



**RESERVE BANK OF INDIA**

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April 13, 2007

**Reserve Bank of India (Amendment) Act, 2006:  
Provisions Relating to CRR**

The Government of India has notified Section 3 of the Reserve Bank of India (Amendment) Act, 2006 (Act 26 of 2006) and has appointed the first day of April 2007 as the date on which the provisions of Section 3 of the said Act shall come into force.

Section 3 the Reserve Bank of India (Amendment) Act, 2006 provides for the removal of:

- [by amendment of sub-Section 42(1A) of the Reserve Bank of India Act, 1934] the ceiling and floor on the cash reserve ratio (CRR) to be prescribed by the RBI for scheduled banks having regard to the need for securing monetary stability in the country; and
- [by omission of sub-Section 42(1B) of the Reserve Bank of India Act, 1934] the provisions for interest payment on eligible CRR balances (*i.e.*, the amount of reserves between the statutory minimum CRR and the CRR prescribed by the RBI).

The Reserve Bank has decided to maintain *status quo* in the areas where it is required to take action in pursuance of the notification. Accordingly,

- Scheduled banks would be required to maintain cash reserve ratio of 6.0 per cent of net demand and time liabilities (NDTL) during the fortnight ending April 13, 2007, 6.25 per cent of NDTL from the fortnight beginning April 14, 2007 and 6.5 per cent of NDTL from the fortnight beginning April 28, 2007 on an average daily basis as indicated in the Reserve Bank's press release of March 30, 2007 and the related notifications and circulars.
- For the basis of CRR for a reporting fortnight, the NDTL would relate to the reporting Friday of the second preceding fortnight, as hitherto.
- Banks are required to maintain a minimum of 70 per cent of the required amount of average daily CRR for a fortnight, on a daily basis during the fortnight, as at present.
- It has been decided to continue with the *status quo* on the extant CRR exemptions which will be operative till further change.
- Pursuant to the amendment, the erstwhile statutory minimum CRR maintenance requirement of 3 per cent no longer exists.

- Consistent with the amendment, no interest will be payable on CRR balances of banks with effect from the fortnight beginning March 31, 2007.

Appropriate notifications are being issued separately.

**Alpana Killawala**  
Chief General Manager

**Press Release: 2006-2007/1405**