

RBI/2004-05/128

UBD No. SUB.CIR. 1/ 16.26.00/2004-05

August 18, 2004

The Chief Executive Officers of all  
Scheduled Primary (Urban) Co-operative Banks

Dear Sir,

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

As you may be aware a credit linked Capital Investment Subsidy Scheme for Construction / Renovation / Expansion of Rural Godowns is being implemented by NABARD. Under the scheme NABARD will release back-ended subsidy for all projects financed by institutions eligible for availing refinance from NABARD. The subsidy admissible to promoters under this scheme will be retained in the “**Subsidy Reserve Fund Account**” (borrower- wise) in the books of financing banks till the loan component (net of subsidy) is fully repaid.

2. We advise that 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 24 of the Banking Regulation Act, 1949 (AACS)/ Section 42 of the Reserve Bank of India Act, 1934.

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

4. Please acknowledge receipt of this circular to our Regional Office.

Yours faithfully,

Sd/-

(N. S. Vishwanathan )  
Chief General Manager