The Chief Executive Officers
All Primary (Urban) Co-operative Banks

Dear Sir/Madam,

Section 42(1) of the Reserve Bank of India Act, 1934 and Section 18 and 24 of the Banking Regulation Act, 1949 (AACS) – FCNR (B)/NRE deposits-Exemption from maintenance of CRR/SLR and exclusion from ABC for Priority Sector Lending

At present, banks are required to include all Foreign Currency Non-Resident Bank [FCNR (B)] and Non-Resident (External) Rupee (NRE) deposit liabilities for computation of Net Demand and Time Liabilities (NDTL) and for maintenance of CRR and SLR.

2. Banks are advised that with effect from fortnight beginning August 24, 2013, incremental FCNR (B) deposits as also NRE deposits with reference to base date of July 26, 2013, and having maturity of three years and above, mobilised by banks will be exempt from maintenance of CRR and SLR. To amplify, if a bank had a total FCNR (B) deposit base of say USD 100 as on the base date, and mobilises an incremental deposit of say USD 20, that portion of USD 20 which has a maturity of 3 years and above will not be part of NDTL and will qualify for CRR and SLR exemption. The same principle will apply for calculation of NRE deposits for exemption from maintenance of CRR/SLR requirements. However, any transfer from Non-Resident (Ordinary) (NRO) accounts to NRE accounts will not qualify for such exemptions.

3. Further, advances extended in India against the incremental FCNR (B) / NRE deposits qualifying for exemption from CRR/SLR requirements as above, will also be excluded from Adjusted Bank Credit for computation of priority sector lending targets.

Yours faithfully,

(A.K.Bera)
Principal Chief General Manager

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Caution: RBI never sends mails, SMSs or makes calls asking for personal information like bank account details, passwords, etc. It never keeps or offers funds to anyone. Please do not respond in any manner to such offers.