



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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July 1, 2014

The Chairmen/Chief Executives of all Scheduled Commercial Banks (excluding RRBs) / Co-operative Banks / Primary Dealers

Dear Sir/Madam,

Master Circular on Call/Notice Money Market Operations

The Reserve Bank of India has, from time to time, issued a number of guidelines/instructions/directives to banks and the Primary Dealers in regard to call/notice money market. To enable eligible institutions to have current instructions at one place, a Master Circular incorporating all the existing guidelines/instructions/directives on the subject has been prepared for reference of the market participants and others concerned. It may be noted that this Master Circular consolidates and updates all the instructions/guidelines contained in the circulars listed in the Appendix in so far as they relate to operations of eligible institutions in the call/notice money market. This Master Circular has also been placed on the RBI website at www.mastercirculars.rbi.org.in.

Yours faithfully

(Rekha Warriar)
Chief General Manager

Encls.: As above

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1. Introduction

The money market is a market for short-term financial assets that are close substitutes of money. The most important feature of a money market instrument is that it is liquid and can be turned into money quickly at low cost and provides an avenue for equilibrating the short-term surplus funds of lenders and the requirements of borrowers. The call/notice money market forms an important segment of the Indian Money Market. Under call money market, funds are transacted on an overnight basis and under notice money market, funds are transacted for a period between 2 days and 14 days.

2. Participants

Scheduled commercial banks (excluding RRBs), co-operative banks (other than Land Development Banks) and Primary Dealers (PDs), are permitted to participate in call/notice money market both as borrowers and lenders.

3. Prudential Limits

3.1 The prudential limits in respect of both outstanding borrowing and lending transactions in call/notice money market for scheduled commercial banks, co-operative banks and PDs are as follows:-

Table: Prudential Limits for Transactions in Call/Notice Money Market

Sr. No.	Participant	Borrowing	Lending
1	Scheduled Commercial Banks	On a fortnightly average basis, borrowing outstanding should not exceed 100 per cent of capital funds (i.e., sum of Tier I and Tier II capital) of latest audited balance sheet. However, banks are allowed to borrow a maximum of 125 per cent of their capital funds on any day, during a fortnight.	On a fortnightly average basis, lending outstanding should not exceed 25 per cent of their capital funds. However, banks are allowed to lend a maximum of 50 per cent of their capital funds on any day, during a fortnight.
2	Co-operative Banks	Outstanding borrowings of State Co-operative Banks/District Central Co-operative Banks/ Urban Co-operative Banks in call/notice money market, on a daily basis should not exceed 2.0 per cent of their aggregate deposits as at end March of the previous financial year.	No limit.
3	PDs	PDs are allowed to borrow, on average in a reporting fortnight, up to 225 per cent of their net owned funds (NOF) as at end-March of the previous financial year.	PDs are allowed to lend in call/notice money market, on average in a reporting fortnight, up to 25 per cent of their NOF.

3.2 Banks/PDs/ Co-operative banks may, with the approval of their Boards, arrive at the prudential limits for borrowing/lending in Call/Notice Money Market in terms of guidelines given in paragraph 3.1 above. The limits so arrived at may be conveyed to the Clearing Corporation of India Ltd. (CCIL) for setting of limits in NDS-CALL System, under advice to Financial Markets Department (FMD), Reserve Bank of India.

3.3 Non-bank institutions (other than PDs) are not permitted in the call/notice money market.

4. Interest Rate

4.1 Eligible participants are free to decide on interest rates in call/notice money market.

4.2 Calculation of interest payable would be based on the methodology given in the Handbook of Market Practices brought out by the Fixed Income Money Market and Derivatives Association of India (FIMMDA).

5. Dealing Session

Deals in the Call/Notice/Term money market can be done from 9:00 am to 5:00 pm on weekdays and from 9:00 am to 2:00 pm on Saturdays or as specified by RBI from time to time.

6. Documentation

Eligible participants may adopt the documentation suggested by FIMMDA from time to time.

7. Reporting Requirement

7.1 With the implementation of the core banking solution, the Negotiated Dealing System (NDS) has been discontinued for reporting of OTC Call/Notice/Term Money transactions.

7.2 All dealings in Call/Notice/Term money executed on the Negotiated Dealing System-Call, i.e. NDS-Call (a screen –based, negotiated, quote-driven system), do not require separate reporting.

7.3 It is mandatory that all the OTC Call/Notice/Term money deals be reported over the reporting platform of NDS-Call by the parties who are having NDS-Call membership.

7.4 Such OTC deals should be reported within 15 minutes on NDS-Call reporting platform, irrespective of the size of the deal or whether the counterparty is a member of the NDS-Call or not.

7.5 Parties who are not having NDS-Call membership are advised to report the deals to Financial Markets Department, RBI in the reporting format given in **Annex I** of this master circular.

