

CAB Training Cards



कृषि बैंकिंग महाविद्यालय, भारतीय रिज़र्व बैंक
विद्यापीठ मार्ग, पुणे-411016

College of Agricultural Banking, Reserve Bank of India
University Road, Pune-411016



Gist of RBI Guidelines on maintenance of Cash Reserve Ratio (CRR) by UCBs

A. Maintenance of Cash Reserve Ratio (CRR) by Scheduled UCBs

- Scheduled UCBs are required to maintain CRR as per Section 42 (1) of RBI Act, 1934 in current account maintained with RBI.
- To be maintained on average daily basis with respect to Net Time and Demand Liabilities (NDTL) as on last Friday of second preceding fortnight.
- Scheduled UCBs also have to maintain on daily basis 95% of the prescribed CRR.
- Return in Form B as on each alternate Friday to be submitted within 7 days
- Penalty for failure/ late submission as per Section 42 (4) of RBI Act, 1934.
- Penal interest for default in maintenance - at 3% over Bank Rate for first day and at 5% over Bank Rate, thereafter.
- When penal interest at increased rate of 5% above bank rate becomes payable, every director, manager of secretary of the bank who is knowingly and willfully party to the default, shall be punishable with fine which extend to five hundred rupees for each day of default.

B. Maintenance of Cash Reserve Ratio (CRR) by Non-scheduled UCBs

- Non-scheduled UCBs are required to maintain CRR as per Section 18 (1) of B.R. Act (AACs) 1949, on a daily basis, at such percent as may be specified by RBI.
- Since July 12, 2014, all UCBs are required to maintain CRR @ 4% of NDTL of **last Friday of second preceding fortnight**.
- CRR by non-scheduled bank can be maintained by way of:

- (i) Cash resources with itself; or
 - (ii) Balance in a current account with RBI or the StCB of the State concerned; or
 - (iii) Balance in a current account with the DCCB of the district concerned; or
 - (iv) Net balance in current accounts (maintained by UCB with SBI/ PSBs or IDBI).
- Return in Form I to be submitted not later than 20 days after the end of month and Appendix I to be submitted showing daily position of (a) cash reserves required to be maintained, (b) actually maintained and (c) deficit/ surplus.
 - Penalty for non/ late submission and penal interest for default in maintenance of CRR are same as applicable to the scheduled UCBs.

C. Computation of NDTL and CRR

- As per Section 42 of RBI Act, 1934, liabilities of a bank may be (a) towards banking system or (b) towards others.
- **Banking System includes**
 - (i) SBI and its Subsidiary banks (ii) Nationalized Banks & RRBs.
 - (iii) Banking Companies as defined in clause (c) of Section 5 of the B. R. Act, 1949.
 - (iv) Co-operative banks as defined in clause (cci) of Section 56 of the B. R. Act, 1949.
 - (iv) Any other financial institution 'notified' by the Central Government in this behalf.
- **Banking System does not include the following :**
 - (i) EXIM Bank (ii) NABARD (iii) SIDBI (iv) IFCI & IIBI
- **NDTL = Net Liability towards the Banking System + Liabilities towards Others in India**
- Net Liability towards Banking System = Liability with Banking System in India minus Assets with Banking System in India.
- If Net Liability towards Banking system is negative, then **NDTL is simply = Liabilities towards Others in India.**

Compiled by
Shri Rajender Kumar,
DGM & MOF

July 2018