to permit Non-Resident Indians (NRIs) to subscribe to the chit funds, without limit, on non-repatriation basis subject to conditions detailed in the circular.

Implications

Based on the change suggested in this guideline, NRIs are now permitted to subscribe to chit funds, subject to the following terms and conditions.

1. The is no limit prescribed on such investments by the NRIs.
2. Such investment would have to be on a non-repatriation basis. In other words, NRIs are not allowed to take back this money outside India.
3. Subscription amount has to be brought in through the normal banking channels. This includes the money in their accounts maintained with any bank in India.

Banks should ensure that there is a process in place to identify the remittance for the purpose of the investment in chit funds and the same should not be repatriated by the NRI outside India.

Exchange –Traded Interest Rate Futures

RBI Circular Reference: RBI/2014-2015/640
Date of Notification: June 12, 2015
Applicable Entities: All market participants

Background & Objective

In order to develop the money and Government securities markets, cash settled 10-year interest rate futures (IRF) contracts were permitted to be introduced by stock exchanges in December 2013. A cash settled IRF contract on 10-Year Government of India (GoI) Security was launched in January 2014 and has received an encouraging response.

As the IRF instrument was getting widely popular amongst the market participants, RBI has decided to increase the flexibility and has hence permitted introduction of cash settled IRF on 4-8 years and 11-15 years Government of India Securities. This would provide market participants greater choice and flexibility to hedge their interest rate risk across different tenors.

The product specifications for the new 6-year and 13-year contracts as well as the existing 10-year contract have been finalised in consultation with Securities and Exchange Board of India and other stakeholders.

Key Directives Issued by RBI

As announced in the sixth Bi-Monthly Monetary Policy Statement, 2014-15, it has been decided to introduce cash settled Interest Rate Futures (IRF) on 5-7 year and 13-15 year Government of India Securities.

In this regard, the Reserve Bank of India has issued a Notification FMRD.DIRD.09/ED (CS) - 2015 dated June 12, 2015 amending the Interest Rate Futures (Reserve Bank) Directions, 2013 dated December 5, 2013 to permit introduction of cash settled IRF on 4-8 years and 11-15 years Government of India Securities.

It has also been decided to modify the residual maturity of cash settled 10-year IRF to 'between 8 years and 11 years' for both options mentioned at sub-paragraphs 5.2.3.1 and 5.2.3.2 in the said notification dated December 05, 2013.

Implications

Market participants can deal in IRF with Coupon bearing Government of India Security with residual maturity between 4 - 8 Years, 8 - 11 years and 11 - 15 years.

They can also deal in a 6-Year, 10-Year and a 13-Year cash-settled Interest Rate Future Contracts. However, the following conditions have to considered:

1. For a 6-Year cash settled Interest Rate Future Contract:

   There are two options with regards to the underlying against which a 6-Year cash-settled Interest Rate Future Contract may be entered into as below:

   a. The underlying shall be a coupon bearing Government of India security of face value Rs. 100 and residual maturity between 4 and 8 years on the expiry of futures contract.

   b. The underlying shall be coupon bearing notional 6-year Government of India security with a face value of Rs. 100. For each contract, there shall be basket of Government of India securities, with residual maturity between 4 and 8 years on the day of expiry of futures contract, with appropriate weight assigned to each security in the basket.

2. For a 10-Year cash settled Interest Rate Future Contract:

   There are two options with regards to the underlying against which a 10-Year cash-settled Interest Rate Future Contract may be entered into as below:

   a. The underlying shall be a coupon bearing Government of India security of face value Rs. 100 and residual maturity between 8 and 11 years on the expiry of futures contract.

   b. The underlying shall be coupon bearing notional 10-year Government of India security with a face value of Rs. 100. For each contract, there shall be basket of Government of India securities, with residual maturity between 8 and 11 years on the day of expiry of futures contract, with appropriate weight assigned to each security in the basket.

3. For a 13-Year cash settled Interest Rate Future Contract:

   There are two options with regards to the underlying against which a 13-Year cash-settled Interest Rate Future Contract may be entered into as below:

   a. The underlying shall be a coupon bearing Government of India security of face value Rs. 100 and residual maturity between 11 and 15 years on the expiry of futures contract

   b. The underlying shall be coupon bearing notional 13-year Government of India security with a face value of Rs. 100. For each contract, there shall be basket of Government of India securities, with residual maturity between 11 and 15 years on the day of expiry of futures contract, with appropriate weight assigned to each security in the basket.

Further, the market participants have to ensure the following compliance for entering into aforementioned contracts:

For option A

a. The underlying security shall be decided by stock exchanges in consultation with the Fixed Income Money Market and Derivatives Association (FIMMDA).

b. The contract shall be cash-settled in INR.

c. The final settlement price shall be arrived at by calculating the volume weighted average price of the underlying security based on prices during the last two hours of the trading on Negotiated Dealing System-Order Matching (NDS-OM) system. If less than 5 trades are executed in the underlying security during the last two hours of trading, then FIMMDA price shall be used for final settlement.

