

**Section 42 of Reserve Bank of India Act, 1934 - Cash Reserve Ratio (CRR) -
Maintenance of minimum level of 65 per cent on a daily basis.**

DBOD BC No. 99/ 12.01.001 /2000-01

31.03.2001

**All Scheduled Commercial Banks
(Excluding Regional Rural Banks)**

Dear Sir,

**Section 42 of Reserve Bank of India Act, 1934 - Cash Reserve Ratio (CRR)-
Maintenance of minimum level of 65 per cent on a daily basis.**

As per the extant instructions vide para 2 of DBOD. No.BP.BC.169/21.01.002/2000 dated May 03, 2000 banks are required to maintain a minimum level of 65 per cent of the CRR on each of the days of the reporting fortnight beginning from the first working day till 13th day, and on the 14th day of the reporting fortnight banks are allowed to maintain less than 65 per cent of the required cash balances in order to adjust the average of daily balances to the required level. RBI has also been permitting the banks, at their request, to maintain CRR balances less than 65 per cent on preceding day if the reporting Friday happens to be a holiday or RBI's account closing day.

In this connection, we observe that with the changes in reserve base , banks are fully aware of their CRR requirements and the reporting Fridays are also notified in advance. It has, therefore, been decided that in future no exemption would be permitted from the CRR requirements as laid down in case the reporting Friday happens to be a holiday or RBI's account closing day and accordingly banks should carefully plan maintenance of CRR balances during the fortnights in which the reporting Fridays are public holidays or RBI's account closing days. The contents of this circular will come in force with immediate effect.

Please acknowledge receipt.

Yours faithfully,

(R.C.Mittal)
General Manager.