

# ANNEX

## CHRONOLOGY OF MAJOR POLICY ANNOUNCEMENTS: JULY 2017 TO JUNE 2018\*

Date of Announcement	Policy Initiative
<b>Monetary Policy Department</b>	
August 2, 2017	The policy repo rate was reduced by 25 bps to 6.0 per cent.
October 4	SLR was reduced by 50 bps to 19.5 per cent effective October 14, 2017. The ceiling on SLR securities under 'Held to Maturity' was also cut in phases to 19.5 per cent by March 31, 2018.
June 6, 2018	The policy repo rate was raised by 25 bps to 6.25 per cent.
<b>Financial Inclusion and Development Department</b>	
July 6, 2017	A comprehensive set of guidelines was issued for Small Finance Banks, which included, <i>inter alia</i> , objectives, scope of activities, and guidance on financial inclusion.
July 13	Financial Literacy Centres (FLCs) and rural bank branches were advised to use hand-held projectors to show audio-visuals and posters on financial awareness messages.
July 13	Banks were advised regarding the documents to be relied upon for ascertaining investment in plant and machinery for the classification of enterprises as micro, small or medium.
August 3	Banks/SLBC convener banks were advised about the setting up of a dedicated portal for collection and compilation of data on natural calamities on a real time basis. Banks were to upload data files on relief measures extended by them. SLBCs were required to upload states' notifications on natural calamities.
August 16	Banks were advised of the Government's approval to implement the Interest Subvention Scheme for short term crop loans during 2017-18.
September 21	Banks were advised that the applicable system wide average figure of lending for computing achievement under the priority sector lending for 2017-18 would be 11.78 per cent.
October 18	Revised guidelines were issued relating to Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM) Aajeevika and Interest Subvention Scheme.
March 1, 2018	A sub-target of 8 per cent of Adjusted Net Bank Credit or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever was higher, would apply to foreign banks with 20 branches and above, for lending to small and marginal farmers from 2018-19. Banks were advised that all loans to MSMEs engaged in providing or rendering services would qualify under the priority sector without any credit cap.
April 6	SLBC convener / Lead banks were advised the action points containing measures for improvement of the Lead Bank Scheme and the effectiveness of Lead District Managers.
April 18	Target group specific financial literacy contents for farmers, small entrepreneurs, school children, self-help groups and senior citizens were released.
June 19	Housing loan limits for eligibility under priority sector lending were revised to bring convergence with the Affordable Housing Scheme.
<b>Financial Markets Regulation Department</b>	
August 10, 2017	Tri-party repo direction was introduced.
August 10	Measures like dual rating requirement for issuances of more than ₹10 billion in a year, restrictions on related party issuances, and extension of buy-back timeline were put in place for CP issuances.
September 21	The reporting requirement for OTC forex derivatives to trade repository was modified. Further, AD Category-I banks were advised to reconcile the outstanding balances between their books and the trade repository on an ongoing basis.

\* Indicative in nature and details available on the Reserve Bank's website.