For option B

a. The underlying security shall have coupon with semi-annual compounding.

b. Exchanges shall disclose criteria for including securities in the basket and determining their weights such as trading volumes in cash market, minimum outstanding etc.

c. The contract shall be cash-settled in INR.

d. The final settlement price shall be based on average settlement yield which shall be volume weighted average of the yields of securities in the underlying basket. For each security in the basket, yield shall be calculated by determining weighted average yield of the security based on last two hours of the trading in NDS-OM system. If less than 5 trades are executed in the security during the last two hours of trading, then FIMMDA price shall be used for determining the yields of individual securities in the basket.

Market Participants should update their policies to encompass the changes as prescribed by this notification.

Other Key Guidelines issued by RBI in June 2015

S. No	Guidelines Reference	Date of Issue	Particulars	Impact
1	RBI/2014-2015/618	June 1, 2015	Issue of Long Term Bonds by banks for Financing of Infrastructure and Affordable Housing – Cross Holding	The RBI has allowed banks to invest in long term-bonds of other banks subject to conditions vide the circular. Presently banks are not permitted to cross-hold long-term bonds issued specifically for the purpose of financing of infrastructure and affordable housing loans among themselves. Banks need to ensure that while calculating the Net Demand and Time Liabilities (NDTL), such bonds are not considered as “assets with the banking system in India”. Also, such bonds should not be considered as Held To Maturity bond. The investment should be made within the limits specified by RBI i.e. 2% of the investing bank’s Tier 1 Capital or 5% of the issue size, whichever is lower and the aggregate holdings should be capped at 10% of its total Non-SLR investments. The issuing bank needs to make sure that maximum 20% of the primary issue size of such bonds can be allotted to and they cannot hold their own bonds.
2	RBI/2014-2015/635	June 11, 2015	Reporting requirement on On-site, Off-site and Mobile ATMs	RBI has dispensed with the requirement of reporting periodically the data on ATMs to Regional Offices of Department of Banking Supervision and Department of Banking Regulation, CO, Mumbai (in respect of ATMs in Maharashtra and Goa). However, he reporting requirement on ATMs to DSIM in the prescribed format has be carried out by the Banks. Banks will still be required to take RBI permission in cases where instructions had been issued by the RBI on taking of prior permission for opening of ATMs by Banks to which general prior permission is not granted.

S. No	Guidelines Reference	Date of Issue	Particulars	Impact
3	RBI/2014-2015/637	June 11, 2015	External Commercial Borrowings (ECB) for low cost affordable housing projects	RBI has eased norms to raise funds via external commercial borrowing (ECB) for low-cost affordable housing projects and extended the same to March 2016. Thus, the scheme of raising ECB for low cost affordable housing projects will continue for the financial year 2015-16 with the same terms and conditions as mentioned in A.P. (DIR Series) Circular No. 61 dated December 17, 2012 and A.P. (DIR Series) Circular No. 113 dated June 24, 2013.
4	RBI/2014-2015/638	June 11, 2015	External Commercial Borrowings (ECB) for Civil Aviation Sector	RBI has extended the timeline permitting airlines in India to raise money from abroad to March 2016, against the earlier deadline of March 2015. In a notification on its website, RBI said airlines can raise money through external commercial borrowing till March 2016 for their working capital requirements through ECBs. This is third such extension of the scheme.
5	RBI/2014-2015/639	June 11, 2015	Priority Sector Lending - Revised Reporting System	Banks are required to update their regulatory reporting calendar with regards to reporting of priority sector data as below: • The statement on Priority Sector Advances and Sectoral Deployment of Credit has to be submitted on a quarterly and annual basis within fifteen days and one month, respectively, from the reference date starting from June 2015 for quarterly statement and March 31, 2016 for the yearly one. • The Monthly Statement on Priority Sector Advances and Sectoral Deployment of Credit has been discontinued.

