

**Operations in call/notice money market**

DS. PCB.CIR. 40 /13.01.00/2000-01

April 19, 2001  
Chaitra 29,1923(S)

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

Dear Sir,

**Operations in call/notice money market**

Urban Co-operative Banks (UCBs) are presently allowed to both lend and borrow in the call/notice money market. With a view to reducing excessive reliance on call/notice money market, it has been decided that on a daily basis, their borrowings in call/notice money market should not exceed 2% of their aggregate deposits as at the end of March of the previous financial year. However, they will be free to lend in the call/notice money market without any limit. The borrowings and lending in the call/notice money market may be reported to the respective Regional Offices as per proforma enclosed on a fortnightly basis (as per reporting fortnight) within ten days after the end of the fortnight to which it relates. The first of such statement must be sent with reference to the fortnight ending May 4, 2001.

**Limits on discounting of UCBs' pay orders:**

UCBs should, in their operations, take note of the fact that commercial banks may establish appropriate inter-bank monetary limits for discounting of pay orders issued by Urban Co-operative Banks, taking into account the size of their deposits/networth etc.

Yours faithfully

**[M.M.S. Rekhrao]**  
Chief General Manager-in-Charge

Enclosure : as above

