

**Offshore Banking Units (OBUs) in
Special Economic Zones (SEZs)**

DBOD.IBS.BC. 88/23.13.004/2002-03

March 27, 2003

Chaitra 6, 1925

All scheduled commercial banks
(excluding RRBs and LABs)

Dear Sir

**Offshore Banking Units (OBUs) in
Special Economic Zones (SEZs)**

Please refer to our circular DBOD IBS BC 42/23.13.004/2002-03 dated November 11, 2002 forwarding therewith a scheme for setting up of OBUs in SEZs. In terms of para 2.1.1 thereof, RBI would grant exemption from CRR requirements to the parent bank with reference to its OBU branch under Section 42(7) of the RBI Act, 1934.

2. Accordingly, a notification DBOD IBS BC 87/23.13.004/2002-03 dated March 27, 2003 exempting scheduled commercial banks from maintenance of average Cash Reserve Ratio on the demand and time liabilities in respect of their Offshore Banking Units is enclosed.

Yours faithfully
(P.K. Mahapatra)
Deputy General Manager

Encl: One.

NOTIFICATION

DBOD.IBS.BC. 87 /23.13.004/2002-03

March 27, 2003

Chaitra 6, 1925

In exercise of powers conferred by sub-section (7) of Section 42 of the Reserve Bank of India Act, 1934 (2 of 1934), Reserve Bank of India hereby exempts every scheduled commercial bank from maintenance of average Cash Reserve Ratio (CRR) prescribed under Section 42 of the Reserve Bank of India Act, 1934 on the demand and time liabilities in respect of their Offshore Banking Units.

**(K.L. Khetarpaul)
Executive Director**