

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3138  
ANSWERED ON:10.08.2001  
URBAN COOPERATIVE BANKS  
SULTAN SALAHUDDIN OWASI

**Will the Minister of FINANCE be pleased to state:**

- (a) whether RBI has recently taken some monetary measures in regard to urban cooperative banks and export refinance facilities;
- (b) if so, the details thereof; and
- (c) the other decision taken by RBI to improve liquidity of banks on CRR?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL):

(a) and (b) Reserve Bank of India (RBI) has reported that it has announced several measures specific to urban cooperative banks (UCBs) in the Monetary & Credit Policy, 2000-2001. These are:-

- (i) Prohibiting the urban co-operative banks from lending directly or indirectly against securities of shares either to individuals or to any other entity from 19-4-2001;
- (ii) Restricting their borrowing in the call/notice money market on a daily basis to 2.0 per cent of aggregate deposit of the bank as at the end March of the previous financial year;
- (iii) Restricting them to keep fresh term deposits with other urban co-operative banks;
- (iv) The proportion of Statutory Liquidity Ratio (SLR) holdings in the form of Government and other approved securities as percentage of Net Demand and Time Liabilities (NDTL) to be maintained by urban cooperative banks has been increased as detailed below:

Category of Urban Cooperative Banks (UCBs)	Investment in Government and other approved securities as percentage of Net Demand and Time Liabilities (NDTL)	Present	Revised
Scheduled UCBs	15%	15%	20%
Non-Scheduled UCBs			
UCBs with NDTL of Rs. 25 crore & above	10%	10%	15%
UCBs with NDTL of less than Rs. 25 crore	Nil	Nil	10%

The measures relating to export refinance facility announced in the Monetary & Credit Policy do not relate to urban co-operative banks but for scheduled commercial banks only.

(c) In pursuance of the Monetary & Credit Policy, 2001-2002, the daily minimum requirement of 65% of Cash Reserve Ratio (CRR) has been reduced to 50% for the first seven days of the reporting fortnight; while continuing with the minimum requirement of 65% of the rest of the fortnight; this minimum requirement will be applicable to all seven days including the reporting Friday without any exception.

This measure will come into effect from the fortnight beginning August 11, 2001.