भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2015-16/70
DBR.No.Dir.BC.12 /13.03.00/2015-16

July 1, 2015
Ashadha 10, 1937(Saka)

All Scheduled Commercial Banks
(excluding RRBs)

Dear Sir / Madam

Master Circular – Exposure Norms

Please refer to the Master Circular DBOD No. Dir. BC.12/13.03.00/2014-15 dated July 1, 2014 consolidating the instructions / guidelines issued to banks till June 30, 2014 relating to Exposure Norms. This Master Circular consolidates instructions on the above matter issued up to June 30, 2015.

Yours faithfully

(Lily Vadera)
Chief General Manager

बैकिंग विनियमन विभाग, केन्द्रीय कार्यालय, 13 माला,शहीद भगतसिंह मार्ग, फोर्ट,मुम्बई -400001
Department of Banking Regulation13th Floor, NCOB, Shahid Bhagat Singh Marg, Fort, Mumbai- 400001
FAX NO. 0091-22-22701241 Tel. No.022-22601000 E-mail address cgmicdbrco@rbi.org.in
हिंदी आसान है, इसका प्रयोग बढ़ाइए

CONTENTS

MASTER CIRCULAR ON EXPOSURE NORMS

A. Purpose

This Master Circular provides a framework of the rules/regulations/instructions issued by the Reserve Bank of India to Scheduled Commercial Banks relating to credit exposure limits for single/ group borrowers and credit exposure to specific industry or sectors and the capital market exposure of banks.

B. Classification

A statutory guideline issued by the Reserve Bank in exercise of the powers conferred by the Banking Regulation Act, 1949.

C. Previous instructions

This Master Circular consolidates and updates the instructions on the above subject contained in the circulars listed in **Appendix.**

D. Application

To all scheduled commercial banks, excluding Regional Rural Banks.

1 INTRODUCTION

As a prudential measure aimed at better risk management and avoidance of concentration of credit risks, the Reserve Bank of India has advised the banks to fix limits on their exposure to specific industry or sectors and has prescribed regulatory limits on banks' exposure to single and group borrowers in India. In addition, banks are also required to observe certain statutory and regulatory exposure limits in respect of advances against / investments in shares, convertible debentures /bonds, units of equity-oriented mutual funds and all exposures to Venture Capital Funds (VCFs). Banks should comply with the following guidelines relating to exposure norms.

2 GUIDELINES

2.1 Credit Exposures to Single/Group Borrowers

2.1.1 Ceilings

2.1.1.1 The exposure ceiling limits would be 15 percent of capital funds in case of a single borrower and 40 percent of capital funds in the case of a borrower group. The capital funds for the purpose will comprise of Tier I and Tier II capital as defined under capital adequacy standards (please also refer to paragraph 2.1.3.5 of this Master Circular).

2.1.1.2 Bank's clearing exposure to a Qualifying CCP (QCCP) will be kept outside of the exposure ceiling of 15 per cent of its capital funds applicable to a single counterparty. Clearing exposure would include trade exposure and default fund exposure as defined in the guidelines on capital requirements for banks' exposure to central counterparties issued vide Circular DBOD.No.BC.28/21.06.201/ 2013-14 dated July 2, 2013. Other exposures to QCCPs such as loans, credit lines, investments in the capital of CCP, liquidity facilities, etc. will continue to be within the existing exposure ceiling of 15 per cent of capital funds to a single counterparty. However, all exposures of a bank to a non-QCCP should be within this exposure ceiling of 15 per cent. (please also refer to circular DBOD.No.BP.BC.82/21.06.217/2013-14 dated January 7, 2014)

2.1.1.3 Credit exposure to a single borrower may exceed the exposure norm of 15 percent of the bank's capital funds by an additional 5 percent (i.e. up to 20 percent) provided the additional credit exposure is on account of extension of credit to infrastructure projects. Credit exposure to borrowers belonging to a group may exceed the exposure norm of 40 percent of the bank's capital funds by an additional 10 percent (i.e., up to 50 percent), provided the additional credit exposure is on account of extension of credit to infrastructure projects. The definition of infrastructure lending and the list of sub-sectors under infrastructure is included in the Master Circular on 'Loans and Advances – Statutory and other Restrictions' dated July 1, 2015.

2.1.1.4 In addition to the exposure permitted under paragraphs 2.1.1.1 and 2.1.1.2 above, banks may, in exceptional circumstances, with the approval of their Boards, consider enhancement of the exposure to a borrower (single as well as group) up to a further 5 percent of capital funds subject to the borrower consenting to the banks making appropriate disclosures in their Annual Reports.

2.1.1.5 With effect from May 29, 2008, the exposure limit in respect of single borrower has been raised to twenty five percent of the capital funds, only in respect of Oil Companies who have been issued Oil Bonds (which do not have SLR status) by Government of India. In addition to this, banks may in exceptional circumstances, as hitherto, in terms of paragraph 2.1.1.3 of the Master Circular, consider enhancement of the exposure to the Oil Companies up to a further 5 percent of capital funds.

2.1.1.6 The bank should make appropriate disclosures in the 'Notes on account' to the annual financial statements in respect of the exposures where the bank had exceeded the prudential exposure limits during the year.

2.1.1.7 <u>Exposures to NBFCs</u>

The exposure (both lending and investment, including off balance sheet exposures) of a bank to a single NBFC / NBFC-AFC (Asset Financing Companies) should not exceed 10% / 15% respectively, of the bank's capital funds as per its last audited balance sheet. Banks may, however, assume exposures on a single NBFC / NBFC-AFC up to 15%/20% respectively, of their capital funds provided the exposure in excess of 10%/15% respectively, is on account of funds on-lent by the NBFC / NBFC-AFC to the infrastructure sector. Exposure of a bank to Infrastructure Finance Companies (IFCs) should not exceed 15% of its capital funds as per its last audited balance sheet, with a provision to increase it to 20% if the same is on account of funds on-lent by the IFCs to the infrastructure sector. Further, banks may also consider fixing internal limits for their aggregate exposure to all NBFCs put together. Infusion of capital funds after the published balance sheet date may also be taken into account for the purpose of reckoning capital funds. Banks should obtain an external auditor's certificate on completion of the augmentation of capital and submit the same to the Reserve Bank of India (Department of Banking Supervision) before reckoning the additions to capital funds.

2.1.1.8 <u>Lending under Consortium Arrangements</u>

The exposure limits will also be applicable to lending under consortium arrangements.

2.1.1.9 <u>Bills discounted under Letter of Credit (LC)</u>

In cases where the bills discounting/purchasing/negotiating bank and LC issuing bank are different entities, 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 third party / borrower. However, in cases where the bills discounting/purchasing/negotiating bank and LC issuing bank are part of the same bank, i.e. where LC is issued by the Head Office or branch of the same bank, then the exposure should be taken on the third party/borrower and not on the LC issuing bank. In the case of negotiations 'under reserve', the exposure should be treated as on the borrower.

2.1.1.10 Disinvestment Programme of the Government of India

On account of banks' financing of acquisition of PSU shares under the Government of India disinvestment programmes, if any bank, is likely to exceed the regulatory ceiling of single / group borrower limit, RBI will consider relaxation on specific requests from banks in the singlel/group credit exposure norms on a case by case basis, provided that the bank's total exposure to the borrower, net of its exposure due to acquisition of PSU shares under the Government of India disinvestment programme, should be within the prudential singlel/group borrower exposure ceiling prescribed by RBI.

2.1.2 Exemptions

2.1.2.1 Rehabilitation of Sick/Weak Industrial Units

The ceilings on single/group exposure limits are not applicable to existing/additional credit facilities (including funding of interest and irregularities) granted to weak/sick industrial units under rehabilitation packages.

