



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA  
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RBI/2018-19/86

DBR.No.Ret.BC.10/12.02.001/2018-19

December 05, 2018

All Scheduled Commercial Banks (including Regional Rural Banks)  
Local Area Banks, Small Finance Banks, Payments Banks  
Primary (Urban) Co-operative Banks (UCBs)  
State and Central Co-operative Banks (StCBs / CCBs)

Dear Sir / Madam,

**Section 24 and Section 56 of the Banking Regulation Act, 1949 -  
Maintenance of Statutory Liquidity Ratio (SLR)**

Please refer to our circular [DBR.No.Ret.BC.90/12.02.001/2017-18 dated October 04, 2017](#) on the captioned subject.

2. As announced in the [Statement on Developmental and Regulatory Policies on December 05, 2018](#), it has been decided to reduce the SLR requirement of banks by 25 basis points every calendar quarter from 19.50 per cent of their Net Demand and Time Liabilities (NDTL) to

- (i) 19.25 per cent from January 5, 2019
- (ii) 19.00 per cent from April 13, 2019
- (iii) 18.75 per cent from July 6, 2019
- (iv) 18.50 per cent from October 12, 2019
- (v) 18.25 per cent from January 4, 2020
- (vi) 18.00 per cent from April 11, 2020.

3. A copy of the relative notification DBR.No.Ret.BC.11/12.02.001/2018-19 dated December 05, 2018, is enclosed.

4. Please acknowledge receipt.

Yours faithfully,

(Dr.S.K.Kar)  
Chief General Manager

**NOTIFICATION**

In exercise of the powers conferred by sub-section (2A) of Section 24 read with Section 51 and Section 56 of the Banking Regulation Act, 1949 (10 of 1949) and in supersession of the notifications [DBR.No.Ret.BC.14/12.02.001/2016-17 dated October 13, 2016](#) and [DBR.No.Ret.BC.91/12.02.001/2017-18 dated October 04, 2017](#), the Reserve Bank hereby specifies that:

(i) with effect from the dates given below, every Scheduled Commercial Bank (including RRBs), Local Area Bank, Small Finance Bank, Payments Bank, Primary (urban) co-operative bank and State and central co-operative banks shall continue to maintain in India assets (referred to as 'SLR assets') the value of which shall not, at the close of business on any day, be less than:

- (a) 19.25 per cent from January 5, 2019
- (b) 19.00 per cent from April 13, 2019
- (c) 18.75 per cent from July 6, 2019
- (d) 18.50 per cent from October 12, 2019
- (e) 18.25 per cent from January 4, 2020
- (f) 18.00 per cent from April 11, 2020.

of their total net demand and time liabilities in India as on the last Friday of the second preceding fortnight, valued in accordance with the method of valuation specified by the Reserve Bank from time to time; and

(ii) such SLR assets shall be maintained by:

A. Scheduled Commercial Banks (Including Regional Rural Banks), Local Area Banks, Small Finance Banks and Payments Banks, as -

(a) cash; or

(b) gold as defined in Section 5(g) of the Banking Regulation Act, 1949 (10 of 1949) valued at a price not exceeding the current market price: or

(c) unencumbered investment in any of the following instruments [hereinafter referred to as Statutory Liquidity Ratio securities ("SLR securities")], namely:-

- 1) Dated securities of the Government of India issued from time to time under the Market Borrowing Programme and the Market Stabilization Scheme ; or
- 2) Treasury Bills of the Government of India; or

3) State Development Loans (SDLs) of the State Governments issued from time to time under the market borrowing programme:

(d) the deposit and unencumbered approved securities required, under sub-section (2) of section 11 of the Banking Regulation Act, 1949(10 of 1949), to be made with the Reserve Bank by a banking company incorporated outside India;

(e) any balance maintained by a scheduled bank with the Reserve Bank in excess of the balance required to be maintained by it under section 42 of the Reserve Bank of India Act, 1934 (2 of 1934);

The instruments referred to in items at (c) (1) to (3) above that have been acquired from the Reserve Bank under reverse repo, shall be included as SLR securities for the purpose of maintenance of SLR assets.

Following securities shall not be treated as encumbered for the purpose of maintenance of SLR assets, namely:-

(a) securities lodged with another institution for an advance or any other credit arrangement to the extent to which such securities have not been drawn against or availed of;

(b) securities offered as collateral to the Reserve Bank for availing liquidity assistance under Marginal Standing Facility (MSF), up to the permissible percentage of the total NDTL in India, carved out of the required SLR portfolio of the bank concerned; and

(c) securities offered as collateral to the Reserve Bank for availing liquidity assistance under Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) .