Date of Announcement	Policy Initiative
October 12, 2017	Central treasuries of non-residents having exposure to INR on account of exports from and imports to India were permitted to undertake hedges for and on behalf of such non-residents with AD Category-I banks in India.
November 9	Hedging Facility was simplified by reducing documentation requirements, avoiding prescriptive stipulations regarding products, purpose and hedging flexibility.
November 16	FPIs were allowed to settle OTC secondary market transactions in G-Sec either on T+1 or on T+2 basis.
November 16	Market participants were allowed to undertake 'notional' short sale to deliver G-sec from their own HTM/AFS/HFT portfolio in exceptional situation of market stress.
February 26, 2018	Persons resident in India and FPIs in the Exchange Traded Currency Derivatives market were permitted to take positions (long or short), without having to establish existence of underlying exposure, up to a single limit of US\$ 100 million equivalent across all currency pairs involving INR, put together, and combined across all exchanges.
March 1	FPIs were allocated separate limit of ₹ 50 billion for long position in IRFs.
March 12	The Hedging of Commodity Price Risk and Freight Risk in Overseas Markets (Reserve Bank) Directions, 2018 were issued.
March 31	Financial Benchmark India Pvt. Ltd (FBIL) was advised to assume the responsibility for administering valuation of G-sec (issued by both centre and states) effective March 31, 2018.
April 6	The limit for FPI's investment was increased to 5.5 per cent and 6 per cent of the outstanding stock of G-Sec for 2018-19 and 2019-20, respectively. Further, the limit for FPI investment in corporate bonds was fixed at 9 per cent of the outstanding stock.
June 14	Interest Rate Swaptions in Rupees were permitted so as to enable better timing flexibility for the market participants seeking to hedge their interest rate risk.
June 15	Operational guidelines on FPI investments in debt were revised with respect to minimum residual maturity requirement, security-wise limit (from 20 per cent of outstanding stock to 30 per cent for central government security), concentration limit and single/group investor-wise limit in corporate bonds.
<b>Financial Markets Operations Department</b>	
June 6, 2018	Margin requirement under LAF and MSF would be assigned on the basis of residual maturity of the collateral, effective August 01, 2018. Further, the margin requirement for rated SDLs would be 1 per cent lower than that of unrated SDLs for the same maturity buckets.
<b>Foreign Exchange Department</b>	
July 28, 2017	Standard operating framework for facilitating outward remittance services by non-bank entities through Authorized Dealer (category I) banks in India was laid down.
September 13	Certain changes on granting in-principle approval to Full Fledged Money Changers (FFMCs), KYC norms, loading of forex encashment in debit cards, compulsory display of money changing licence, introduction of licence fee for FFMCs and late fee for delayed submission of renewal application by the FFMC were incorporated in the Master Direction on money changing activities.
September 15	AD Category-I banks were advised to update the EDPMS with data of export proceeds on "as and when realised basis" and, from October 16, 2017 generate Electronic Bank Realisation Certificate (eBRC) only from the data available in EDPMS, to ensure consistency of data in EDPMS and at DGFT.
September 22	Issuances of RDBs were excluded from the limit for investments by FPI in corporate bonds effective October 3, 2017. Consequently, email reporting requirement of RDB transactions for onward reporting to depositories was dispensed with. However, reporting of RDBs would continue as per the extant ECB norms.
November 7	The Foreign Exchange Management (transfer or issue of security by a person resident outside India) Regulations, 2017 (FEMA 20 R) were put in place to regulate investment in India by a person resident outside India. This Notification supersedes Notification No. FEMA 20/2000-RB and Notification No. FEMA 24/2000-RB both dated May 3, 2000, as amended from time to time.

