Government of India
Ministry of Finance
Department of Financial Services

Lok Sabha
Unstarred Question No. †1718.
To be answered on 25 November, 2016/Agrahayana 4, 1938 (Saka)

Statutory Liquidity Ratio

†1718. SHRI GANESH SINGH:

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India (RBI) has made it mandatory for the District Cooperative Banks to park the amount of Statutory Liquidity Ratio (SLR) in Government and trustee securities which is likely to reduce the assets of these banks and can negatively impact their income;

(b) if so, the details thereof, State/ Cooperative Bank-wise including Madhya Pradesh; and

(c) whether the said decision of the RBI is adversely affecting the farmers of the country particularly Madhya Pradesh, if so, the action taken by the Government to get exemption from the said instructions?

Answer
The Minister of State in the Ministry of Finance
(Shri Santosh Kumar Gangwar)

(a) to (c): Reserve Bank of India (RBI) has reported that it has advised all State Cooperative Banks (StCBs) and District Central Cooperative Banks (DCCBs), vide circular dated 21 July, 2014, to maintain 100% of their Statutory Liquidity Ratio (SLR) in the form of approved securities in a phased manner by March 31, 2017. As per RBI's guidelines, these banks have been given the time frame of three years to shift their entire SLR to approved securities, as under:

Date	Investment in approved securities as percentage of Net Demand & Time Liabilities (NDTL) as on July 25, 2014
March 31, 2015	5%
March 31, 2016	10%
March 31, 2017	Entire SLR as may be prescribed by RBI on that date

RBI has informed that the above guidelines have been carefully calibrated so that the banks can plan phasing out of their fixed/term deposits and commence investment in approved securities. The above roadmap will enable StCBs to meet the demand for withdrawal of term deposits by DCCBs without impacting their liquidity in the near term. RBI has further informed that the SLR for non-scheduled StCBs and DCCBs has been brought down from the level of 25% of Net Demand & Time Liabilities (NDTL) in June 2014 to 20.75% in October 2016 and it will further brought down to 20.50% from January 2017. These reductions will augment the liquid funds available with the banks to facilitate lending operations and therefore the income of these banks will not be negatively impacted.