

**Banking Regulation Act, 1949 (As Applicable to
Co-operative Societies) - Section 24 -Investment
in Government and other approved Securities
by Urban Co-operative Banks (UCBs)**

BR.Cir/ 42 /16.26.00/2000-01

April 19, 2001
Chaitra 29, 1923(S)

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

Dear Sir,

**Banking Regulation Act, 1949 (As Applicable to
Co-operative Societies) - Section 24 -Investment
in Government and other approved Securities
by Urban Co-operative Banks (UCBs)**

Please refer to our Circular UBD.BR.No.33/16.26.00/95-96 dated 3 January 1996 in terms of which all **scheduled urban co-operative banks** are required to maintain at least 15.0 percent of their Net Demand and Time Liabilities (NDTL) in government and other approved securities and **non-scheduled urban co-operative banks** with **NDTL of Rs.25 crore and above** are required to maintain at least 10.0 percent of their NDTL in government and other approved securities. However, in respect of other **non-scheduled urban co-operative banks**, there is no stipulation regarding maintenance of SLR in the form of government and other approved securities.

2. It has now been decided to increase the proportion of SLR holdings in the form of government and other approved securities as percentage of NDTL in the following manner which should be achieved by the urban co-operative banks by end-March 2002.

Category of UCBs	Investment in government and other approved securities as percentage of Net Demand and Time Liabilities (NDTL)	
	Present	Revised
Scheduled UCBs	15%	20%
Non-Scheduled UCBs		

UCBs with NDTL of Rs.25 crore & above	10%	15%
UCBs with NDTL of less than Rs.25 crore	Nil	10%

3. Further, with effect from April 01, 2003, all scheduled urban co-operative banks shall maintain their entire SLR assets of 25.0 percent of NDTL only in government and other approved securities.

4. All the scheduled UCBs and non-scheduled UCBs with NDTL of Rs.25 crore and above would, henceforth, be required to maintain investments in government securities only in SGL Accounts with Reserve Bank of India or in constituent SGL Accounts of public sector banks and Primary Dealers (PDs). Non-scheduled UCBs with NDTL of less than Rs.25 crore may maintain government securities in physical or scrip form.

5. The other instructions contained in our above Circular will remain unchanged.

Yours faithfully,

Sd/-
(M.M.S. Rekhrao)
Chief General Manager-in-Charge