**CHRONOLOGY OF MAJOR POLICY ANNOUNCEMENTS**

Date of Announcement	Policy Initiative
November 14, 2017	Notification No. FEMA 369/2017-RB, pertaining to changes in Overseas Direct Investment guidelines, was issued.
November 15	Exchange control copy of shipping bill on account of integration with EDPMS was discontinued.
December 8	Authorised Money Changers (AMCs) were advised to report any action initiated by Directorate of Enforcement (DoE) / Directorate of Revenue Intelligence (DRI) or any other law enforcing authorities against the AMCs or its directors within one month of such action.
December 14	Late Submission Fee was introduced for persons responsible for delayed filing of the reports/ forms/ returns prescribed in the rationalised notification such as Foreign Currency-Transfer of Shares (FC-TRS) and Foreign Currency-Gross Provisional Return (FC-GPR).
December 22	Delegation of powers was made for compounding of other contraventions which were not related to delay in reporting of various reports/forms/ returns.
January 4, 2018	Refinancing of existing ECBs was extended to the overseas branches/ subsidiaries of Indian banks permitting them to refinance ECBs of highly rated (AAA) corporates as well as Navratna and Maharatna PSUs.
January 4	Joint venture/ Wholly owned subsidiary (JV/WOS) in a country /jurisdiction which is either under the observation of the Financial Action Task Force (FATF) or in respect of which enhanced due diligence is recommended by FATF or any other country / jurisdiction as prescribed by Reserve Bank were not permitted to file Annual Performance Report (APR) on the basis of an unaudited balance sheet.
January 4	Instructions on Foreign Investment in India and its related aspects in FEMA compiled and issued for the first time.
January 12	AD Category- I banks were advised to consider requests for grant of export declaration form (EDF) waiver from exporters to export freely exportable items (excluding gems and jewellery, articles of gold and precious metals) on free of cost basis for export promotion.
January 24	The format of undertaking pertaining to Directorate of Enforcement (DoE) investigation, to be taken from applicants who have requested for compounding, was changed.
February 2	Consequent upon the stabilisation of IDPMS, the submission of a separate Bill of Entry Follow-up (BEF) statement by the AD Category-I bank was discontinued after the half year ended December 2017. However, in order to facilitate faster communication by ADs through electronic modes like e-mail/sms for follow-up, the existing instructions were broadened to include electronic communication channels. ADs would also be required to follow up at least once through a registered letter.
March 13	The practice of issuance of Letters of Undertaking (LoUs) and Letters of Comfort (LoCs) by AD Category-I banks in favour of overseas supplier, bank or financial institution up to USD 20 million per import transaction for a maximum period up to one year in case of import of non-capital goods (except gold, palladium, platinum, rhodium, silver, etc) was permitted. For import of capital goods, the period of guarantee/ Letters of Credit/ Letters of Undertaking by AD can be for a maximum period up to three years. The practice of issuance of LoUs/LoCs for Trade Credits for imports in India has been discontinued with immediate effect. The reporting format was amended appropriately.
March 16	The floor limit (minimum applicable amount) of ₹100/- for Late Submission Fee (LSF) was introduced.
March 20	FEMA Notification No. FEMA 389/2017-RB on Foreign Exchange Management (Cross Border Merger) Regulations, 2018 was issued.
March 26	Notification No. FEMA 21(R) pertaining to Foreign Exchange Management (acquisition and transfer of immovable property in India) Regulations, 2018 was published in the Gazette.
April 6	Consequent to the publication of amendment to FEMA 20(R), on March 26, 2018, (i) 100 per cent foreign investment was allowed in real estate broking services under automatic route. (ii) Foreign investment in investing companies registered as NBFCs with Reserve Bank, would be under 100 per cent automatic route. (iii) Indian companies were permitted to issue capital instruments to a person resident outside India under automatic route or with the prior government approval if the Indian investee company is engaged in a sector under government route.

