

Regulatory and Other Measures

July 2008

RBI/2008-09/93 UBD.BPD (PCB) Cir No:
3 /12.05.001/2008-09 July 11, 2008

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

Balances held by UCBs with IDBI Bank Limited- Treatment for CRR/SLR purpose-

As you are aware, in terms of Section 18(1) (c) and 24(2) (a) of the B.R. Act, 1949 (AACS), net balance maintained in current account by the co-operative banks with the following banks are treated as cash for the purpose of CRR/SLR.

- i) State Bank of India
- ii) a subsidiary bank, and
- iii) a corresponding new bank.

2. As IDBI Bank Limited is not one of those banks mentioned above, the balance maintained by UCBs in current account with IDBI Bank Limited would not be eligible for being reckoned as 'net balance in current account' for the purpose of CRR/SLR under Section 18 and 24 of the B.R. Act, 1949 (AACS).

3. UCBs maintaining current account balances with IDBI Bank Limited, and presently reporting the same under CRR/SLR, are advised to intimate the position as on June 30, 2008 to respective Regional Offices of Reserve Bank in the format Annexed.

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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-
2008/386 UBD (PCB) Cir. No.6/
12.03.000/ 2007-08 dated June 26, 2008
on the captioned subject. As set out

in the Governor's statement on the
First Quarter Review of Annual
Monetary Policy for the year 2008-09
issued on July 29, 2008, on a review of
the current liquidity situation, it has
been decided to increase Cash Reserve
Ratio (CRR) for Scheduled Primary
(Urban) Co-operative Banks by 25 basis
points to 9.00 per cent of its Net
Demand and Time Liabilities with
effect from the fortnight beginning
August 30, 2008.