



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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March 23, 1998

RBI reduces CRR

The Reserve Bank of India has decided to reduce the cash reserve ratio (CRR) by 0.50 percentage point in two phases. Consequently, the CRR stipulation which is currently at 10.5 per cent will be reduced to 10.0 per cent in two phases of 0.25 percentage point each effective March 28 and April 11, 1998.

(Alpana Killawala)
General Manager

Press Release : 1997-98/876

Cash Reserve Ratio

Under Section 42(1) of the Reserve Bank of India Act, 1934, all scheduled commercial banks (excluding Regional Rural Banks) are, at present, required to maintain with the Reserve Bank of India, as cash reserve ratio (CRR) of 10.5 per cent of their net demand and time liabilities (excluding liabilities subject to zero CRR prescription). It has been decided to reduce the CRR. Accordingly, the CRR to be maintained by scheduled commercial banks (excluding Regional Rural Banks) is being reduced by 0.50 percentage point from 10.5 per cent to 10.0 per cent in two phases of 0.25 percentage point each as set out below:

Phasing of CRR Reduction for Scheduled Commercial Banks (excluding Regional Rural Banks)	
CRR on Net Demand and Time Liabilities	Effective Date (Fortnight beginning from)
10.25	March 28, 1998
10.00	April 11, 1998

As a result 0.50 percentage point reduction in CRR, the resources of banks would be augmented by about Rs. 2,600 crore (Rs. 1,300 crore for each phase of reduction). A notification is being issued to banks separately.

2. Kindly acknowledge receipt of this letter to the Adviser-in-Charge, Monetary Policy Department, Reserve Bank of India, Central Office, Post Box No. 406, Mumbai - 400 001.

Yours faithfully,

(Bimal Jalan)
Governor