

Liquidity Facilities to Co-operative Banks

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In the wake of the recent events that have affected a few urban co-operative banks in Gujarat, it had been reported that some co-operative banks may face liquidity problems in their day-to-day operations. To obviate any such difficulty, the Reserve Bank had already advised all concerned that these banks may approach public sector banks and also primary dealers for repos facilities against eligible government securities held by them.

In case the co-operative banks are unable to meet their liquidity needs from the money market, including through repos with other banks and primary dealers, such banks have further been advised to approach the Reserve Bank of India, Central office through the RBI Regional Director in Ahmedabad. On the advice of Regional Director, RBI will provide special liquidity support to such banks against their eligible holdings of appropriate assets for temporary periods upto 90 days.

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