

RBI/2006-2007/311

Ref: UBD (PCB).No./5 /12.03.000/2006-07

April 05, 2007

The Chief Executive Officers of
All Scheduled Primary (Urban) Co-operative Banks

Dear Sir,

Section 42(1) of Reserve Bank of India Act, 1934-
Maintenance of Cash Reserve Ratio (CRR)

Please refer to our Circular UBD (PCB) Cir. No.3/12.03.000/2006-07 dated March 01, 2007 on the captioned subject. As set out in the Press Release 2006-2007/1336 dated March 30, 2007, it has been decided to increase the Cash Reserve Ratio (CRR) of Scheduled Primary (Urban) Co-operative Banks by one-half of one percentage point of their Net Demand and Time Liabilities (NDTL) in two stages, effective from the fortnights indicated below:

Effective Date (i.e., the fortnight beginning from)	CRR on net demand and time liabilities (per cent)
April 14, 2007	6.25
April 28, 2007	6.50

However, the effective CRR required to be maintained by Scheduled Primary (Urban) Co-operative Banks on total Demand and Time Liabilities shall not be less than 3.00 per cent, as stipulated under the Reserve Bank of India Act, 1934.

2. A copy of the relevant notification UBD (PCB) No./5/12.03.000/2006-07 dated April 05, 2007 is enclosed.

3. Interest on eligible cash balances for CRR

At present all Scheduled Primary (Urban) Co-operative Banks are paid interest at the rate of 1.00 percent on eligible cash balances maintained with Reserve Bank of India under the proviso to section 42 (1) and 42 (1A) of the Reserve Bank of India Act, 1934. It has now been decided that with effect from the fortnight beginning April 14, 2007, all Scheduled Primary (Urban) Co-operative Banks will be paid interest at the rate of 0.50 percent per annum on eligible cash balances maintained with Reserve Bank of India under current CRR requirement.

4. Please acknowledge receipt.

Yours faithfully,

(A.K.Khound)
Chief General Manager