

RBI/2008-09/356
UBD (PCB).Cir. No. 37/16.26.000/2008-09

January 21, 2009

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

Dear Sir /Madam

Banking Regulation Act 1949 (AACS)- Investments in Government and other approved securities by UCBs - Exemption under Section 24A

Please refer to our circular UBD (PCB). Cir. No.31/16.26.00/2005-06 dated February 17, 2006 on the above subject.

2. In terms of the above circular, non-scheduled UCBs in Tier I were exempted from maintaining SLR in Government and other approved securities up to 15 per cent of their NDTL provided the amount was held in interest-bearing deposits with the State Bank of India and its subsidiary banks and the public sector banks, including Industrial Development Bank of India Ltd.

3. In view of various representations received from UCBs and their Federations, it has been decided to continue the exemption, provided that, with effect from October 1, 2009, such exemption shall not exceed 7.5 per cent of NDTL. The exemption shall stand withdrawn effective from April 1, 2010.

4. A copy of the notification UBD.PCB.10/16.26.000/05-06 dated November 26 2008 published in Part III Section 4 of the Gazette of India (Extraordinary) dated December 15, 2008 is enclosed.

5. Please acknowledge receipt to the Regional Office concerned of the Reserve Bank of India.

Yours faithfully

(A. K. Khound)
Chief General Manager