



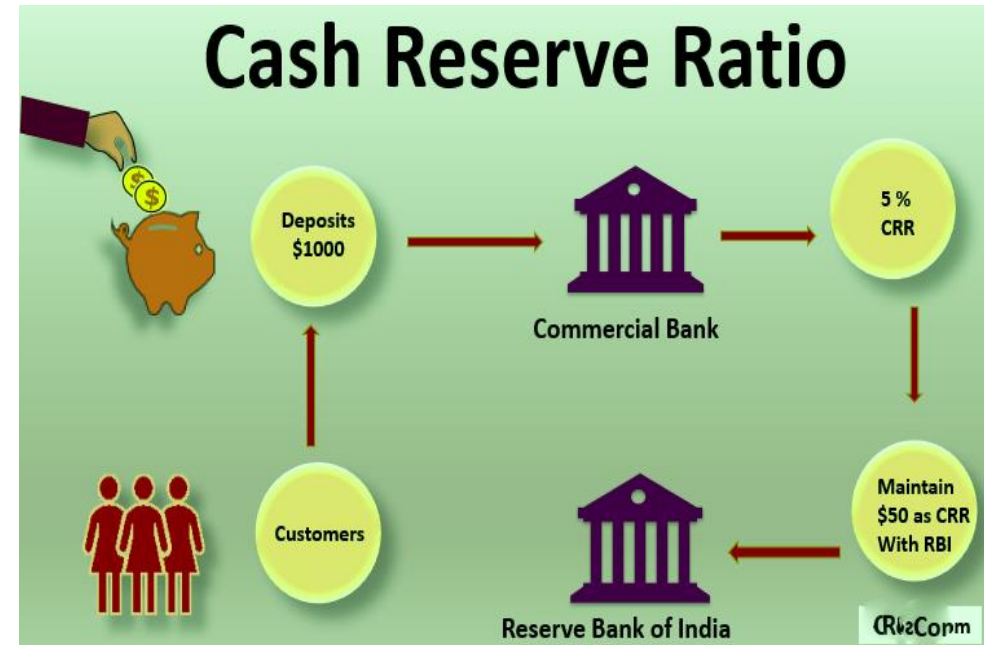
MONETARY POLICY

- ***CONCEPTS & DEFINITIONS***
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CASH RESERVE RATIO(CRR)

- ❑ CRR is the reserve maintained by Scheduled Banks as respective % of their NDTL .
- ❑ CRR is maintained by banks as per RBI Guidelines.
- ❑ CRR was introduced in 1937 U/S 42(1), RBI Act, 1934.
- ❑ It is maintained by banks on Daily Basis.
- ❑ It is maintained in form of CASH only.
- ❑ It is maintained by banks to protect the Trust of Customers.
- ❑ There is no Min./Max. limit of CRR.
- ❑ RBI doesn't provide any rate of interest on CRR deposits.
- ❑ Current CRR is 4% of NDTL.
- ❑ $CRR = \frac{\text{Reserve}}{\text{Money flow, Demand, Inflation}} \times 100$

Money flow, Demand, Inflation



STATUTORY LIQUIDITY RATIO(SLR)

- ❑ SLR was introduced in 1951 U/S 24, B.R. Act, 1951.
- ❑ SLR is maintained by Commercial Banks as per RBI guidelines.
- ❑ It is maintained by Banks with Himself.
- ❑ SLR is maintained in form of Cash, Gold & Govt. Approved Secs.
- ❑ There is no Minimum Limit of SLR.
- ❑ Maximum Limit of SLR is 40%.
- ❑ SLR is maintained by Banks on Weekly Basis.
- ❑ SLR is maintained as % of their respective NDTL.
- ❑ Current SLR – 18% of NDTL.

$$\text{SLR} = \frac{\text{Money flow, Demand, Inflation}}{1}$$

- ❑ SLR is maintained by Banks to Protect Himself from Crisis.

