

Regulatory and Other Measures

October 2008

RBI/2008-2009/239 Ref: UBD (PCB). No./
7/12.03.000/2008-09 October 16, 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 2008-
2009/216 UBD (PCB) Cir. No.5/
12.03.000/ 2008-09 dated October 10,
2008 on the captioned subject advising
reduction in Cash Reserve Ratio (CRR)
by 150 basis points from 9.00 per cent
to 7.50 per cent of net demand and
time liabilities with effect from
October 11, 2008.

2. On a review of the evolving
liquidity situation and as set out in
the RBI Press Release 2008-2009/500
dated October 15, 2008, it has been
decided to further reduce the Cash
Reserve Ratio (CRR) for Scheduled
Primary (Urban) Co-operative Banks by
100 basis points from 7.50 per cent to
6.50 per cent of their NDTL with
effect from the current reporting
fortnight that began on October 11,
2008.

RBI/2008-09/237 UBD (PCB) CO BPD Cir
No: 22 /13.01.000/2008-09 October 16,
2008

Interest Rates on Non-Resident (External) Rupee (NRE) Deposits- UCBs

Chief Executive Officer of All Primary
(urban) Cooperative Banks

Please refer to our circular UBD (PCB) CO BPD Cir No: 16/13.01.000/2008-09 dated September 19, 2008 on the captioned subject.

2. On a review, it has been decided that until further notice and with effect from close of business in India as on October 15, 2008, the interest rates on Non- Resident (External) Rupee (NRE) Term Deposits will be as under:

The interest rates on fresh Non-Resident (External) Rupee (NRE) Term Deposits for one to three years maturity should not exceed the LIBOR/SWAP rates plus 100 basis points, as on the last working day of the previous month, for US dollar of corresponding maturities (as against LIBOR/SWAP rates plus 50 basis points effective from close of business on Sept 16, 2008). The interest rates as determined above for three year deposits will also be applicable in case the maturity period exceeds three years. The changes in interest rates will also apply to NRE deposits renewed after their present maturity period.

RBI/2008-09/256 REF.No.MPD.BC.308/07.01.279/2008-09 November 3, 2008

All Scheduled Banks (Excluding Regional Rural Banks (RRBs)) and Primary Dealers

Standing Liquidity Facilities for Banks and Primary Dealers

As announced in the Reserve Bank's Press Release dated November 1, 2008,

the fixed repo rate under the Liquidity Adjustment Facility (LFA) has been reduced by 50 basis points from 8.0 per cent to 7.5 per cent with effect from November 3, 2008.

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 7.5 per cent with effect from November 3, 2008.

RBI/2008-09/262 Ref.No.MPD.BC. 309/02.01.009/2008-09 November 3, 2008

All Scheduled Commercial Banks (Excluding Regional Rural Banks)

Special Refinance Facility (SRF) under Section 17(3B) of Reserve Bank of India Act, 1934

Please refer to the Reserve Bank's Press Release 2008-09/603 of November 01, 2008. As indicated therein, it has been decided to introduce a special refinance facility (SRF) under section 17(3B) of the Reserve Bank of India Act, 1934. Under this facility, scheduled commercial banks (excluding Regional Rural Banks) will be eligible for refinance to the extent of up to 1.0 per cent of each bank's net demand and time liabilities (NDTL) as on October 24, 2008.

2. The terms and conditions for availment of the SRF are set out below:

i. Refinance under the SRF will be provided at the repo rate under the liquidity adjustment facility (LAF), *i.e.*,

at 7.5 per cent with effect from November 3, 2008.

ii. Each bank's limit under the SRF will remain unchanged until further notice;

iii. The bank seeking refinance should deliver to the Reserve Bank demand promissory notes covering the principal amount of advances and the prescribed rates of interest;

iv. The bank seeking refinance should also give a declaration that it is seeking refinance against loans and advances made against bonafide commercial and trade transactions or for financing agricultural operations and marketing of crops in excess of the principal amount as on the date of the declaration and related undertakings;

v. The availment of advances by any bank under this facility shall be restricted to a period of 90 days (including Sundays and holidays) reckoned from the date of first day of utilisation. The refinance can be drawn and repaid flexibly during this period. The bank availing refinance must repay the entire outstandings, if any, under the SRF within this stipulated time, failing which the Reserve Bank shall debit its account with it. In case a bank persists with defaults in this regard, the Reserve Bank will be constrained to withdraw the SRF for the defaulting bank.

RBI/2008-09/284 Ref.MPD.No.310/
07.01.279/2008-09 November 15, 2008

All Scheduled Banks (Excluding
Regional Rural Banks)

Export Credit Refinance Facility: Relaxation

Please refer to paragraph No. 4(vii) of the Reserve Bank's Press Release dated November 15, 2008 on the above-mentioned subject. As indicated therein, the eligible limit of export credit refinance (ECR) facility has been enhanced from the existing level of 15 per cent of the outstanding rupee export credit eligible for refinance as at the end of the second preceding fortnight to 50 per cent. The rate of interest charged on the ECR facility will continue to be the prevailing repo rate under the liquidity adjustment facility (LAF) of the Reserve Bank which is currently 7.5 per cent.

RBI/2008-09/295 Ref.No.MPD.BC. 311/
02.01.009/2008-09 November 18, 2008

All Scheduled Commercial Banks
(Excluding Regional Rural Banks)

Special Refinance Facility (SRF) under Section 17(3B) of the Reserve Bank of India Act, 1934

Please refer to our circular Ref.No.MPD.BC.309/02.01.009/2008-09 dated November 3, 2008 on the Special Refinance Facility (SRF) under section 17 (3B) of the Reserve Bank of India Act, 1934 under which all scheduled commercial banks (excluding RRBs) are provided refinance from the Reserve Bank equivalent to up to 1.0 per cent of each bank's net demand and time liabilities (NDTL) as on October 24, 2008 at the repo rate under

the liquidity adjustment facility (LAF) up to a maximum period of 90 days.

2. As indicated in the Reserve Bank's Press Release No.2008-2009/697 of November 15, 2008 banks are encouraged to use this facility for the purpose of extending finance to micro and small enterprises.

RBI/2008-09/301 Ref.No.MPD.BC.312/02.01.009/2008-09 December 1, 2008

All Scheduled Commercial Banks
(Excluding Regional Rural Banks)

Special Refinance Facility (SRF) under section 17 (3B) of the Reserve Bank of India Act, 1934

Please refer to our circular
Ref.No.MPD.BC.309/02.01.009/2008-09

dated November 3, 2008 on the Special Refinance Facility (SRF) under section 17 (3B) of the Reserve Bank of India Act, 1934 under which all Scheduled Commercial Banks (excluding RRBs) are provided refinance from the Reserve Bank equivalent to up to 1.0 per cent of each bank's net demand and time liabilities (NDTL) as on October 24, 2008 at the repo rate under the liquidity adjustment facility (LAF) up to a maximum period of 90 days during which refinance can be flexibly drawn and repaid.

2. As indicated in Reserve Bank's Press Release No.2008-2009/798 of November 28, 2008, it is clarified that this facility can be rolled over. It has also been decided to continue this facility up to June 30, 2009.