Date of Announcement	Policy Initiative
April 12, 2018	The definition of an Overseas Citizen (OCI) was revised as a person resident outside India who is registered as an Overseas Citizen of India Cardholder under Section 7 (A) of the Citizenship Act, 1955. The conditions for an NRI/OCI to acquire/ transfer of immovable property in India were laid down.
April 12	Daily reporting system by AD banks of transactions undertaken by individuals under Liberalised Remittance Scheme was introduced.
April 27	The guidelines on ECB were further rationalised and liberalised by stipulation of a uniform all-in-cost ceiling, increasing the ECB Liability to Equity Ratio for ECB raised from direct foreign equity holder under the automatic route, among others.
May 3	A new system for monitoring foreign investment limits, was put in place in consultation with SEBI to ensure compliance with the various foreign investment limits by listed Indian companies.
May 3	A system of data sharing with Directorate of Revenue Intelligence was introduced by advising all AD category I banks to ensure compliance with the provisions contained in Sections 108 A and 108 B of the Customs Act, 1962 and the Rules notified thereunder with immediate effect.
May 10	The provisions pertaining to the requirement of prior approval of RBI for establishment of Branch Office/Liaison Office/Project Office or any other place of business in India by foreign entities in sectors where 100 per cent FDI is not allowed were done away with.
June 7	Two additional formats, Part E.1 for reporting details of hedging and foreign exchange earnings and Part E.2 for reporting of expenditure to simplify the format of ECB 2 return were introduced.
June 7	A Single Master Form (SMF), to be filed online, with the objective of integrating the extant reporting structures of various types of foreign investment in India was introduced.
June 19	Furnishing of Permanent Account Number (PAN) was made mandatory for all remittances under the Liberalised Remittance Scheme (LRS). Further, on remittances for maintenance of close relatives, the definition of 'relative' was aligned with that in the Companies Act, 2013 instead of the Companies Act, 1956.
<b>Department of Banking Regulation</b>	
July 6, 2017	In view of widespread use of electronic banking and rise in complaints, a revised framework for limiting customer liabilities in unauthorised/ fraudulent electronic transactions was issued.
August 2	Credit information report on a borrower, furnished by credit information companies to credit institutions, needs to incorporate credit information available in all modules, e.g., consumer, commercial and MFI in respect of the borrower.
August 2	Banks incorporated in India were permitted to recognise reserves held with foreign central banks in excess of the reserve requirements as Level 1 HQLA, where a foreign sovereign was assigned a zero per cent risk weight by an international rating agency. Where a foreign sovereign was assigned a non-zero per cent risk weight by an international rating agency, but a zero per cent risk weight at national discretion under Basel II, excess reserves held with such foreign central banks were allowed as Level 1 HQLA to the extent that they covered bank's stressed net cash outflows in that specific currency.
August 2	Bank rate was cut by 25 bps to 6.25 per cent with immediate effect.
September 25	It was decided to amend regulations on banks' investments in Alternative Investment Funds and align the prudential requirements for investment in financial services companies in line with Basel III. Banks were allowed to act as Professional Clearing Member and banks' subsidiaries were allowed to offer broking services in commodities derivative segment.
November 2	Banks were advised to intimate their existing large corporate borrowers (including their parent as well as subsidiaries/associates) having total exposure of ₹0.50 billion and above to obtain Legal Entity Identifier (LEI) as per the prescribed schedule. Borrowers who do not obtain LEI as per the schedule are not to be granted renewal/ enhancement of credit facilities.
November 9	Banks were advised to put in place appropriate mechanism for meeting the needs of senior citizens and differently abled persons.
January 4, 2018	Harmonized definitions of a set of 83 data elements reported across multiple returns to the Reserve Bank were issued.