2.1.2.2 Food credit

Borrowers, to whom limits are allocated directly by the Reserve Bank for food credit, will be exempt from the ceiling.

2.1.2.3 Guarantee by the Government of India

The ceilings on single /group exposure limit would not be applicable where principal and interest are fully guaranteed by the Government of India.

2.1.2.4 Loans against Own Term Deposits

Loans and advances (both funded and non-funded facilities) granted against the security of a bank's own term deposits should not be reckoned for computing the exposure to the extent that the bank has a specific lien on such deposits.

2.1.2.5 Exposure on NABARD

The ceiling on single/group borrower exposure limit will not be applicable to exposure assumed by banks on NABARD. The individual banks are free to determine the size of the exposure to NABARD as per the policy framed by their respective Board of Directors. However, banks may note that there is no exemption from the prohibitions relating to investments in unrated non-SLR securities prescribed in terms of the Master Circular on Prudential Norms for Classification, Valuation and Operations of Investment Portfolio by Banks, as amended from time to time.

2.1.3 Definitions

2.1.3.1 Exposure

Exposure shall include credit exposure (funded and non-funded credit limits) and investment exposure (including underwriting and similar commitments). The sanctioned limits or outstandings, whichever are higher, shall be reckoned for arriving at the exposure limit. However, in the case of fully drawn term loans, where there is no scope for re-drawal of any portion of the sanctioned limit, banks may reckon the outstanding as the exposure.

2.1.3.2 Measurement of Credit Exposure of Derivative Products

For the purpose of exposure norms, banks shall compute their credit exposures, arising on account of the interest rate & foreign exchange derivative transactions and gold, using the 'Current Exposure Method', as detailed below. While computing the credit exposure banks may exclude 'sold options', provided the entire premium / fee or any other form of income is received / realised.

Bilateral netting of Mark-To-Market (MTM) values arising on account of such derivative contracts cannot be permitted. Accordingly, banks should count their gross positive MTM value of such contracts for the purposes of capital adequacy as well as for exposure norms.

Current Exposure Method

(i) The credit equivalent amount of a market related off-balance sheet transaction calculated using the current exposure method is the sum of current credit exposure and potential future credit exposure of these contracts. While computing the credit exposure banks may exclude 'sold options', provided the entire premium / fee or any other form of income is received / realized.

(ii) Current credit exposure is defined as the sum of the positive mark-to-market value of these contracts. The Current Exposure Method requires periodical calculation of the current credit exposure by marking these contracts to market, thus capturing the current credit exposure.

(iii) Potential future credit exposure is determined by multiplying the notional principal amount of each of these contracts irrespective of whether the contract has a zero, positive or negative mark-to-market value by the relevant add-on factor indicated below according to the nature and residual maturity of the instrument.

CCF for market related off-balance sheet items		
Residual Maturity	**Credit conversion factors**	
	Interest Rate Contracts	**Exchange Rate Contracts & Gold**
One year or less	0.50%	2.00%
Over one year to five years	1.00%	10.00%
Over five years	3.00%	15.00%

(iv) For contracts with multiple exchanges of principal, the add-on factors are to be multiplied by the number of remaining payments in the contract.

(v) For contracts that are structured to settle outstanding exposure following specified payment dates and where the terms are reset such that the market value of the contract is zero on these specified dates, the residual maturity would be set equal to the time until the next reset date. However, in the case of interest rate contracts which have residual maturities of more than one year and meet the foregoing criteria, the CCF or "add-on factor" applicable shall be subject to a floor of 1.00 per cent.

(vi) No potential future credit exposure would be calculated for single currency floating /floating interest rate swaps; the credit exposure on these contracts would be evaluated solely on the basis of their mark-to-market value.

(vii) Potential future exposures should be based on effective rather than apparent notional amounts. In the event that the stated notional amount is leveraged or enhanced by the structure of the transaction, banks must use the effective notional amount when determining potential future exposure. For example, a stated notional amount of USD 1 million with payments based on an internal rate of two times the Base Rate would have an effective notional amount of USD 2 million.

2.1.3.3. <u>Credit Exposure</u>

Credit exposure comprises the following elements:

(a) all types of funded and non-funded credit limits.

(b) facilities extended by way of equipment leasing, hire purchase finance and factoring services.

2.1.3.4 <u>Investment Exposure</u>

a) Investment exposure comprises the following elements:

(i) investments in shares and debentures of companies.

(ii) investment in PSU bonds

(iii) investments in Commercial Papers (CPs).

b) Banks' / FIs' investments in debentures/ bonds / security receipts / pass-through certificates (PTCs) issued by an SC / RC as compensation consequent upon sale of financial assets will constitute exposure on the SC / RC. In view of the extraordinary nature of the event, banks / FIs will be allowed, in the initial years, to exceed the prudential exposure ceiling on a case-to-case basis.

c) The investment made by the banks in bonds and debentures of corporates which are guaranteed by a PFI[1] (as per list given in **Annex 1**) will be treated as an exposure by the bank on the PFI and not on the corporate.

---

[1]With the merger of ICICI Ltd. with ICICI Bank Ltd. effective from 30.03.2002, the entire liabilities of ICICI Ltd. have been taken over by ICICI Bank Ltd. As per the scheme of merger all loans and guarantee facilities to ICICI Ltd. provided by Government would be transferred to the merged entity. Similarly, the investments made in erstwhile ICICI Ltd. by banks would be treated outside the ceiling of 40% till redemption.
With the merger of IDBI Bank Ltd. with IDBI Ltd., effective April 2, 2005, the entire liabilities of the erstwhile IDBI Bank Ltd. have been taken over by the new, combined entity Industrial Development Bank of India Ltd., since renamed as IDBI Bank Ltd. Therefore, for the purpose of exposure norms, investments made by the banks in the bonds and debentures of corporates guaranteed by the erstwhile IDBI Ltd. would continue to be treated as an exposure of the banks on IDBI Ltd. and not on the corporates, till redemption. Similarly, investments made in the erstwhile IDBI Ltd. by banks would be treated as outside the capital market exposure ceiling of 40%, till redemption.

d) Guarantees issued by the PFI to the bonds of corporates will be treated as an exposure by the PFI to the corporates to the extent of 50 per cent, being a non-fund facility, whereas the exposure of the bank on the PFI guaranteeing the corporate bond will be 100 per cent. The PFI before guaranteeing the bonds/debentures should, however, take into account the overall exposure of the guaranteed unit to the financial system.

2.1.3.5 Capital Funds

Capital funds for the purpose will comprise Tier I and Tier II capital as defined under capital adequacy standards and as per the published accounts as on March 31 of the previous year. However, the infusion of capital under Tier I and Tier II, either through domestic or overseas issue (in the case of branches of foreign banks operating in India, capital funds received by them from their Head Office in accordance with the provisions of Master Circular on New Capital Adequacy Framework as amended from time to time), after the published balance sheet date will also be taken into account for determining the exposure ceiling. Other accretions to capital funds by way of quarterly profits etc. would not be eligible to be reckoned for determining the exposure ceiling. Banks are also prohibited from taking exposure in excess of the ceiling in anticipation of infusion of capital at a future date.

