

No. 208 / Circular / 2018-19  
August 2, 2018

To

The Chairman / Vice-Chairman / Chief Executive Officer  
All Urban Co-operative Banks in Maharashtra  
All Districts & Regional Associations of Urban Co-operative Banks in Maharashtra

Dear sir / madam,

In last Standing Advisory Committee Meeting, we had flagged the following issues to the RBI:

**1) Availability of Marginal Standing Facility (MSF) to UCBs:**

At present the CBLO time schedule is upto 4.00 p.m., and after that borrowing facility is not available to UCBs, whereas Marginal Standing facility call is available only to the Commercial as well as Nationalized Banks.

In order to meet the urgent needs of the clientele, the Marginal Standing Facility should be made available to the UCBs, especially when the CTS clearing returns come after 5.00 p.m., and there is no one at the other end to mitigate/resolve the adverse situation.

And we had requested RBI that the MSF facility should be made available to UCBs at par with the Commercial Banks.

**2) Investment in Non-SLR securities by UCBs in Secondary Market with MFs, Pension/Provident Fund Agencies and Insurance Companies:**

As per the RBI Master Circular No. DCBR/BPB/KPCB/MC No. 4/16.20.000/ 2015-16 dated 01.07.2015, non-SLR transactions have to be carried out in the Secondary Market through banks and/or primary dealers. However such transactions are limited to the minimal of 5 to 10 Crores in many cases. Consequently no banker or primary dealer is ready to deal with such small transactions, except Mutual Funds and Provident Fund Companies. Under the circumstances, to get the benefit of trading in the non-SLR investments, these institutes need to be included as approved counterparties/financial intermediaries. At present, non-SLR settlements are made on F-TRAC and CCIL through NSE. Therefore there is hardly any risk in honouring counterparty transactions.

We therefore requested RBI to include the names of Mutual Fund Agencies, Provident Fund/Gratuity Fund Companies as approved counterparties/financial intermediaries for the smaller transactions.

And we are happy to announce that the above issues presented by the Maharashtra Urban Co-operative Banks' Federation Ltd. to the Senior Authorities of the RBI from time to time and before Standing Advisory Committee, have been positively considered by the RBI.

In yesterday's Press Release RBI has extended MSF to Scheduled Primary (Urban) Cooperative Banks. RBI has also agreed to permit UCBs to undertake eligible transactions for acquisition/sale of non-SLR investment in secondary market with Mutual Fund, Pension/Provident Fund Agencies and Insurance Companies in addition to undertaking eligible transactions with Scheduled Commercial Banks and Primary Dealers.

Detailed guidelines in this regard will be issued by the RBI by the end of September 2018.

Enclosed herewith the minutes of RBI's Standing Advisory Committee Meeting and copy of RBI's Press Release dated August 1, 2018 for Member Banks' perusal.

Thanking you

Yours faithfully

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(Sayali S. Bhoir)  
Chief Executive & Secretary  
The Maharashtra Urban Co-operative Banks' Federation Ltd  
Wadala, Mumbai.

Encl: As above.