



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2010-11/317

Ref. DBOD.No.Ret.BC.68 /12.02.001/2010-11

December 16, 2010

All Scheduled Commercial Banks

Dear Sir,

Section 24 of Banking Regulation Act, 1949 - Shortfall in Maintenance of Statutory Liquidity Ratio (SLR) – Additional Liquidity Support under Liquidity Adjustment Facility (LAF)

Please refer to our circular [DBOD. No. Ret. BC.63/12.02.001/2010-11 dated November 30, 2010](#) wherein it was advised that Scheduled Commercial Banks may avail of the additional liquidity support under the Liquidity Adjustment Facility (LAF) to the extent of up to 2.0 per cent of their Net Demand and Time Liabilities (NDTL) as on the reporting Friday of the second preceding fortnight up to January 28, 2011. For any shortfall in Statutory Liquidity Ratio (SLR) maintenance up to January 28, 2011 arising out of avilment of this facility, banks may seek waiver of penal interest on a fortnightly basis purely as an *ad hoc*, temporary measure.

2. As set out in the [Mid-Quarter Review of Monetary Policy released on December 16, 2010](#), given the permanent reduction in the SLR by 1.0 per cent of NDTL, the additional liquidity support under LAF announced by the Reserve Bank of India on November 29, 2010 will now be available up to the extent of 1.0 per cent (instead of 2.0 per cent) of the NDTL of Scheduled Commercial Banks from December 18, 2010 to January 28, 2011. For any shortfall in SLR maintenance up to January 28, 2011 arising out of avilment of this facility, banks may seek waiver of penal interest on a fortnightly basis purely as an *ad hoc*, temporary measure. The liquidity support availed under this facility would, however, need to be reported on a daily basis.

Yours faithfully,

(P R Ravi Mohan)
Chief General Manager