**CHRONOLOGY OF MAJOR POLICY ANNOUNCEMENTS**

Date of Announcement	Policy Initiative
February 7, 2018	In the context of switch-over to GST, banks and NBFCs were permitted to continue to classify their exposure to GST-registered MSME borrowers as standard asset if the amount overdue from the borrower as on September 1, 2017 and payments due between September 1, 2017 and January 31, 2018 are paid not later than 180 days from their respective original due dates.
February 12	In view of the enactment of Insolvency and Bankruptcy Code, 2016, a harmonized and simplified framework for resolution of stressed assets replaced the previous schemes/guidelines like CDR.
April 2	Banks were allowed to spread provisioning for MTM losses on investments for the quarters ended December 31, 2017 and March 31, 2018 equally over up to four quarters, commencing with the quarter in which the loss was incurred. They were advised to create and maintain an Investment Fluctuation Reserve of at least 2 per cent on a continuing basis to be achieved preferably within 3 years from 2018-19.
April 5	SCBs, excluding RRBs, were required to implement Ind AS from April 1, 2018, However, in view of the banks' level of preparedness and the pending necessary legislative amendments, it was decided to defer implementation of Ind AS by one year.
April 6	Stand-alone plain vanilla forex options (without attached structures) purchased by clients would be exempted from the 'user suitability and appropriateness' norms, and the regulatory requirements would be at par with forex forward contracts.
April 6	In view of risks in dealing with virtual currencies, RBI-regulated entities were prohibited from dealing in such currencies or providing services for facilitating or settling.
April 20	KYC Directions were aligned with the amendments in the Prevention of Money Laundering (PML) rules <i>vide</i> Government Gazette notifications of June 1, 2017 and thereafter.
May 17	With a view to enabling IFSC Banking Units (IBUs) to start their operations, the parent bank will be required to provide a minimum capital of USD 20 million or equivalent in any foreign currency to its IBU which should be maintained at all times. The minimum prescribed regulatory capital, including for the exposures of the IBU, shall be maintained on an on-going basis at the parent level; for foreign banks, the IBU shall submit a certificate to this effect obtained from the parent on a half-yearly basis to RBI.
May 17	To mitigate funding risk over a longer time horizon, final guidelines on Net Stable Funding Ratio (NSFR) were issued.
June 6	Bank rate was revised, with immediate effect, to 6.50 per cent from 6.25 per cent.
June 6	Banks and NBFCs were permitted to classify exposure to all MSMEs (including those which are yet to register under GST) as standard asset as per a 180-day past due criterion. The dues of GST-registered MSMEs payable from January 1, 2019 onwards would be aligned to 90 days NPA norm in a phased manner.
June 7	Deposits under Gold Monetization Scheme can be made for broken periods. Under Medium and Long-Term Government Scheme (MLTGD), the interest payment will be annual. For managing MLTGD Scheme, designated banks will be paid handling charges and commission at a flat rate of 1.5 per cent and 1 per cent respectively of the rupee equivalent of the amount of gold mobilised by them. Any premature redemption under MLTGD scheme would be only in INR.
June 7	The rate of interest payable by banks to the depositors/claimants on the unclaimed amount transferred to the Depositors' Education and Awareness (DEA) Fund has been revised to 3.5 per cent simple interest per annum effective July 1, 2018 from 4 per cent earlier.
June 14	Banks were advised to follow, effective June 11, 2018, the list of Left Wing Extremism affected districts as revised by the Government, in connection with Annex III to the Bank's circular on 'Rationalisation of Branch Authorisation Policy-Revision of Guidelines' issued on May 18, 2017.
June 15	Given the rising yields on G-sec, as also the inadequacy of time to build the Investment Fluctuation Reserve (IFR) for many banks, banks were allowed to spread provisioning for the MTM losses in AFS and HFT portfolios for the quarter ending June 30, 2018, subject to suitable disclosure in their notes to accounts/quarterly results.
June 15	Banks were allowed to reckon G-sec held by them up to another 2 per cent of their NDTL, under FALLCR within the mandatory SLR requirement, as Level 1 HQLA for the purpose of computing their LCR.

**ANNUAL REPORT**

Date of Announcement	Policy Initiative
<b>Department of Cooperative Bank Regulation</b>	
July 13, 2017	Cooperative banks were advised to provide relevant details on entries in the accounts and information on 'deposit insurance cover' along with the limit of coverage upfront in the passbooks.
August 16	The functional and technical requirements for Core Banking Solution in UCBs were released.
December 14	Guidelines on limiting the liability of customers of co-operative banks in unauthorised electronic banking transactions were issued.
May 10, 2018	The guidelines on priority sector lending by UCBs were broadly harmonised with those of SCBs.
<b>Department of Non-Banking Regulation</b>	
July 6, 2017	NBFCs with asset size of ₹5 billion and above were permitted to undertake point of presence (PoP) services for the National Pension System after registration with the PFRDA.
August 14	NBFCs notified as 'Financial Institutions' under the SARFAESI Act, 2002 were advised to appoint a nominated counsel in the High Court of Delhi.
August 14	NBFCs were allowed to use the ratings of Infomercs Valuation and Rating Private Limited for their fixed deposit portfolios.
October 4	Regulation on P2P lending platforms as NBFC-Peer to Peer Lending Platform was issued.
November 9	Guidelines were issued to NBFCs on managing risks and code of conduct in outsourcing of financial services.
November 23	ARCs, meeting prescribed conditions, were exempted from the shareholding limit of 26 per cent in the borrower company.
January 4, 2018	ARCs were advised to adhere to the relevant provisions of the Insolvency and Bankruptcy Code (IBC), 2016 and Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017 on submission of financial information to information utilities.
February 23	NBFCs covered under the Ombudsman Scheme were advised to appoint Principal Nodal Officers (PNOs)/ Nodal Officers (NOs) and to display salient features of the Ombudsman Scheme at all their offices and branches.
May 31	Exemptions granted to government NBFCs from certain regulatory and statutory provisions were withdrawn and they were required to adhere to prudential regulations in a phased manner.
June 7	Systemically Important Core Investment Companies (CIC-ND-SI) were permitted to hold infrastructure investment trusts (InvIT) units only as sponsors provided such exposure does not exceed the minimum holding and tenor limits as prescribed under SEBI regulations for a sponsor.
<b>Department of Banking Supervision</b>	
July 13, 2017	For banks with non-executive chairman, there will be no restriction if he/she is also nominated to the Audit Committee of the Board of Directors.
July 27	To ensure rest and rotation for statutory central auditors, an audit firm after completing its four year tenure in a particular private/foreign bank would not be eligible for appointment for a period of six years.
June 21, 2018	Banks and White-Label ATM Operators were advised to initiate immediate action for addressing concerns about the ATMs running on Windows XP and/or other unsupported operating system.
June 29	For improving audit quality and transparency in examination of accountability of Statutory Auditors (SAs), enforcement action framework was put in place.
<b>Department of Non-Banking Supervision</b>	
March 15, 2018	Government-owned NBFCs were advised to submit periodic returns.
<b>Consumer Education and Protection Department</b>	
February 23, 2018	To provide a cost-free and expeditious complaint redressal mechanism relating to deficiency in services by NBFCs, Ombudsman Scheme for Non-Banking Financial Companies, 2018 was introduced initially for deposit taking NBFCs.

