

RBI/2004-05/39
RPCD.CO.RF.BC.4/07.02.03/2003-04

July 13, 2004

The Chairman/Managing Director
All State Co-operative Banks.

Dear Sir,

**Capital Investment Subsidy Scheme for construction/
renovation/expansion of rural godowns**

Please refer to the circular No. 92/ICD-20/2002-03 dated April 12, 2002 issued to you by NABARD on the above subject.

2. In this connection, we advise that the subsidy admissible to promoters under this scheme will be retained in “**Subsidy Reserve Fund Account**” (borrower-wise) in the books of financing banks till the loan component (net of subsidy) is fully repaid.

3. The balance lying to the credit of the above Subsidy Reserve Fund Account **will not** form part of Demand and Time Liability (DTL) for the purpose of Statutory Liquidity Ratio (SLR)/ Cash Reserve Ratio (CRR) under Section 18 and 24 of the Banking Regulation Act, 1949 (AACS)/ Section 42 of the Reserve Bank of India Act, 1934.

4. The contents of this circular may be placed before the Board of Directors of your bank.

5. Please acknowledge receipt of this circular to our concerned Regional Office.

Yours faithfully,

(Ipilan Surin)
Deputy General Manager