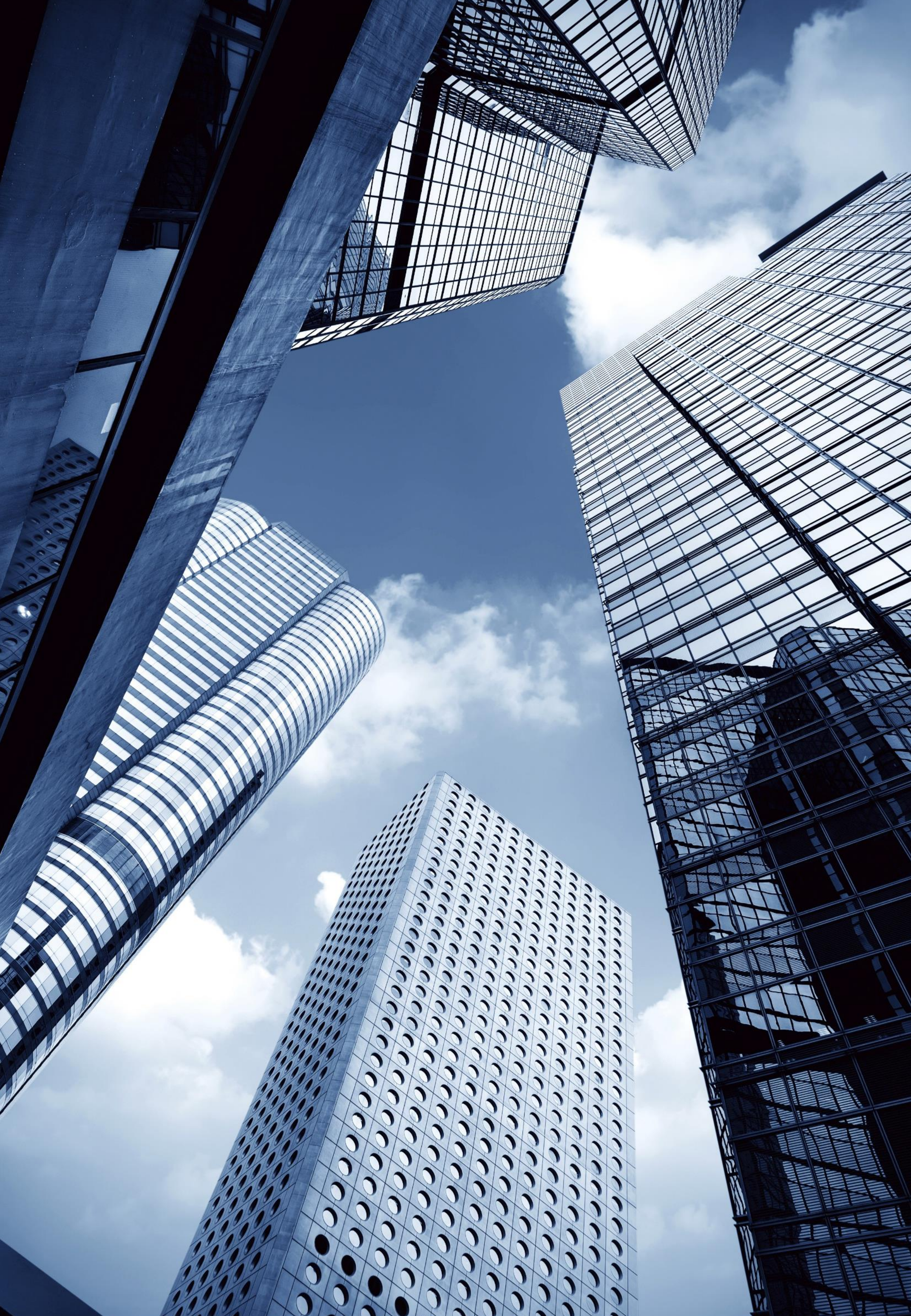
S. No	Guidelines Reference	Date of Issue	Particulars	Impact
5	RBI/2014-2015/643	June 18, 2015	BEF statement - Submission under XBRL	By the virtue of this circular, Banks will have to make the following changes to submission of the BEF statements: 1. Reporting of the BEF statement has been moved to the extensible Business Reporting Language (XBRL) system from half year ended June 2015 instead of manual reporting. 2. The BEF return is to be submitted for the entire Bank instead of the existing branch wise submission format. 3. BEF data has to be submitted in a single format as prescribed in the circular instead of submission in two parts.
6	RBI/2014-2015/645	June 18, 2015	The Depositor Education and Awareness Fund Scheme, 2014 –Section 26A of Banking Regulation Act, 1949- Operational Guidelines	With respect to submission of audited returns under the Depositor Education and Awareness Fund Scheme 2014, Banks will now be required to submit a single return consolidating the Form I and II instead of individual Form I and Form II before the 15th of the succeeding month.
7	RBI/2014-2015/649	June 25, 2015	Overseas Foreign Currency Borrowings by Authorised Dealer Bank	The Reserve Bank of India has allow Banks to borrow from international/multilateral financial institutions for general banking business and not for capital augmentation without seeking prior approval fro RBI thus making the funding process easier. The international/multilateral financial institutions shall include institutions where Government of India is a shareholding member or which have been established by more than one government or have shareholding by more than one government and other international organizations.

S. No	Guidelines Reference	Date of Issue	Particulars	Impact
8	RBI/2014-15/650	June 26, 2015	Withdrawal of all old series of Banknotes issued prior to 2005	RBI has decided to extend the date for exchanging the pre-2005 banknotes to December 31, 2015.Instructions regarding the same have been included in a Press Release dated June 25, 2015. Banks have been advised to facilitate the exchange of such notes for full value without causing any inconvenience to the public. Further, the notes will retain their legal status and the public can continue to use them for any transaction/ payment. Banks should ensure that the notes should not be dispensed through the ATMs/ over the Bank counters. Banks should update their policy related to Branch Banking/ATM and should sensitize their branch staff to this effect.

Benchmark rates applicable from June 2015

Benchmark rates applicable from June 2015

Particulars	Rates in May 2015	Rates in June 2015
Policy Repo Rate	7.50%	7.25%
Reverse Repo Rate	6.25%	6.25%
Marginal Standing Facility Rate	8.25%	8.25%
Bank Rate	8.50%	8.25%



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