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DSK Legal Knowledge Center

Updates on

- Miscellaneous Updates

MISCELLANEOUS UPDATES

A. Asset Classification Norms for Infrastructure Projects under Implementation

The Reserve Bank of India (“RBI”), in reference to the Master Circular on prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances, has made certain amendments in the notification dated November 14, 2008¹ including the following:

§ for infrastructure projects, financed by the banks / FIs after May 28, 2002, the date of completion of the project to be

clearly spelt out at the time of financial closure of the project. With effect from March 31, 2008, if the date of commencement of commercial production / operation extends beyond a period of 2 years after the date of completion of the infrastructure project, as originally envisaged at the time of initial financial closure of the project, the account to be treated as a substandard asset.

- § If a project is approaching the said two-year period, the banks to undertake a viability study of the project to assess its eligibility for restructuring and if necessary, consider restructuring the asset to ensure that the asset quality is maintained.

For more information please refer to <http://rbidocs.rbi.org.in/rdocs/notification/PDFs/88435.pdf>.

¹ RBI 2008-09/283 DBOD.No.BP.BC. 84 /21.04.048/2008-09 dated November 14, 2008

B. Foreign Travel – Mode of Payment in Rupees

The RBI, vide its two circulars, each dated December 10, 2008², has stipulated the instruments by which payments for sale of foreign exchange exceeding an amount equivalent to Rs.50,000 may be made. In addition to the payment by rupees or through the instruments mentioned therein, the Authorised Dealers Category I & II and FFMCs may also accept the payments made by the traveler through debit cards / credit cards / prepaid cards for traveling abroad (for private visit or for any other purpose) subject to fulfillment of certain criteria as stipulated therein.

For more information please refer to

<http://rbidocs.rbi.org.in/rdocs/notification/PDFs/88825.pdf>

² RBI/2008-09/318 A. P. (DIR Series) Circular No. 40; A. P. (FL Series) Circular No. 03

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