2.1.3.6 Group

a) The concept of 'Group' and the task of identification of the borrowers belonging to specific industrial groups is left to the perception of the banks/financial institutions. Banks/financial institutions are generally aware of the basic constitution of their clientele for the purpose of regulating their exposure to risk assets. The group to which a particular borrowing unit belongs, may, therefore, be decided by them on the basis of the relevant information available with them, the guiding principle being commonality of management and effective control. In so far as public sector undertakings are concerned, only single borrower exposure limit would be applicable.

b) In the case of a split in the group, if the split is formalised the splinter groups will be regarded as separate groups. If banks and financial institutions have doubts about the bona fides of the split, a reference may be made to RBI for its final view in the matter to preclude the possibility of a split being engineered in order to prevent coverage under the Group Approach.

2.1.4 Review

An annual review of the implementation of exposure management measures may be placed before the Board of Directors before the end of June.

2.2. Credit Exposure to Industry and certain Sectors

2.2.1 Internal Exposure Limits

2.2.1.1 Fixing of Sectoral Limits

Apart from limiting the exposures to a single or a Group of borrowers, as indicated above, banks may also consider fixing internal limits for aggregate commitments to specific sectors, e.g. textiles, jute, tea, etc., so that the exposures are evenly spread over various sectors. These limits could be fixed by the banks having regard to the performance of different sectors and the risks perceived. The limits so fixed may be reviewed periodically and revised, as necessary.

2.2.1.2 Unhedged Foreign Currency Exposure of Corporates

To ensure that each bank has a policy that explicitly recognises and takes account of risks arising out of foreign exchange exposure of their clients, foreign currency loans above US $10 million, or such lower limits as may be deemed appropriate vis-à-vis the banks' portfolios of such exposures, should be extended by banks only on the basis of a well laid out policy of their Boards with regard to hedging of such foreign currency loans. Further, the policy for hedging, to be framed by their boards, may consider, as appropriate for convenience, excluding the following:

- Where forex loans are extended to finance exports, banks may not insist on hedging but assure themselves that such customers have uncovered receivables to cover the loan amount.
- Where the forex loans are extended for meeting forex expenditure.

Banks are also advised that the Board policy should cover unhedged foreign exchange exposure of all their clients including Small and Medium Enterprises (SMEs). Further, for arriving at the aggregate unhedged foreign exchange exposure of clients, their exposure from all sources including foreign currency borrowings and External Commercial Borrowings should be taken into account.

Banks which have large exposures to clients should monitor and review on a monthly basis, through a suitable reporting system, the unhedged portion of the foreign currency exposures of those clients, whose total foreign currency exposure is relatively large (say, about US $ 25 million or its equivalent). The review of unhedged exposure for SMEs should also be done on a monthly basis. In all other cases, banks are required to put in place a system to monitor and review such position on a quarterly basis.

In the case of consortium/multiple banking arrangements, the lead role in monitoring unhedged foreign exchange exposure of clients, as indicated above, would have to be assumed by the consortium leader/bank having the largest exposure.

Banks are also advised to adhere to the instructions relating to information sharing among themselves as indicated in our circular DBOD.No.BP.BC.94/08.12.001/2008-09 dated December 8, 2008 on 'Lending under Consortium Arrangement / Multiple Banking Arrangements'. In this connection, banks may also refer to the circular DBOD.BP.BC.No.62/21.04.103/2012-13 dated November 21, 2012.

Events relating to derivative trades have shown that excessive risk taking by corporates could lead to severe distress to them and large potential credit loss to their bankers in the event of sharp adverse movements in currencies. It is observed that unhedged forex exposure risks are not being evaluated rigorously and built into pricing of credit by banks. It is emphasized that unhedged forex exposure of corporates is a source of risk to the corporates as well as to the financing bank and the financial system. Further, large unhedged forex exposures of corporates have resulted in some accounts turning non-performing. In view of the importance of prudent management of foreign exchange risk, banks are advised that in accordance with the guidelines, they should put in place a proper mechanism to rigorously evaluate the risks arising out of unhedged foreign currency exposure of corporates and price them in the credit risk premium while extending fund based and non-fund based credit facilities to corporates. Banks may also consider stipulating a limit on unhedged position of corporates on the basis of bank's Board approved policy.

2.2.1.3 Exposure to Real Estate

(i) Banks should frame comprehensive prudential norms relating to the ceiling on the total amount of real estate loans, single/group exposure limits for such loans, margins, security, repayment schedule and availability of supplementary finance and the policy should be approved by the banks' Boards.

(ii) The exposure of banks to entities for setting up Special Economic Zones (SEZs) or for acquisition of units in SEZs which includes real estate would be treated as exposure to commercial real estate sector for the purpose of risk weight and capital adequacy from a prudential perspective. Banks would, therefore, have to make provisions, as also assign appropriate risk weights for such exposures, as per the existing guidelines. The above exposure may be treated as exposure to Infrastructure sector only for the purpose of Exposure norms which provide some relaxations for the Infrastructure sector. In this connection, attention is invited to paragraph 3 of our circular DBOD.BP.BC.No.42/08.12.015/2009-10 dated September 9, 2009.

2.2.2 Exposure to Leasing, Hire Purchase and Factoring Services

Banks have been permitted to undertake leasing, hire purchase and factoring activities departmentally. Where banks undertake these activities departmentally, they should maintain a balanced portfolio of equipment leasing, hire purchase and factoring services vis-à-vis the aggregate credit. Their exposure to each of these activities should not exceed 10 per cent of total advances.

2.2.3 Exposure to Indian Joint Ventures/Wholly-owned Subsidiaries Abroad and Overseas Step-down Subsidiaries of Indian Corporates

2.2.3.1 Banks are allowed to extend credit/non-credit facilities (viz. letters of credit and guarantees) to Indian Joint Ventures/Wholly-owned Subsidiaries abroad and step-down subsidiaries which are wholly owned by the overseas subsidiaries of Indian Corporates. Banks are also permitted to provide at their discretion, buyer's credit/acceptance finance to overseas parties for facilitating export of goods & services from India. The above exposure will, however, be subject to a limit of 20 percent of banks' unimpaired capital funds (Tier I and Tier II capital).and would be subject to the conditions laid down in this regard in the Master Circular on 'Loans and Advances – Statutory and Restrictions' dated July 1, 2015.

2.3 Banks' Exposure to Capital Markets – Rationalisation of Norms

As announced in the Mid-Term Review of Annual Policy Statement for the year 2005-2006, the prudential capital market exposure norms prescribed for banks have been rationalized in terms of base and coverage. Accordingly, the existing guidelines on banks' exposure to capital markets were modified and the revised guidelines, which came into effect from **April 1, 2007**, are as under.

2.3.1 Components of Capital Market Exposure (CME)

Banks' capital market exposures would include both their direct exposures and indirect exposures. The aggregate exposure (both fund and non-fund based) of banks to capital markets in all forms would **include** the following:

i. direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;

ii. advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;

iii. advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security*;*

iv. advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;

v. secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;

vi. loans sanctioned to corporates against the security of shares / bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;

vii. bridge loans to companies against expected equity flows/issues;

viii. underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds.

ix. financing to stockbrokers for margin trading;

x. all exposures to Venture Capital Funds (both registered and unregistered).

xi. Irrevocable Payment Commitments issued by custodian banks in favour of stock exchanges.

2.3.2 Limits on Banks' Exposure to Capital Markets

2.3.2.1 Statutory limit on shareholding in companies

In terms of Section 19(2) of the Banking Regulation Act, 1949, no banking company shall hold shares in any company, whether as pledgee, mortgagee or absolute owner, of an amount exceeding 30 percent of the paid-up share capital of that company or 30 percent of its own paid-up share capital and reserves, whichever is less, except as provided in sub-section (1) of Section 19 of the Act. Shares held in demat form should also be included for the purpose of determining the exposure limit. This is an aggregate holding limit for each company. While granting any advance against shares, underwriting any issue of shares, or acquiring any shares on investment account or even in lieu of debt of any company, these statutory provisions should be strictly observed.

