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Reserve Bank of India

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RBI/2008-09/205
RPCD.CO.RRB. No. BC.40/ 03.05.28(B)/2008-09

October 7, 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.16/03.05.28 (B)/2008-2009 (RBI/2008-09/108) dated July 31, 2008 on the captioned subject. On a review of the current liquidity situation in the context of global and domestic developments, and as set out in the RBI Press Release 2008-2009/447 of dated October 6, 2008, it has been decided to reduce the Cash Reserve Ratio (CRR) for Regional Rural Banks by 50 basis points from 9.00 per cent to 8.50 per cent of their net demand and time liabilities (NDTL) with effect from the fortnight beginning October 11, 2008. This measure is ad hoc, temporary in nature and will be reviewed on a continuous basis in the light of the evolving liquidity conditions.

2. A copy of the relative notification RPCD RRB.CO No.3968/ 03.05.28(B) / 2008 -09 dated October 7, 2008 is enclosed.

3. Please acknowledge receipt to our Regional Office concerned.

Yours faithfully,

(A.K.Pandey)
General Manager

RPCD.CO.RRB.No.3968/ 03.05.28(B)/2008-09

October 7, 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 partial modification of its notification RPCD.CO.RRB.No 1301 /03.05.28 (B) /2008-2009 dated July 31, 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 50 basis points to 8.50 per cent of its net demand and time liabilities from the fortnight beginning from October 11, 2008.

(V.S.Das)
Executive Director