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RESERVE BANK OF INDIA

NOTIFICATION

Mumbai, the 26th November 2008

UBD.PCB.10/16.26.000/2008-2009 - Whereas Reserve Bank is satisfied that in public interest, in the interest of depositors and in the interest of banking policy, it is necessary so to do, in exercise of powers conferred by Section 24A of Banking Regulation Act, 1949 read with section 56 *ibid*, Reserve Bank hereby notifies that the exemption granted to TIER - I non-scheduled primary (urban) co-operative banks *vide* notification UBD.PCB.6657/16.26.000/05-06 dated December 26, 2005 from maintaining assets in the form of cash, gold or unencumbered approved securities as prescribed in Section 24 of the Act *ibid*, to the extent of the amounts deposited by them with State Bank of India, subsidiary bank, corresponding new bank, and Industrial Development Bank of India Ltd., (name changed to IDBI Bank Ltd.) in interest bearing deposits, but not exceeding 15% of their total demand and time liabilities in India, shall continue provided that with effect from October 1, 2009, such exemption shall not exceed 7.5% of the total demand and time liabilities in India. The exemption shall stand withdrawn effective from April 1, 2010.

Explanation for purpose of this notification :

(a) TIER - I Primary (Urban) Co-operative Bank means:

- (i) Unit banks i.e. banks having a single branch / head office and banks with deposits below Rs.100 crore, whose branches are located in a single district
- (ii) Banks with deposits below Rs.100 crore having branches in more than one district, provided the branches are in contiguous districts and deposits and advances of branches in one district separately constitute at least 95% of the total deposits and advances respectively of the bank.
- (iii) Banks with deposits below Rs.100 crore, whose branches were originally in a single district but subsequently, became multidistrict due to reorganization of the district.

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(b) For the purpose of eligibility of primary (urban) co-operative banks under the this notification the deposits base will be determined on the basis of the fortnightly average of the demand and time liabilities in the immediate preceding financial year.

(c) "State Bank of India" means the State Bank of India constituted under Section 3 of the State Bank of India Act, 1955 (23 of 1955)

(d) "Subsidiary Bank" has the same meaning assigned to it in the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959)

(e) "Corresponding new bank" means a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970) or under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980)

(f) "IDBI Bank Ltd." means IDBI Bank Lt. constituted under the Industrial Development Bank (Transfer of Undertaking and Repeal) Act, 2003.

V.S. Das, Executive Director
(ADVT.III/4/38/08/Exty.)