2.3.2.2 Regulatory Limit

A **Solo Basis**

The aggregate exposure of a bank to the capital markets in all forms (both fund based and non-fund based) should not exceed 40 per cent of its net worth (as defined in paragraph 2.3.4), as on March 31 of the previous year. Within this overall ceiling, the bank's direct investment in shares, convertible bonds / debentures, units of equity-oriented mutual funds and all exposures to Venture Capital Funds (VCFs) [both registered and unregistered] should not exceed 20 per cent of its net worth.

B **Consolidated Basis**

The aggregate exposure of a consolidated bank to capital markets (both fund based and non-fund based) should not exceed 40 per cent of its consolidated net worth as on March 31 of the previous year. Within this overall ceiling, the aggregate direct exposure by way of the consolidated bank's investment in shares, convertible bonds / debentures, units of equity-oriented mutual funds and all exposures to Venture Capital Funds (VCFs) [both registered and unregistered] should not exceed 20 per cent of its consolidated net worth.

Note For the purpose of application of prudential norms on a group-wise basis, a 'consolidated bank' is defined as a group of entities, which include a licensed bank, which may or may not have subsidiaries.

2.3.2.3 The above-mentioned ceilings (sub-paragraphs A and B) are the maximum permissible and a bank's Board of Directors is free to adopt a lower ceiling for the bank, keeping in view its overall risk profile and corporate strategy. Banks are required to adhere the ceilings on an ongoing basis.

2.3.2.4 If acquisition of equity shares, as indicated in paragraph 5.5 of circular DBOD.BP.BC.No.97/21.04.132/2013-14 dated February 26, 2014, results in exceeding the extant regulatory Capital Market Exposure (CME) limit, the same will not be considered as a breach of regulatory limit. However, this will require reporting to RBI and disclosure by banks in the Notes to Accounts in Annual Financial Statements.

On account of banks financing acquisition of PSU shares under the Government of India disinvestment programmes, if any bank is likely to exceed the regulatory ceiling the capital market exposure, RBI will consider requests from these banks for relaxation of the ceiling on a case by case basis, subject to adequate safeguards regarding margin, bank's exposure to capital market, internal control and risk management systems, etc. The relaxation of ceiling will be considered in such a manner that the bank's exposure to capital market in all forms, net of its advances for financing of acquisition of PSU shares shall be within the regulatory ceiling limit.

2.3.3 Definition of Net Worth

Net worth would comprise Paid-up capital plus Free Reserves including Share Premium but excluding Revaluation Reserves, plus Investment Fluctuation Reserve and credit balance in Profit & Loss account, less debit balance in Profit and Loss account, Accumulated Losses and Intangible Assets. No general or specific provisions should be included in computation of net worth. Infusion of capital through equity shares, either through domestic issues or overseas floats after the published balance sheet date, may also be taken into account for determining the ceiling on exposure to capital market. Banks should obtain an external auditor's certificate on completion of the augmentation of capital and submit the same to the Reserve Bank of India (Department of Banking Supervision) before reckoning the additions, as stated above.

2.3.4 Items excluded from Capital Market Exposure

The following items would be excluded from the aggregate exposure ceiling of 40 per cent of net worth and direct investment exposure ceiling of 20 per cent of net worth (wherever applicable):

i. Banks' investments in own subsidiaries, joint ventures, sponsored Regional Rural Banks (RRBs) and investments in shares and convertible debentures, convertible bonds issued by institutions forming crucial financial infrastructure such as National Securities Depository Ltd. (NSDL), Central Depository Services (India) Ltd. (CDSL), National Securities Clearing Corporation Ltd. (NSCCL), National Stock Exchange (NSE), Clearing Corporation of India Ltd., (CCIL), a credit information company which has obtained Certificate of Registration from RBI and of which the bank is a member, Multi Commodity Exchange Ltd. (MCX), National Commodity and Derivatives Exchange Ltd. (NCDEX), National Multi-Commodity Exchange of India Ltd. (NMCEIL), National Collateral Management Services Ltd. (NCMSL), National Payments Corporation of India (NPCI) and United Stock Exchange of India Ltd. (USEIL) and other All India Financial Institutions as given in **Annex 2**. After listing, the exposures in excess of the original investment (i.e. prior to listing) would form part of the Capital Market Exposure.

ii. Tier I and Tier II debt instruments issued by other banks;

iii. Investment in Certificate of Deposits (CDs) of other banks;

iv. Preference Shares;

v. Non-convertible debentures and non-convertible bonds;

vi. Units of Mutual Funds under schemes where the corpus is invested exclusively in debt instruments;

vii. Shares acquired by banks as a result of conversion of debt/overdue interest into equity under Corporate Debt Restructuring (CDR) mechanism;

viii Term loans sanctioned to Indian promoters for acquisition of equity in overseas joint ventures / wholly owned subsidiaries under the refinance scheme of Export Import Bank of India (EXIM Bank).

ix. With effect from April 16, 2008, banks may exclude their own underwriting commitments, as also the underwriting commitments of their subsidiaries, through the book running process, for the purpose of arriving at the capital market exposure of the solo bank as well as the consolidated bank. (However, the position in this regard would be reviewed at a future date).

x. Promoters shares in the SPV of an infrastructure project pledged to the lending bank for infrastructure project lending.

xi banks exposure to brokers under the currency derivates segment

2.3.5 <u>Computation of exposure</u>

For computing the exposure to the capital markets, loans/advances sanctioned and guarantees issued for capital market operations would be reckoned with reference to sanctioned limits or outstanding, whichever is higher. However, in the case of fully drawn term loans, where there is no scope for re-drawal of any portion of the sanctioned limit, banks may reckon the outstanding as the exposure. Further, banks' direct investment in shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds would be calculated at their cost price.

As regards Irrevocable Payment Commitments (IPC) issued by custodian banks in favour of Stock Exchange, the computation of Capital Market Exposure would be as follows:

i. The maximum risk to the custodian banks issuing IPCs would be reckoned at 50%, on the assumption of downward price movement of the equities bought by FIIs/ Mutual Funds on the two successive days from the trade date (T) i.e., on T+1 and T+2, of 20% each with an additional margin of 10% for further downward movement.

ii. Accordingly the potential risk on T+1 would be reckoned at 50% of the settlement amount and this amount would be reckoned as CME at the end of T+1 if margin payment / early pay in does not come in.

iii. In case there is early pay in on T+1, there will be no Capital Market exposure. By T+1, we mean 'end of day' (EOD) as per Indian Time. Thus, funds received after EOD as per Indian Time, will not be reckoned as early pay-in on T+1. CME will have to be computed accordingly.

iv. In case margin is paid in cash on T+1, the CME would be reckoned at 50% of settlement price minus the margin paid. In case margin is paid on T+1 by way of permitted securities to FIIs / Mutual Funds, the CME would be reckoned at 50% of settlement price minus the margin paid plus haircut prescribed by the Exchange on the securities tendered towards margin payment.

v. The IPC will be treated as a financial guarantee with a Credit Conversion Factor (CCF) of 100. However, capital will have to be maintained only on exposure which is reckoned as CME because the rest of the exposure is deemed to have been covered by cash/securities which are admissible risk mitigants as per Basel II. Thus capital is to be maintained on the amount taken for CME and the risk weight would be 125% thereon. As the nature of IPC remains the same irrespective of the client for whom it is issued, the measures prescribed for IPCs will be applicable to all IPCs issued by custodian banks.