7.6 The reporting time for all OTC Call/Notice/Term money deals on NDS-Call is up to 5:00 pm on weekdays and 2:00 pm on Saturdays or as decided by RBI from time to time.

7.7 In case of any misreporting or repeated reporting of OTC deals by a party, the same should be immediately brought to the notice of FMD either through e-mail or through fax.

7.8 In case the situation so warrants, the Reserve Bank may call for information in respect of money market transactions of eligible participants.

Daily Return on Call/Notice/Term Money Market Transactions
(To be submitted either through e-mail or through fax)

To
The Chief General Manager,
Reserve Bank of India,
Financial Markets Department,
23rd Floor, Central Office,
Mumbai-400001
Fax-91-22-22630981
Email: cgmfm@rbi.org.in
Name of the Bank/Institution : _____
Code No.(As specified by RBI) : _____
Date : _____

	Borrowed			Lent		
	Amount (Rs. Crore)	Range of Interest Rates (% p.a.)	Weighted Average Interest Rates (% p.a.)	Amount (Rs. Crore)	Range of Interest Rates (%p.a.)	Weighted Average Interest Rates (% p.a.)
1. Call Money (Overnight)						
2. Notice Money (2-14 Days)						
(a) Transacted on the day						
(b) Outstanding * (including day's transactions)						
3. Term Money @						
(a) Transacted on the day						
(15 Days -1 Month)						
(1 Month- 3 Months)						
(3 Months- 6 Months)						
(6 Months- 1 Year)						
(b) Outstanding * (Including day's transactions)	Amount Borrowed			Amount Lent		
(15 Days-1 Month)						
(1 Month-3 Months)						
(3 Months-6 Months)						
(6 Months-1 Year)						

*In case of outstandings, rates need not be given.

@ Where applicable

Definitions

In these guidelines, unless the context otherwise requires:

1. "Call Money" means deals in overnight funds.
2. "Notice Money" means deals in funds for 2 – 14 days.
3. "Term Money" means deals in funds for 15 days-1 year.
4. "Fortnight" shall be on a reporting Friday basis and would mean the period from Saturday to the second following Friday, both days inclusive.
5. "Bank" or "Banking company" means a banking company as defined in clause (c) of Section 5 of the Banking Regulation Act, 1949 (10 of 1949) or "a corresponding new bank", "State Bank of India" or "subsidiary bank" as defined in clause (da), clause (nc) and clause (nd) respectively thereof and includes a "co-operative bank" as defined in clause (cci) of Section 5 read with Section 56 of the Act.
6. "Scheduled bank" means a bank included in the Second Schedule of the Reserve Bank of India Act, 1934.
7. "Primary Dealer (PD)" means a financial institution which holds a valid letter of authorisation as a PD issued by the Reserve Bank.
8. "Capital Funds" means the sum of Tier I and Tier II capital as disclosed in the latest audited balance sheet of the entity.
9. In terms of the RBI Act, 1934, NOF for PDs is calculated as (a) the aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance-sheet of the company after deducting there from– (i) accumulated balance of loss; (ii) deferred revenue expenditure; and (iii) other intangible assets; and (b) further reduced by the amounts representing– (1) investments of such company in shares of– (i) its subsidiaries; (ii) companies in the same group; (iii) all other non-banking financial companies; and (2) the book value of debentures, bonds, outstanding loans and advances (including hire-purchase and lease finance) made to, and deposits with– (i) subsidiaries of such company; and (ii) companies in the same group, to the extent such amount exceeds ten per cent of (a) above.