B. Primary (Urban) co-operative banks/ State co-operative banks and Central co-operative banks as—

(a) Cash, or

(b) gold as defined in Section 5(g) of the Banking Regulation Act, 1949 (10 of 1949) read with section 56 thereof, valued at a price not exceeding the current market price: or

(c) Unencumbered investment in approved securities as defined in section 5(a) of the Banking Regulation Act, 1949 (10 of 1949) read with section 56 thereof:

The instruments that have been acquired from the Reserve Bank under reverse repo, shall be included as SLR securities for the purpose of maintenance of SLR assets.

Following securities shall not be treated as encumbered for the purpose of maintenance of SLR assets, namely:-

(a) securities lodged with another institution for an advance or any other credit arrangement to the extent to which such securities have not been drawn against or availed of; and

(b) securities offered as collateral to the Reserve Bank for availing liquidity assistance under Marginal Standing Facility (MSF), up to the permissible percentage of the total NDTL in India, carved out of the required SLR portfolio of the bank concerned;

*Explanation:* The words and expressions used herein and defined in the Annex to this notification, shall have the meanings respectively assigned to them in the [Annex](#).

2. The supersession of the Notifications, [DBR.No.Ret.BC.14/12.02.001/2016-17 dated October 13, 2016](#) and [DBR.No.Ret.BC.91/12.02.001/2017-18 dated October 04, 2017](#) shall not in any manner affect the right of the Reserve Bank to take such action as is open to it under the Banking Regulation Act, 1949 (10 of 1949) for any contravention or default in complying with any requirements of the said Notifications when they were in force.

(Sudarshan Sen)  
Executive Director

For the purpose of this notification,

(a) “cash” to be maintained by:

i) Scheduled commercial banks(including Regional Rural Bank), Small Finance Bank, Payments Bank and Local Area Banks shall include,

- cash in hand,
- the net balance in current accounts with other scheduled commercial banks in India.
- the deposit required under sub-section (2) of Section 11 of the Banking Regulation Act, 1949 to be made with the Reserve Bank by a banking company incorporated outside India;

ii) Primary (urban) co-operative bank/State co-operative bank /Central Co-operative bank shall include:

- cash in hand maintained by a co-operative bank, which is a scheduled bank
- Cash in hand maintained by a co-operative bank, not being a scheduled bank, in excess of the cash or balance required to be maintained under Section 18 of the Banking Regulation Act, 1949 (10 of 1949) read with Section 56 thereof; and
- any balances maintained by a Co-operative bank, which is a scheduled bank, with the Reserve Bank in excess of the balance required to be maintained by it under section 42 of the Reserve Bank of India Act, 1934 (2 of 1934);
- any balances maintained by a Co-operative bank, not being a scheduled bank, with the Reserve Bank in excess of the balance required to be maintained by it under Section 18 of the Banking Regulation Act, 1949 (10 of 1949) read with Section 56 thereof; and
- “Net balances in current accounts” as defined in the Explanation to sub-section (1) of Section 18 of the Banking Regulation Act, 1949 (10 of 1949) read with Section 56 thereof, in excess of the balance required to be maintained by it under the said section.

(b) “Commercial bank” shall mean a banking company as defined in section 5(c) of the Banking Regulation Act, 1949 (10 of 1949) and includes the State Bank of India, a corresponding new bank and a Regional Rural Bank.

(c) “Facility to Avail Liquidity for Liquidity Coverage Ratio” shall mean facility whereby banks will be permitted to reckon government securities held by them up to a certain per cent of their NDTL within the mandatory SLR requirement as level 1 High Quality Liquid Assets (HQLA) for the purpose of computing their Liquidity Coverage Ratio (LCR).

(d) "Liquidity Adjustment Facility" shall mean Repo auctions (for injection of liquidity) and reverse repo auctions (for absorption of liquidity) conducted by the Reserve Bank.

(e) "Marginal Standing Facility" shall mean the facility under which the eligible entities can avail liquidity support from the Reserve Bank against SLR securities, up to a certain per cent of their respective NDTL outstanding at the last Friday of the second preceding fortnight.

(f) "Market Borrowing Programme" shall mean the domestic rupee loans raised by the Government of India and the State Governments from the public and managed by the Reserve Bank through issue of marketable securities, governed by the provisions of the Government Securities Act, 2006, Public Debt Act, 1944 and the Regulations framed under those Acts, through auction or any other method, as specified in the notification issued in this regard.

(g) "Scheduled commercial bank" shall mean a commercial bank included in the Second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934).

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