2.3.6 <u>Intra-day Exposures</u>

At present, there are no explicit guidelines for monitoring banks' intra-day exposure to the capital markets, which are inherently risky. It has been decided that the Board of each bank should evolve a policy for fixing intra-day limits and put in place an appropriate system to monitor such limits, on an ongoing basis. The position will be reviewed at a future date.

2.3.7 <u>Enhancement in limits</u>

Banks having sound internal controls and robust risk management systems can approach the Reserve Bank for higher limits together with details thereof.

3. <u>Prudential Limits on Intra-Group Exposure</u>

To contain concentration and contagion risks arising out of ITEs, certain quantitative limits on financial ITEs and prudential measures for the non-financial ITEs have been imposed as under:

i Exposure should include credit exposure (funded and non-funded credit limits) and investment exposure (including underwriting and similar commitments). However, exposure on account of equity and other regulatory capital instruments should be excluded while computing exposure to group entities.

ii Banks should adhere to the following intra-group exposure limits :

a. Single Group Entity Exposure

i. 5% of Paid-up Capital and Reserves in case of non-financial companies8 and unregulated financial services companies

ii. 10% of Paid-up Capital and Reserves in case of regulated financial services companies

b. Aggregate Group Exposure

i. 10% of Paid-up Capital and Reserves in case of all non-financial companies and unregulated financial services companies taken together

ii. 20% of Paid-up Capital and Reserves in case of the group i.e. all group entities (financial and non-financial) taken together.

iii. Intra-group Exposures Exempted from the Prudential Limits
The following intra-group exposures would be excluded from the stipulated limits :

a. Banks' investments in the equity of group entities and other capital instruments are presently governed by the RBI Circulars DBOD.FSD.BC.62/24.01.001/2011-12 dated December 12, 2011 on 'Investments in Subsidiaries and Other companies - Guidelines' and DBOD.No.BP.BC.2/21.06.201/2013-14 dated July 1, 2013 on 'Basel III Capital Regulations'. Accordingly, banks' exposures to other banks / financial institutions in the group in form of equity and other capital instruments are exempted from the limits stipulated in above guidelines, and the extant instructions as cited above will continue to apply, subject to the prohibitions stipulated at iv below.
b. Inter-bank exposures among banks in the group operating in India. However, prudential limits in respect of both outstanding borrowing and lending transactions in call / notice money market for scheduled commercial banks would continue to be governed by extant instructions on Call / Notice Money Market Operations.

c. Letters of Comfort issued by parent bank in favour of overseas group entities to meet regulatory requirements.

iv. Prohibited Exposures

Wherever a bank has been set-up under a NOFHC structure,

a. Bank cannot take any credit or investments (including investments in the equity / debt capital instruments) exposure on NOFHC, its Promoters / Promoter Group entities or individuals associated with the Promoter Group.

b. Bank cannot invest in the equity / debt capital instruments of any financial entities under the NOFHC. (for detailed instructions please refer to circular DBOD.No.BP.BC.96/21.06.102/2013-14 dated February 11, 2014)

4 Financing of equities and investments in shares

4.1 Advances against shares to individuals

Loans against security of shares, convertible bonds, convertible debentures and units of equity oriented mutual funds to individuals from the banking system should not exceed the limit of Rs.10 lakh per individual if the securities are held in physical form and Rs. 20 lakhs per individual if the securities are held in demat form. Such loans are meant for genuine individual investors and banks should not support collusive action by a large group of individuals belonging to the same corporate or their inter-connected entities to take multiple loans in order to support particular scrips or stock-broking activities of the concerned firms. Such finance should be reckoned as an exposure to capital market. Banks should formulate, with the approval of their Board of Directors, a Loan Policy for granting advances to individuals against shares, debentures, and bonds keeping in view the RBI guidelines. As a prudential measure, banks may also consider laying down appropriate aggregate sub-limits of such advances.

4.2 Financing of Initial Public Offerings (IPOs)

Banks may grant advances to individuals for subscribing to IPOs. Loans/advances to any individual from the banking system against security of shares, convertible bonds, convertible debentures, units of equity oriented mutual funds and PSU bonds should not exceed the limit of Rs.10 lakh for subscribing to IPOs. The corporates should not be extended credit by banks for investment in other companies' IPOs. Similarly, banks should not provide finance to NBFCs for further lending to individuals for IPOs. Finance extended by a bank for IPOs should be reckoned as an exposure to capital market.

4.3 Bank finance to assist employees to buy shares of their own companies

4.3.1 Banks may extend finance to employees for purchasing shares of their own companies under Employees Stock Option Plan(ESOP)/ reserved by way of employees' quota under IPO to the extent of 90% of the purchase price of the shares or Rs.20 lakh, whichever is lower. Finance extended by banks for ESOPs/ employees' quota under IPO would be treated as an exposure to capital market within the overall ceiling of 40 per cent of their net worth. These instructions will not be applicable for extending financial assistance by banks to their own employees for acquisition of shares under ESOPs/ IPOs, as banks are not allowed to extend advances including advances to their employees / Employees' Trusts set up by them for the purpose of purchasing their own banks' shares under ESOPs / IPOs or from the secondary market. This prohibition will apply irrespective of whether the advances are secured or unsecured.

4.3.2 Banks should obtain a declaration from the borrower indicating the details of the loans / advances availed against shares and other securities specified above, from any other bank/s in order to ensure compliance with the ceilings prescribed for the purpose.

4.3.3 Follow-on Public Offers (FPOs) will also be included under IPO.

4.4 Advances against shares to Stock Brokers & Market Makers

4.4.1 Banks are free to provide credit facilities to stockbrokers and market makers on the basis of their commercial judgment, within the policy framework approved by their Boards. However, in order to avoid any nexus emerging between inter-connected stock broking entities and banks, the Board of each bank should fix, within the overall ceiling of 40 per cent of their net worth as on March 31 of the previous year, a sub-ceiling for total advances to –

i. all the stockbrokers and market makers (both fund based and non-fund based, i.e. guarantees); and
ii. to any single stock broking entity, including its associates/ inter-connected companies.

4.4.2 Further, banks should not extend credit facilities directly or indirectly to stockbrokers for arbitrage operations in Stock Exchanges**.**

4.5 Bank financing to individuals against shares to joint holders or third party beneficiaries

While granting advances against shares held in joint names to joint holders or third party beneficiaries, banks should be circumspect and ensure that the objective of the regulation is not defeated by granting advances to other joint holders or third party beneficiaries to circumvent the above limits placed on loans/advances against shares and other securities specified above.

4.6 Advances against units of mutual funds

While granting advances against units of mutual funds, the banks should adhere to the following guidelines:

i) The units should be listed in the stock exchanges or repurchase facility for the units should be available at the time of lending.

ii) The units should have completed the minimum lock-in-period stipulated in the relevant scheme.

iii) The amount of advances should be linked to the Net Asset Value (NAV) / repurchase priceor the market value, whichever is less and not to the face value of the units.

iv) Advances against units of mutual funds (except units of exclusively debt oriented mutual funds) would attract the quantum and margin requirements as are applicable to advances against shares and debentures. However, the quantum and margin requirement for loans/ advances to individuals against units of exclusively debt-oriented mutual funds may be decided by individual banks themselves in accordance with their loan policy.

v) The advances should be purpose oriented taking into account the credit requirement of the investor. Advances should not be granted for subscribing to or boosting up the sales of another scheme of a mutual fund or for the purchase of shares/ debentures/ bonds etc.

4.7 Bank Loans for Financing Promoters' Contributions

These loans will also be subject to single/group of borrowers exposure norms as well as the statutory limit on shareholding in companies, as detailed above.

