Section 42(1) of Reserve Bank of India Act, 1934 – Maintenance of Cash Reserve Ratio (CRR) by Scheduled Primary (Urban) Co-operative Banks

BP.Cir. 10 /16.11.00/2002-03

April 29, 2003

TO
ALL SCHEDULED PRIMARY (URBAN) CO-OPERATIVE BANKS

Dear Sirs,

Section 42(1) of Reserve Bank of India Act, 1934 –
Maintenance of Cash Reserve Ratio (CRR) by
Scheduled Primary (Urban) Co-operative Banks

Please refer to para 1 of our circular BR. CIR. 6/ 16.11.00/2002- 03 dated 29 October, 2002 in terms of which Scheduled Primary (Urban) Co-operative Banks are required to maintain an average CRR of 4.75 per cent on their Net Demand and Time liabilities.

2. In pursuance of paragraph 73 of the statement on Monetary and Credit Policy for the year 2003-04, it has now been decided to reduce the CRR by 25 basis points. Accordingly, CRR will be reduced from 4.75 per cent to 4.50 per cent of Net Demand and Time Liabilities effective from the fortnight beginning June 14, 2003 . A copy of the notification issued in this regard is enclosed.

3. All other instructions stipulated in our earlier circular will remain unchanged.

Please acknowledge receipt to the concerned Regional Office.

 Yours faithfully,

(S.Karuppasamy)
Chief General Manager-in-Charge

BP. 23 /16.11.00.2002-03

April 29, 2003

<u>**NOTIFICATION**</u>

In exercise of the powers conferred by the proviso to Sub-Section (1) of Section 42 of the Reserve Bank of India Act, 1934 (2 of 1934) and in supersession of its Notification UBD.No.BR.19/16.11.00/2002-03 dated October 29, 2002, the Reserve Bank of India hereby directs that the average Cash Reserve Ratio (CRR) required to be maintained by Scheduled Primary (Urban) Co-operative Banks shall be reduced by 0.25 percentage point from 4.75 per cent to 4.50 per cent effective from the fortnight beginning June 14, 2003. However, the effective CRR maintained by Scheduled Primary (Urban) Co-operative Banks on total demand and time liabilities shall not be less than 3.0 per cent, as stipulated under the Act, ibid.

(N. Sadasivan)
Executive Director