Regulatory and Other Measures

June 2008

RBI -2007-08/371 UBD.BPD. (PCB). No 56 /16.20.000/2007-08 dated June 17, 2008

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

Valuation of Non-SLR Securities Issued by the Government of India

Please refer to para 12 of our Master Circular UBD. BPD. (PCB) MC. No 2 / 16.20.000/2007-08 dated July 2, 2007 on 'Investments by Primary (Urban) Co-operative Banks'.

2. It has been observed that, over the years, the Government of India has, from time to time, issued several special securities which do not qualify for the purpose of complying with the SLR requirements of UCBs. Such Government securities are governed by a separate set of terms and conditions and entail a higher degree of illiquidity spread. Currently, the guidelines issued by FIMMDA regarding the valuation of such non-SLR securities provide that such securities be valued by applying a mark-up of 50 basis points (bps) above the corresponding yield on Government of India securities.

3. The issue of valuation of such special securities has since been examined. It has been decided that, for the limited purpose of valuation, all special securities issued by the Government of India, directly to the beneficiary entities, which do not carry SLR status, may be valued at a

spread of 25 bps above the corresponding yield on Government of India securities. This amendment would come into force from the financial year 2008-09.

4. It may be noted, that at present, such special securities comprise: Oil Bonds, Fertiliser Bonds, bonds issued to the State Bank of India (during the recent rights issue), Unit Trust of India, Industrial Finance Corporation of India Ltd., Food Corporation of India, Industrial Investment Bank of India Ltd., the erstwhile Industrial Development Bank of India and the erstwhile Shipping Development Finance Corporation.

RBI/2007-2008/386 UBD (PCB).No./6 / 12.03.000/2007-08 dated June 26, 2008

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

Section 42(1) of Reserve Bank of India Act, 1934-Maintenance of Cash Reserve Ratio (CRR)

Please refer to our Circular RBI 2007-2008/307 UBD (PCB) Cir. No.5/ 12.03.000/ 2007-08 dated April 30, 2008 on the captioned subject. On review of current global and domestic macroeconomic and financial developments,it has been decided to increase Cash Reserve Ratio (CRR) for Scheduled Primary (Urban) Co-operative Banks by 50 basis points to 8.75 per cent of their Net Demand and Time Liabilities in two stages, effective from the fortnights as indicated below:

Effective Date (*i.e.*, the fortnight beginning from)	CRR on net demand and time liabilities (per cent)
July 5, 2008	8.50
July 19, 2008	8.75

RBI/2008-2009/102 REF. NO. MPD.BC. 304/ 07.01.279/2008-09 dated July 29, 2008

All Scheduled Banks [excluding Regional Rural Banks (RRBs)] and Primary Dealers

Standing Liquidity Facilities for Banks and Primary Dealers

As announced in the First Quarter Review of Annual Statement on Monetary Policy for the year 2008-09, the fixed repo rate under the Liquidity Adjustment Facility (LAF) was increased by 50 basis points from 8.5 per cent to 9.0 per cent with immediate effect (Paragraph 105).

2. Accordingly, the Standing Liquidity Facilities provided to banks (export credit refinance) and Primary Dealers (PDs) (collateralised liquidity support) from the Reserve Bank would be available at the repo rate, *i.e.*, at 9.0 per cent with effect from July 29, 2008.