Section 42(2) of the Reserve Bank of India Act, 1934 -
Reporting of Inter-bank liabilities in Form A

DBOD No. BC 5 /12.01.001/2001-02

August 07, 2001
Shravana 16,1923 (S)

To All Scheduled Commercial Banks
(Excluding Regional Rural Banks)

Dear Sir,

Section 42(2) of the Reserve Bank of India Act, 1934 -
Reporting of Inter-bank liabilities in Form A

Please refer to paragraph 2 (c) of our circular DBOD BC 103/12.01.001/2000-01 dated April 19, 2001 in terms of which all Scheduled Commercial Banks(excluding Regional Rural Banks)have been exempted from the prescription of minimum statutory CRR requirement of 3.0 per cent on inter- bank liabilities of maturity of 15 days and above with effect from the fortnight beginning August 11, 2001 with a view to developing the term money market. It is now clarified that only inter- bank term deposits / term borrowing liabilities of original maturity of 15 days and above and up to one year are eligible for such exemption.

2. The Scheduled Commercial Banks, are therefore advised not to include their aforesaid inter-bank liabilities of original maturity of 15 days and above and up to one year, in Liabilities to the Banking System in India (Item No. I of Form 'A'). Similarly the Scheduled Commercial Banks are advised to exclude their inter- bank assets of term deposits and term lending of the original maturity of 15 days and above and up to one year in Assets to the Banking System (Item III of Form 'A'), for obtaining netting benefits and computation of total demand and time liabilities. Scheduled Commercial Banks are, however, required to report such inter - bank liabilities / assets of original maturity of 15 days and above and up to one year as memo items in Annexure 'A' to Form 'A' under section 42(2) Return.

3. It may also be noted that the above policy prescription is only for CRR purpose effective from the fortnight beginning August 11, 2001. There is no change in the computation of DTL for the purpose of SLR.

4. Please acknowledge receipt.

Yours faithfully,

Sd/-

(R.C. Mittal)
General Manager

Endt. DBOD No. 205 / 12.01.001/2001-02 of date.
Copy forwarded for information and necessary action to :

1. The Deputy General Manager, All Regional Offices, Department of Banking Operations and Development, Reserve Bank of India,

2. The General Manager, All Regional Offices, Department of Banking Supervision, Reserve Bank of India,

3. The Chief General Manager -in- charge, Department of Banking Supervision, Reserve Bank of India, Central Office, Mumbai,

4. The Adviser-in-Charge, Department of Statistical Analysis & Computer Services, Reserve Bank of India, Central Office, Mumbai,

5. The Adviser-in-Charge, Department of Economic Analysis & Policy, Reserve Bank of India, Central Office, Mumbai,

6. The Adviser-in-Charge, MPD, RBI, Central Office, Mumbai 400 001with reference to his U.O.No.452/02.01.279/2000-01and 453/02.01.279/2000-01 both dated 2nd August,2001.

7. The Principal, Bankers Training College,Veer Sawarker Marg,Dadar, Mumbai-400 028
8. The Principal, Reserve Bank Staff College,259,AnnaSalai,Chennai-600018

(Sudarsan Oram)
Deputy General Manager