List of Circulars Consolidated

Sr. No.	Circular Number	Subject
1.	CPC.BC.103/279A-90 dated April 12, 1990	Access to the Call Money Market
2.	Ref.DBOD.No.Dir.BC.97/C.347-90 dated April 18, 1990	
3.	CPC.BC.111/279A-91 dated April 12, 1991	Call/Notice Money and Bills Rediscounting Market
4.	CPC.BC.144/07.01.279/94-95 dated April 17, 1995	Widening Access to Call/Notice Money Market
5.	Ref.DBOD.No.FSC.BC.68/24.9 1.001-95 dated June 27, 1995	
6.	CPC.BC.162/07.01.279/96-97 dated April 15, 1997	Money Market – Routing of Transactions through DFHI
7.	CPC.BC.165/07.01.279/97-98 dated April 21, 1997	Money Market – Routing of Transactions through Primary Dealers
8.	CPC.BC.175/07.01.279/97-98 dated April 29, 1998	Money Market
9.	CPC.BC.185/07.01.279/98-99 dated April 20, 1999	Measures for Developing the Money Market – Call/Notice Money Market
10.	Ref.No.MPD.2785/279A(MM)/9 8-99 dated April 24, 1999	Call/Notice Money and Bills Rediscounting Markets – Routing of Transaction
11.	CPC.BC.190/07.01.279/99-2000 dated October 29, 1999	Money Market
12.	CPC.BC.196/07.01.279/99-2000 dated April 27, 2000	Money Market
13.	Ref.No.MPD.3513/279A(MM)/1 999-2000 dated April 28, 2000	Call/Notice Money and Bills Rediscounting Markets – Routing of Transactions – Extract from the Statement on Monetary and Credit Policy for the Year 2000-01
14.	MPD.BC.201/07.01.279/2000-01 dated October 10, 2000	Permission to non-banks to lend in the call money market
15.	MPD.BC.206/07.01.279/2000-01 dated April 19, 2000	Moving towards Pure Inter-bank Call Money Market
16.	DS.PCB.CIR.40/13.01.00/2000-01 dated April 19, 2001	Operations in Call/Notice Money Market
17.	MPD.2991/03.09.01/2000-01 dated April 21, 2001	Participation in Call/Notice Money Market
18.	MPD.3173/03.09.01/2000-01 dated May 8, 2001	Participation in Call/Notice Money Market
19.	Ref.DBOD.No.FSC.BC.125/24. 92.001/2000-01 dated May 25, 2001	Permission to participate in Call/Notice/Term Money Market and Bills Rediscounting Scheme – Primary Dealers
20.	MPD.BC.214/07.01.279/2001-02 dated April 29, 2002	Money Market – Moving towards Pure Inter-bank Call Money Market
21.	DS.PCB.CIR.52/13.01.00/2001-02 dated June 24, 2002	Reporting of Call Money Transactions
22.	MPD.217/07.01.279/2001-02	Reliance on Call/Notice Money Market:

	dated June 27, 2002	Prudential Norm
23.	MPD.220/07.01.279/2002-03 dated July 31, 2002	Access to Call/Notice Money Market for Primary Dealers: Prudential Norms
24.	MPD.222/07.01.279/2002-03 dated October 29, 2002	Money Market
25.	MPD.225/07.01.279/2002-03 dated November 14, 2002	Reliance on Call/Notice Money Market: Prudential Norm
26.	MPD.226/07.01.279/2002-03 dated December 11, 2002	Reliance on Call/Notice Money Market: Prudential Norm
27.	DBOD.FSC.BC.85/24.91.001/2002-03 dated March 26, 2003	Permission to participate in Call/Notice Money Market and Bills Rediscounting Scheme – Private Sector Mutual Funds
28.	DBOD.FSC.BC.86/24.91.001/2002-03 dated March 26, 2003	Permission to participate in Call/Notice/Term Money Market and Bills Rediscounting Scheme – Primary Dealers
29.	MPD.BC.230/07.01.279/2002-03 dated April 29, 2002	Money Market – Moving towards Pure Inter-bank Call Money Market
30.	MPD.BC.234/07.01.279/2002-03 dated April 29, 2003	Participation of Non-bank Entities in Call/Notice Money Market
31.	MPD.BC.235/07.01.279/2002-03 dated April 29, 2003	Reporting of Call/Notice Money Market Transactions on NDS Platform.
32.	MPD.BC.241/07.01.279/2003-04 dated November 3, 2003	Money Market – Moving towards Pure Inter-bank Call/Notice Money Market
33.	MPD.BC.244/07.01.279/2003-04 dated November 5, 2003	Primary Dealers' Access to Call/Notice Money Market
34.	MPD.BC.242/07.01.279/2003-04 dated November 5, 2003	Moving towards Pure Inter-bank Call/Notice Money Market
35.	MPD.BC.250/07.01.279/2003-04 dated May 25, 2004	Moving towards Pure Inter-bank Call/Notice Money Market
36.	MPD.BC.253/07.01.279/2004-05 dated July 3, 2005	Master Circular on Call/Notice Money Market Operations
37.	MPD.BC.259/07.01.279/2004-05 dated October 26, 2004	Moving towards Pure Inter-bank Call/Notice Money Market
38.	MPD.BC.260/07.01.279/2004-05 dated December 10, 2004	Reporting of Call/Notice Money Market Transactions
39.	MPD.BC.265/07.01.279/2004-05 dated April 29, 2005	Call/Notice Money Market – Review of Benchmark
40.	MPD.BC.266/07.01.279/2004-05 dated April 29, 2005	Participation in Call/Notice Money Market
41.	MPD.BC.267/07.01.279/2004-05 dated April 29, 2005	Reporting of Term Money Transactions on NDS Platform
42.	IDMD.PDRD.No. 1096/03.64.00/ 2009-10 dated September 02, 2009	Stand-alone Primary Dealers – Increase in Call/Notice Money Borrowing Limit
43.	FMD.MSRG.No.71/02.02.001/2012-13 dated September 25, 2012	Reporting of OTC Call/Notice/Term Money transactions
44.	IDMD/PCD.No.11/14.01.01/2013-14 dated Feb 26, 2014	Call/Notice Money Market Operations