4.8 Margin Trading

4.8.1 Banks may extend finance to stockbrokers for margin trading. The Board of each bank should formulate detailed guidelines for lending for margin trading, subject to the following parameters:

(i) The finance extended for margin trading should be within the overall ceiling of 40% of net worth prescribed for exposure to capital market.

(ii) A minimum margin of 50 per cent should be maintained on the funds lent for margin trading.

(iii) The shares purchased with margin trading should be in dematerialised mode under pledge to the lending bank. The bank should put in place an appropriate system for monitoring and maintaining the margin of 50% on an ongoing basis.

(iv) The bank's Board should prescribe necessary safeguards to ensure that no "nexus" develops between inter-connected stock broking entities/ stockbrokers and the bank in respect of margin trading. Margin trading should be spread out by the bank among a reasonable number of stockbrokers and stock broking entities.

4.8.2 The Audit Committee of the Board should monitor periodically the bank's exposure by way of financing for margin trading and ensure that the guidelines formulated by the bank's Board, subject to the above parameters, are complied with. Banks should disclose the total finance extended for margin trading in the "Notes on Account" to their Balance Sheet.

4.9 Cross holding of capital among banks / financial institutions

4.9.1 (i) Banks' / FIs' investment in the following instruments, which are issued by other banks / FIs and are eligible for capital status for the investee bank / FI, should not exceed 10 percent of the investing bank's capital funds (Tier I plus Tier II):

a. Equity shares;
b. Preference shares eligible for capital status;
c. Subordinated debt instruments;
d. Hybrid debt capital instruments; and
e. Any other instrument approved as in the nature of capital.

(ii) Banks / FIs should not acquire any fresh stake in a bank's equity shares, if by such acquisition, the investing bank's / FI's holding exceeds 5 percent of the investee bank's equity capital.

(iii) It is clarified that a bank's/FI's equity holdings in another bank held under provisions of a Statute will be outside the purview of the ceiling prescribed above.

4.9.2 Banks' / FIs' investments in the equity capital of subsidiaries are at present deducted from their Tier I capital for capital adequacy purposes. Investments in the instruments issued by banks / FIs which are listed at paragraph 2.7.1(i) above, which are not deducted from Tier I capital of the investing bank/ FI, will attract 100 percent risk weight for credit risk for capital adequacy purposes.

5 'Safety Net' Schemes for Public Issues of Shares, Debentures, etc.

5.1 'Safety Net' Schemes

Reserve Bank had observed that some banks/their subsidiaries were providing buy-back facilities under the name of 'Safety Net' Schemes in respect of certain public issues as part of their merchant banking activities. Under such schemes, large exposures are assumed by way of commitments to buy the relative securities from the original investors at any time during a stipulated period at a price determined at the time of issue, irrespective of the prevailing market price. In some cases, such schemes were offered *suo motto* without any request from the company whose issues are supported under the schemes. Apparently, there was no undertaking in such cases from the issuers to buy the securities. There is also no income commensurate with the risk of loss built into these schemes, as the investor will take recourse to the facilities offered under the schemes only when the market value of the securities falls below the pre-determined price. Banks/their subsidiaries have therefore been advised that they should refrain from offering such 'Safety Net' facilities by whatever name called.

5.2 Provision of buy back facilities

In some cases, the issuers provide buy-back facilities to original investors up to Rs. 40,000/- in respect of non-convertible debentures after a lock-in-period of one year, to provide liquidity to debentures issued by them. If, at the request of the issuers, the banks or their subsidiaries find it necessary to provide additional facilities to small investors subscribing to new issues, such buy-back arrangements should not entail commitments to buy the securities at pre-determined prices. Prices should be determined from time to time, keeping in view the prevailing stock market prices for the securities. Commitments should also be limited to a moderate proportion of the total issue in terms of the amount and should not exceed 25 percent of the owned funds of the banks/their subsidiaries. These commitments will also be subject to the overall exposure limits which have been or may be prescribed from time to time.

ANNEX1

List of All-India Financial Institutions
(Counter party exposure - List of institutions guaranteeing bonds of corporates)
[paragraphs 2.1.3.4(c)]

1. Industrial Finance Corporation of India Ltd.
2. Industrial Investment Bank of India Ltd.
3. Tourism Finance Corporation of India Ltd.
4. Risk Capital and Technology Finance Corporation Ltd.
5. Technology Development and Information Company of India Ltd.
6. Power Finance Corporation Ltd.
7. National Housing Bank
8. Small Industries Development Bank of India
9. Rural Electrification Corporation Ltd.
10. Indian Railways Finance Corporation Ltd.
11. National Bank for Agriculture and Rural Development
12. Export Import Bank of India
13. Infrastructure Development Finance Company Ltd.
14. Housing and Urban Development Corporation Ltd.
15. Indian Renewable Energy Development Agency Ltd.

ANNEX 2

List of All-India Financial Institutions

[Investment in equity/convertible bonds/ convertible debentures by banks - List of FIs whose instruments are exempted from Capital Market Exposure ceiling]
[paragraph 2.3.4(i)]

1. Industrial Finance Corporation of India Ltd. (IFCI)
2. Tourism Finance Corporation of India Ltd. (TFCI)
3. Risk Capital and Technology Finance Corporation Ltd. (RCTC)
4. Technology Development and Information Company of India Ltd. (TDICI)
5. National Housing Bank (NHB)
6. Small Industries Development Bank of India (SIDBI)
7. National Bank for Agriculture and Rural Development (NABARD)
8. Export Import Bank of India (EXIM Bank)
9. Industrial Investment Bank of India (IIBI)
10. Life Insurance Corporation of India (LIC)
11. General Insurance Corporation of India (GIC)

Appendix

List of Circulars consolidated by the Master Circular on 'Exposure Norms'

Sr.No	Circular No.	Date	Subject
1	DBOD.BP.BC.No.97/21.04.132/2013-14	26.02.2014	Framework for Revitalising Distressed Assets in the Economy- Guidelines on Joint Lenders' Forum (JLF) and Corrective Action Plan (CAP)
2	DBOD.No.BP.BC.96/21.06.102/2013-14	11.02.2014	Guidelines on Management of Intra-Group Transactions and Exposures
3	DBOD.No.BP.BC.82/21.06.217/2013-14	07.01.2014	Banks' Exposure to Central Counter Parties (CCPs)-Interim Arrangements
4	DBOD.BP.BC.No.62/21.04.103/2012-13	21.11.2012	Second Quarter Review of Monetary Policy 2012-13- Non-Performing assets (NPAs) and Reconstructing of Advances.
5	DBOD.BP.BC.No.61/21.04.103/2012-13	21.11.2012	Second Quarter Review of Monetary Policy 2012-13- Unhedged Foreign Currency Exposure of Corporates.
6	DBOD.BP.BC.No.76/21.04.103/2011-12	02.02.2012	Second Quarter Review of Monetary Policy 2011-12 Unhedged Foreign Currency Exposure of Corporates
7	Mail Box Clarification	21.12.2011	Bills Discounted under Letter of Credit (LC) – Exposure Norms
8	Mail Box Clarification	20.06 2011	Import of Section 25 of the Banking Regulation Act, 1949 - Para 2.2.3.2(iii) of the MC on Exposure Norms dated July 1, 2010 modified
9	A.P. (DIR Series)Circular No. 54	29.04.2011	Issue of Irrevocable Payment Commitments(IPCs) to Stock Exchanges on behalf of Mutual Funds(MFs) and Foreign Institutional Investors(FIIs)
10	DBOD.No.BP.BC.48/21.06.001/2010-11	01.10.2010	Prudential Norms for Off-Balance Sheet exposures of Banks-Bilateral Netting of Counterparty Credit Exposures
11	DBOD. Dir. BC 41/13.03.00/2010-11	21.09.2010	Items excluded from CME