**CHRONOLOGY OF MAJOR POLICY ANNOUNCEMENTS**

Date of Announcement	Policy Initiative
<b>Internal Debt Management Department</b>	
October 4, 2017	It was decided to conduct weekly auctions of SDLs (held fortnightly earlier) and announce the auction results latest by 3:00 PM the same day.
November 23	To encourage participation of retail investors in G-sec and T-Bill primary auctions, specified stock exchanges were permitted to act as aggregators/facilitators for submitting investor bids in the non-competitive segment of primary auction.
May 3, 2018	With a view to meeting the diverse needs of investors and making Separate Trading of Registered Interest and Principal of Securities (STRIPS) more aligned with market requirements, it was decided to remove the restrictions on the securities eligible for Stripping/Reconstitution as well as the requirement of authorisation of all requests for Stripping/Reconstitution by Primary Dealers (PDs).
June 6	In order to facilitate Standalone Primary Dealers (SPDs) to provide comprehensive services to their FPI clients, it was decided to provide the SPDs a limited foreign exchange licence.
June 6	It was decided to lower the rate of interest on special drawing facility from 100 bps to 200 bps below the policy repo rate to incentivise maintenance of adequate funds by state governments in Consolidated Sinking Fund (CSF) and Guarantee Redemption Fund (GRF).
<b>Department of Currency Management</b>	
February 9, 2018	On delayed reporting the Reserve Bank advised that penal interest at the prevailing rate for instances where the currency chest had reported "net deposit" might not be charged. However, a flat penalty of ₹50,000 is to be levied on the currency chests in the case of wrong reporting of soiled note remittances to RBI/diversions shown as "Withdrawal".
February 15	Banks were advised to direct all their branches to accept coins of all denominations tendered at their counters either for exchange or deposit, violation of which might attract penal action by the RBI.
March 1	Incentives to banks for installation of cash recyclers and ATMs dispensing only lower denomination notes were withdrawn.
April 6	Certain minimum standards for engaging the service providers/sub-contractors by banks for cash management logistics were prescribed. Banks were advised to review their outsourcing arrangements, bring them in line with the instructions within 90 days and put in place business continuity plan.
April 12	To mitigate risks, banks were advised to consider using lockable cassettes in their ATMs for cash replenishment and implement the same in phases, covering at least one-third ATMs every year, so that all ATMs achieve cassette swap by March 31, 2021.
<b>Department of Payment and Settlement Systems</b>	
October 11, 2017	To foster innovation and competition, and to ensure safety, security and customer protection, the revised Master Directions on Prepaid Payment Instruments (PPI) were released.
December 6	Merchant discount rate for debit card transactions was rationalised.
April 6, 2018	All payment system providers and other entities participating in the payment ecosystem in India were advised to ensure that the entire data relating to payment systems operated by them are stored in a system only in India.