

April 24, 2007

**All Regional Rural Banks**

Dear Sir,

**Maintenance of Cash Reserve Ratio (CRR) on Exempted Categories**

Please refer to our Circular RPCD.CO.RRB.BC.No.52/03.05.28(B)/2006-07 dated March 2, 2007 on the captioned subject. Consequent upon the notification of Section 3 of the Reserve Bank of India (Amendment) Act, 2006 as coming into force with effect from April 01,2007, the statutory minimum CRR requirement of 3 per cent of total demand and time liabilities no longer exists. It has been decided to modify the above circular accordingly, with effect from April 01, 2007. Therefore, every Regional Rural Bank shall be exempted from maintaining average CRR with effect from April 01, 2007 on the following liabilities as computed under section 42 (1) of the Reserve Bank of India Act, 1934.

(i) Liabilities to the banking system in India as computed under Clause (d) of the Explanation to Section 42 (1) of the Reserve Bank of India Act, 1934; and

(ii) Transactions in Collateralized Borrowing and Lending Obligation (CBLO) with Clearing Corporation of India.(CCIL).

2. A copy of the relative notification RPCD.CO.RRB.No.9944/03.05.28(B)/2006-07 dated April 24, 2007 is enclosed.

3. Please acknowledge receipt to our Regional Office concerned.

Yours faithfully

(Surekha Marandi)  
General Manager