12	DBOD.No.Dir.BC.74/21.04.172/2009-10	12.02.2010	Risk Weights and Exposure Norms in respect of Bank Exposure to NBFCs categorized as 'Infrastructure Finance Companies'
13	Mail Box Clarification dated	9.11.2009	Banks' Exposure towards Power Projects based on Renewable Energy Sources
14	Mail Box Clarification	18.12.2008	Exclusion of Exposure to Brokers in respect of Currency Derivatives Segment from Capital Market Exposure
15	DBOD.No.BP.BC.96/21.04.103/2008-09	10.12.2008	Unhedged Foreign Exchange Exposure of Clients - Monitoring by Banks
16	DBOD.No.BP.BC.31/21.04.157/2008-09	08.08.2008	Prudential Norms for Off-balance Sheet Exposures of Banks
17	DBOD. No.Dir.BC.87/13.27.00/2007-08	29.05.2008	Exposure Norms
18	DBOD.No.IBD.BC.96/23.37.001/2006-07	10.05.2007	Annual Policy Statement for the Year 2007-08 - Extension of Credit Facilities to Overseas Step-down Subsidiaries of Indian Corporates
19	DBOD.No.Dir.BC.51/13.03.00/2006-07	09.01.2007	Banks' Exposure to Commodity Markets - Margin Requirements
20	DBOD.No.Dir.BC.47/13.07.05/2006-07	15.12.2006	Bank's Exposure to Capital Markets - Rationalization of Norms
21	DBOD.No.FSD.BC.46/24.01.028/2006-07	12.12.2006	Financial Regulation of Systemically Important NBFCs and Banks' Relationship with them
22	DBOD.No.IBD.BC.41/23.37.001/2006-07	6.11.2006	Mid-Term Review of Annual Policy Statement for the year 2006-07 - Extension of Funded and Non-funded Credit Facilities to Indian Joint Ventures (JVs) Wholly Owned Subsidiaries (WOSs) Abroad - Enhancement
23	DBOD.No.BP.BC.30/21.01.002/2006-07	20.09.2006	Banks' Exposure to Entities for Setting up Special Economic Zones (SEZs) / Acquisition of Units in SEZs
24	DBOD.No.BP.BC.27/21.01.002/2006-07	23.08.2006	Prudential Guidelines - Bank's Investment in Venture Capital Funds (VCFs)

25	DBOD.No.BP.BC.84/21.01.002/2005-06	25.05.2006	Annual Policy Statement for the Year 2006-07 - Risk Weight on Exposures to Commercial Real Estate and Venture Capital Funds
26	DBOD.No.BP.BC.73/21.03.054/2005-06	24.03.2006	Bills discounted under LC-Risk Weight & Exposure Norms
27	DBOD No.BP.BC.65/08.12..01/2005-06	1.03.2006	Banks' Exposure to Real Estate Sector
28	DBOD.No.BP.BC.3/21.01.002/2004-05	06.07.2004	Prudential Norms on Capital Adequacy - Cross holding of Capital among Banks / Financial Institutions
29	DBOD.No.BP.BC.100/21.03.054/2003-04	21.06.2004	Annual Policy Statement for the year 2004-05 - Prudential Credit Exposure Limits by Banks
30	DBOD.No.BP.BC.97/21.04.141/2003-04	17.06.2004	Annual Policy Statement for the year 2004-05 - Prudential Guidelines on Unsecured Exposures
31	DBOD.BP.BC.51/21.04.103/2003-04	5.12.2003	Mid-term Review of Monetary and Credit Policy for the year 2003-04 - Unhedged Foreign Currency Exposures of Corporate
32	DBOD.No.BP.BC.96/21.04.048/2002-03	23.04.2003	Guidelines on Sale of Financial Assets to Securitization Company (SC)/Reconstruction Company (RC) (Created under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002) and Related Issues
33	DBOD.No.IBS.BC.94/23.37.001/2002-03	08.04.2003	Extension of Credit/Non-credit Facilities to Indian Joint Ventures (JVs)/Wholly Owned Subsidiaries (WOSs) Abroad and Extension of Buyer's Credit and Acceptance Finance to Overseas Parties by Banks in India
34	DBOD.No.BP.BC.72/21.04.018/2002-03	25.02.2003	Guidelines for Consolidated Accounting and Other Quantitative Methods to Facilitate Consolidated Supervision
35	DBOD.No.FSC.BC.66/24.01.022/2002-03	31.01.2003	Public Issue of Shares and Debentures - Underwriting by Merchant Banking Subsidiaries of Commercial Banks

36	DBOD.No.BP.BC.48/21.03.054/2002-03	13.12.2002	Measurement of Credit Exposure of Derivative Products
37	DBOD.No.BP.BC.17/21.04.137/2002-03	16.08.2002	Guidelines for Bank Finance for PSU Disinvestments of Government of India
38	DBOD.No.Dir.BC.6/13.07.05/02-03	22.07.2002	Investment in equities/bonds issued by All India Financial Institutions.
39	DBOD.BP.BC. 2/21.01.002/ 02-03	05.07.2002	Master Circular – Prudential Norms on capital adequacy.
40	DBOD.BP.BC.47/21.03.54/2001-02	22.11.2001	Limit on credit exposure to Individual/group borrowers.
41	DBOD.BP.BC.45/21.04.137/2001-02	15.11.2001	Bank financing for Margin Trading
42	DBOD.BP.BC.37/21.04.103/2001-02	27.10.2001	Monetary and Credit Policy measures-unhedged foreign currency exposure of corporates
43	DBOD.BP.BC.27/21.04.137/2001-02	22.09.2001	Bank financing for Margin Trading
44	DBOD No. BP.BC.116/ 21.04.048/2000-01	02.05.2001	Monetary and Credit Policy Measures 2001-2002
45	DBOD.No.BP.1577/21.03.054/2000	24.01.2000	Prudential Credit Exposure Limits
46	DBOD.No.BP.BC.121/21.04.124/ 99	03.11.1999	Monetary and Credit Policy Measures.
47	DBOD.No.BP.BC.35/21.01.002/99	24.04.1999	Monetary and Credit Policy Measures.
48	DBOD.No.Dir.BC.13/13.07.05/99	23.02.1999	Investment in and Underwriting of Shares and Debentures of Corporate Bodies.
49	DBOD.No.Dir.BC.2/13.07.05/99	29.01.1999	Bridge Loans
50	DBOD.No.IBS.BC.104/23.37.001/98-99	12.11.1998	Extension of Credit/Non-Credit Facilities to Indian Joint Ventures/Wholly-owned Subsidiaries Abroad and Extension of Buyer's Credit and Acceptance.
51	DBOD.No.BP.BC.103/21.01.002/ 98	31.10.1998	Monetary and Credit Policy Measures
52	DBOD.No.Dir.BC.78/13.07.05/98-99 dated	08.08.1998	Investment in and Underwriting of Shares and Debentures of Corporate Bodies.
53	DBOD.No.Dir.BC.36/13.03.00/98	29.04.1998	Monetary and Credit Policy Measures
54	IECD.No.13/08.12.01/97-98	27.10.1997	Grant of Bridge Loan Facility by Banks
55	DBOD.No.Dir.BC.138/13.07.05/97-98	21.10.1997	Bridge Loans
56	DBOD.No.BP.BC.99/21.03.054/97	02.09.1997	Limit on Credit Exposure to Individual / Group Borrowers.

