

RBI/2008-09/234
RPCD.CO.RRB. No. BC.46/ 03.05.28(B)/2008-09

October 15, 2008

All Regional Rural Banks

Dear Sir,

**Section 42 (1) of Reserve Bank of India Act, 1934 -
Maintenance of Cash Reserve Ratio (CRR)-
Regional Rural Banks (RRBs)**

Please refer to our circular RPCD.CO.RRB.No.BC.44/03.05.28 (B)/2008-2009 (RBI/2008-09/213) dated October 10, 2008 on the captioned subject, advising reduction in Cash Reserve Ratio (CRR) by 150 basis points from 9.00 percent to 7.50 per cent of net demand and time liabilities with effect from October 11, 2008.

2. On a review of the evolving liquidity situation, and as set out in the RBI Press Release 2008-2009/500 of date, it has been decided to further reduce the Cash Reserve Ratio (CRR) for Regional Rural Banks by 100 basis points from 7.50 per cent to 6.50 per cent of their net demand and time liabilities (NDTL) with effect from the current reporting fortnight that began on October 11, 2008.

3. A copy of the relative notification RPCD RRB.CO No.4381/ 03.05.28(B)/ 2008 -09 dated October 15, 2008 is enclosed.

4. Please acknowledge receipt to our Regional Office concerned.

Yours faithfully,

(G.Srinivasan)
Chief General Manager-in-Charge

RPCD.CO.RRB.No.4381/ 03.05.28(B)/2008-09

October 15, 2008

NOTIFICATION

In exercise of the powers conferred under the sub-section (1) of Section 42 of the Reserve Bank of India Act, 1934 and in supersession of the earlier notification RPCD.CO.RRB.No 4161 /03.05.28 (B) /2008-2009 dated October 10, 2008, the Reserve Bank of India hereby notifies that the average Cash Reserve Ratio (CRR) required to be maintained by every Regional Rural Bank shall be reduced by 250 basis points to 6.50 per cent of its net demand and time liabilities from the fortnight beginning from October 11, 2008.

(Anand Sinha)
Executive Director