

RBI/2006-2007/347

Ref: UBD (PCB) Cir.No./6/12.03.000/2006-07

April 25, 2007

The Chief Executive Officers of
All Scheduled Primary (Urban) Co-operative Banks

Dear Sir/Madam,

Maintenance of Cash Reserve Ratio (CRR) on Exempted Categories

Please refer to our Circular RBI/2006-07/272 UBD (PCB) Cir. No. 4/12.03.000/2006-07 dated March 01, 2007 on the captioned subject. Consequent upon the notification of Section 3 of the Reserve Bank of India (Amendment) Act, 2006, as coming into force with effect from April 01, 2007, the statutory minimum Cash Reserve Ratio (CRR) requirement of 3 per cent of the total demand and time liabilities no longer exists. It has been decided to modify the above circular accordingly, with effect from April 01, 2007. Therefore, every Scheduled Primary (Urban) Co-operative Bank shall be exempted from maintaining average CRR with effect from April 01, 2007 on the following liabilities as computed under section 42 (1) of the Reserve Bank of India Act, 1934.

- i. Liabilities to the banking system in India as computed under Clause (d) of the explanation to Section 42 (1) of the RBI Act, 1934; and
- ii. Transactions in Collateralized Borrowing and Lending Obligation (CBLO) with Clearing Corporation of India Ltd.(CCIL)

2. A copy of the relative notification UBD (PCB). No./6/12.03.000/2006-2007 dated April 24, 2007 is enclosed.

3. Please acknowledge receipt.

Yours faithfully,

(N.S.Viswanathan)
Chief General Manager in-Charge