57	DBOD.No.Dir.BC.60/13.07.05/97	28.05.1997	Investment in and Underwriting of Shares and Debentures of Corporate Bodies.
58	DBOD.No.Dir.BC.43/13.07.05/97	15.04.1997	Advance against Shares
59	DBOD.No.Dir.BC.42/13.07.05/97	15.04.1997	Limits on Credit Exposure to Individual/Group Borrowers - Advances against Security of Term Deposits.
60	DBOD.No.BP.BC.161/21.03.054/96	19.12.1996	Limits on Credit Exposure to Individual/Group Borrowers - Advances against Security of Term Deposits.
61	DBOD.No.Dir.BC.148/13.07.05/96	18.11.1996	Investment in Bonds Issued by Public Sector Undertakings.
62	DBOD.No.Dir.BC.145/13.07.05/96	25.10.1996	Investment in Shares and Debentures of Corporate Bodies.
63	DBOD.No.BP.BC.109/21.03.053/96	09.08.1996	Certificate of Deposits (CDs) Scheme.
64	DBOD.No.IBS.BC.54/23.61.001/ 96	18.04.1996	Limits on Credit Exposures to Individual/Group Borrowers.
65	DBOD.No.BP.BC.13/21.01.002/96	08.02.1996	Capital Adequacy Measures.
66	DBOD.No.FSC.BC.86/24.01.001/95-96	17.08.1995	Commitments in respect of Underwriting, etc. Obligations.
67	DBOD.No.Dir.BC.69/13.07.05/95	28.06.1995	Investment in and Underwriting of Shares and Debentures of Corporate Bodies.
68	DBOD.No.Dir.BC.38/13.07.05/95	04.04.1995	Investment in and Underwriting of Shares and Debentures of Corporate Bodies.
69	DBOD.IBS.BC.29/23.06.001/95	20.03.1995	Deployment of Foreign Funds in Indian Business
70	DBOD.No.28/13.07.05/95	10.03.1995	Investment in and Underwriting of Shares and Debentures of Corporate Bodies.
71	DBOD.No.Dir.BC.1/13.07.05/95	06.01.1995	Guidelines for Bank Finance to Assist Employees to Buy Shares of their own Companies
72	DBOD.No.Dir.BC.151/13.07.05/94	28.12.1994	Ceiling on Credit Exposure to Individual/Group Borrowers - Investments in and Underwriting of Bonds Issued by PSUs and Commercial Papers.
73	DBOD.No.BP.BC.133/21.03.054/94	11.11.1994	Ceiling on Credit Exposure to Individual/Group Borrowers - Investments in and Underwriting of Bonds Issued by PSUs and Commercial Papers
74	DBOD.No.524/23.61.001/94-95	25.10.1994	Limits on Credit Exposure to Individual/Group of Borrowers

75	DBOD.No.Dir.BC.124/13.07.05/94	22.10.1994	Investment in and Underwriting of Shares and Debentures of Corporate Bodies.
76	DBOD.No.BP.BC.97/21.01.023/94	19.08.1994	Investment in and Underwriting of Shares and Debentures of Corporate Bodies.
77	DBOD.No.Dir.BC.61/13.07.05/94	18.05.1994	Investment in and Underwriting of Shares and Debentures of Corporate Bodies.
78	DBOD.No.IBS.BC.52/23.01.001/94	04.05.1994	Indian Investment in Foreign Ventures Financing Equity Participations.
79	DBOD.No.BP.BC.36/21.03.054/ 94	30.03.1994	Investments in and Underwriting of Bonds Issued by PSUs and Commercial Papers - Limits on Credit Exposure to Individual/Group Borrowers
80	DBOD.No.FSC.BC.18/24.01.001/93-94	19.02.1994	Equipment leasing higher purchase factoring etc. activities
81	DBOD.No.Dir.BC.4/13.07.05-94	25.01.1994	Investments in and Underwriting of Bonds Issued by PSUs and Commercial Papers.
82	DBOD.No.Dir.BC.3/13.07.05-94	24.01.1994	Investment in and Underwriting of Shares and Debentures of Corporate Bodies.
83	DBOD.No.BP.BC.211/21.01.001-93	28.12.1993	Restrictions on Credit to Certain Sectors - Real Estate Loans.
84	DBOD.No.Dir.BC.176/13.07.05-93	11.10.1993	Investments in and Underwriting of Bonds Issued by PSUs and Commercial Papers
85	DBOD.No.Dir.BC.145/13.07.05/93	30.07.1993	Underwriting Activity - Devolvement on Underwriters.
86	D.O.IECD.No.2/CMD.GA/Gen/92-93	04.07.1992	Group Approach.
87	IECD.No.7/CMD.GA/GEN/91-92	29.07.1991	Group Accounts.
88	DBOD.No.Dir.BC.51/C.96(SD/PSB)-90	26.11.1990	Holdings of Corporate Shares & Debentures and Public Sector Bonds.
89	IECD.No.IRD.24/IR-A/90-91	23.11.1990	Rehabilitation of Sick/Weak Industrial Units - Exemption of Individual Bank's Exposure from the Application of Existing Ceilings Prescribed Under.
90	DBOD.No.Dir.BC.35/C.96(Z)-90	22.10.1990	Bank Guarantee Scheme
	DBOD.No.FSC.BC.27/C.469-89	29.09.1989	Safety net schemes for public issue of shares, debentures etc.
91	DBOD.No.FSC.BC.26/C.469-89	29.09.1989	Commitments in respect of Public Issues of Shares, Debentures, etc.
92	DBOD.No.BP.BC.132/66-89	26.05.1989	Limits on Credit Exposures to Individual/Group of Borrowers

93	DBOD.No.Dir.BC.103/C.347(PSB)-89	03.04.1989	Investment in and Underwriting of Shares and Debentures of Corporate Bodies
94	DBOD.No.Dir.BC.85/C.347(PSB)-89	01.03.1989	Holdings of Corporate Shares & Debentures and Public Sector Bonds.
95	DBOD.No.Dir.BC.153/C.347(PSB)-88	18.06.1988	Investments in Holdings of Public Sector Bonds.
96	DBOD.No.Dir.BC.106/C.96(S&D)-88	17.03.1988	Guidelines for Bank Finance to Assist Employees to Buy Shares of their own Companies
97	DBOD.No.Dir.BC.91/C.347(PSB)-88	06.02.1988	Holdings of Corporate Shares & Debentures and Public Sector Bonds.
98	DBOD.No.IBS.130/13-88	20.01.1988	Financing of Indian Joint Ventures Abroad.
99	DBOD.No.Dir.BC.21/C.347(PSB)-87	11.08.1987	Investment in and Underwriting of Shares, Debentures and Public Sector Bonds.
100	DBOD.No.Dir.BC.61/C.347(PSB)-87	09.06.1987	Investment in and Underwriting of Shares and Debentures of Corporate Bodies.
101	DBOD.No.Dir.BC.60/C.347(PSB)-87	08.06.1987	Investment in and Underwriting of Shares and Debentures of Corporate Bodies
102	DBOD.No.GC.BC.55/C.408C(P)-87	28.05.1987	Investments in and Underwriting of Bonds Issued by PSUs and Commercial Papers.
103	DBOD.No.GC.BC.131/C.408C(P)-86	25.11.1986	Investment in and Underwriting of Shares and Debentures of Corporate Bodies.
104	DBOD.No.Sch.68/C.109-72	31.07.1972	Bank Guarantee Scheme.
105	DBOD.No.666/C.96/(Z)-67	03.05.1967	Bank Guarantee Scheme