Crisis and Reforms

(1991 - 2000)

- 1 & 3 Jul 1991
  External Payments Crisis. Rupee Devalued in two stages. Cumulative devaluation about 18 percent in USD terms.
- Nov 1991
  The Narsimahmam Committee Report suggested far reaching reforms in the Indian Banking sector. These included a phased reduction in the SLR and CRR as well as accounting standards, income recognition norms and capital adequacy norms.
- Mar 1992
  A dual exchange rate system called Liberalised Exchange Rate Management System (LERMS) introduced. This was the initial step to enable a transition to a market determined exchange rate system.
- Apr 1992
  Income recognition and asset classification norms introduced. Provisioning and Capital adequacy standards specified. Indian Banks required to fulfill these norms by 1994 and 1996.
- 22 Dec 1992
  C. Rangarajan appointed Governor.
- 1992
  SEBI formulated 'Insider Trading Regulations'.
- 1993
  Unified Exchange rate.
- 1993
  Guidelines for the establishment of private sector banks issued. This heralds a new policy approach aimed at fostering greater competition.
- 15 Jul 1994
  Nationalised Banks allowed to tap the capital market to strengthen their capital base.
- Jun 1994
  National Stock Exchange commenced operations
- 1994
  'Committee on Reform of the Insurance Sector', RN Malhotra.
- Aug 1994
  Rupee made convertible on the Current Account. Acceptance of Article VIII of the Articles of Agreement of the IMF.
- Oct 1994
  Lending rates of commercial banks deregulated. Banks required to declare their Prime Lending Rates (PLR).
- 3 Feb 1995
  Bharatiya Reserve Bank Note Mudran Limited established as a fully owned subsidiary of the Reserve bank. Commenced printing of Notes at Mysore on June 1 and at Salboni on December 11.
- Jun 1995
  The Office of the Banking Ombudsman established for expeditious & inexpensive resolution of customer complaints related to Banking services.
- Oct 1995
  Banks are allowed to fix their own interest rates on domestic term deposits with maturity of two years.
- 17 Sep 1996
  RBI Web site made operational.
- 1 Apr 1997
  RBI & Government of India agree to replace the system of ad hoc Treasury Bills with Ways and Means Advances ending automatic monetisation of fiscal deficits.
- 6 Jun 1997

RBI Conducts first auction of 14 day Treasury Bills. In October, auction of 28 day Treasury Bills was introduced.

- 10 Jul 1997
  Foreign Institutional Investors (debt funds) permitted to invest in dated Government Securities.
- 22 Nov 1997
  Bimal Jalan appointed Governor.
- 28 Nov 1997
  A series of measures introduced in response to the Asian Currency Crisis.
- 28 Nov 1997
  Fixed rate repos in G-Secs introduced to give maneuverability in liquidity management; and to bring orderly conditions in money and forex markets.
- 19 Dec 1997
  Capital Index Bonds introduced for first time. Inflation hedged instrument linked to Wholesale Price Index.
- Apr 1998
  Recommendations on the harmonisation of the Role and Operations of Development Financial Institutions and Banks paved the way for universal banking in India.
- 11 Dec 1998
  RBI Monetary Museum Web Site launched.
- 20 Apr 1999
  Interim Liquidity Adjustment Facility introduced.
- Jul 1999
  Interest Rate Swaps (IRS) and Forward Rate Agreements (FRAs) introduced as OTC derivatives.
- Nov 1999
  RBI issued guidelines to banks for the issuance of debit cards and smart cards to ease pressure on physical cash.
- 1999
  Foreign Exchange Management Act, 1999 replaces FERA, 1973 with the objective of 'facilitating external trade and payments' and 'promoting the orderly development and maintenance of foreign exchange market in India'. The new act became operative from June 2000 along with a sunset clause.