

**Explanations for Compilation of the figures under various heads of the Register showing Daily Position of Cash Reserve and Liquid Assets maintained by Primary Co-operative Banks**

**1. "Liabilities in India" shall not include -**

- (i) the paid-up capital or reserves or, any credit balance in the profit and loss account of the co-operative bank;
- (ii) any advances taken by a primary co-operative bank from the State Cooperative Bank of the State concerned or the District central co-operative bank of the district concerned;
- (iii) any advance taken from a State Government, Reserve Bank, Industrial Development Bank of India, Export-Import Bank of India, National Bank for Agriculture and Rural Development, or from the National Co-op. Development Corporation established under Section 3 of the National Cooperative Development Corporation Act, 1962.
- (iv) amount of any advance or other credit arrangement drawn and availed of by a co-operative bank against approved securities;
- (v) in the case of any co-op. bank which has granted an advance against any balance maintained with it, such balance to the extent of the amount outstanding in respect of such advance.

**2. The expression 'Banking System' shall comprise the following banks and financial institutions, viz.**

- (i) State Bank of India;
- (ii) Corresponding new banks or IDBI Bank Ltd.
- (iii) Regional Rural banks;
- (iv) Banking Companies;
- (v) Other financial institutions, if any, notified by the Central Government in this behalf under clause (d) of the Explanation to subsection (1) of Section 18 of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies).

3. Time liabilities include fixed deposits, cash certificates, cumulative and recurring deposits, time liabilities portion of savings bank deposits, staff security deposits, margins held against letters of credit if not payable on demand and fixed deposits held as security for advances subject to item I(v) above.
4. Fixed deposits will include (i) employees' provident fund deposits, (ii) staff security deposits, (iii) recurring deposits, (iv) cash certificates, (v) call deposits requiring notice period of more than 14 days, (vi) provident deposits, (vii) other miscellaneous deposits like earnest money deposits of contractors etc.
5. Demand liabilities include current deposits, demand liabilities portion of savings bank deposits, margins held, against letters of credit / guarantees, balances in overdues fixed deposits, cash certificates and cumulative, / recurring deposits, outstanding telegraphic and mail transfers, demand drafts, unclaimed deposits, credit balances in the cash credit accounts and deposits held as security for advances which are payable on demand.
6. Current deposits will include (i) call deposit which require a notice period of 14 days or less (ii) credit balance in cash credit account, (iii) fixed deposits matured but not withdrawn etc.
7. "Net balance in current accounts" shall, in relation to a co-op. bank, mean the excess, if any, of the aggregate of the credit balances in current account maintained by that co-op. bank with the State Bank of India or a corresponding new bank or IDBI Bank Ltd. over the aggregate of the credit balances in current accounts held by the said banks with such co-op bank;
8. For the purpose of computation of liabilities, the aggregate of the liabilities of a co-op. bank to the State Bank of India, a corresponding new bank or IDBI Bank Ltd., a Regional Rural bank, a banking company or any other financial institution notified by the Central Government in this behalf shall be reduced by the aggregate of the liabilities of all such banks and institutions to the co-op. bank;
9. Other demand and time liabilities include interest accrued on deposits, bills payable, unpaid dividends and suspense account balances representing amounts due to other banks or public.
10. Money at call and short notice obtained from outside the 'Banking System' (say from Life Insurance Corporation, Unit Trust of India, etc.) should be shown against Item No. II.
11. If a bank cannot segregate from the total of 'other demand liabilities' and 'time liabilities', the liabilities to the 'Banking System', the entire 'other demand

liabilities' and 'time liabilities' may be shown against Item viz., Liabilities in India to others –

(i) demand liabilities, and

(ii) time liabilities as the case may be.

12. Only demand and time borrowings other than those excluded under clause (a) (ii) and (iii) of the explanation to Section 18(l) of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) should be shown against this item.

13. 'Other demand liabilities' and 'other time liabilities ' as the case may be, will include deposits unclaimed for more than ten years, provisions in the nature of outside liabilities (such as provision for income tax and other taxes payable, audit fees payable, establishment charges payable etc.), interest payable, bonus payable, bills payable, dividend payable, share suspense, other suspense and sundry items (which are outside liabilities) etc.

14. In case the co-op. bank has taken an advance against any balance maintained with the State Co-operative Bank of the State concerned or with the district central cooperative bank of the district concerned, such balance to the extent to which it has been drawn against or availed of shall not be deemed to be cash maintained in India.

15. In computing the amount for the purpose the following shall be deemed to be cash maintained in India, namely;

(i) any cash or balances maintained in India by a co-operative bank, with itself or with the State Co-operative Bank of the State concerned, or in current account with the Reserve Bank or by way of net balance in current accounts, and, in the case of a primary co-operative bank, also any balances maintained with the district central co- operative bank of the district concerned, in excess of the aggregate of the cash or balances required to be maintained under Section 18;

(ii) any net balance in current account.

16. Assets with the 'Banking System' in India comprise;

(i) Balances with the 'Banking System' in current accounts (a) with public sector banks and (b) with all other banks and notified financial institutions;

- (ii) Balances with banks and notified financial institutions, in all other accounts,
  - (iii) Funds made available to the 'Banking System' by way of loans or deposits repayable at call or short notice of a fortnight or less;
  - (iv) Loans, other than 'Money at call and short notice' made available to the 'banking system'; and
  - (v) Any other amounts due from the 'Banking System' which cannot be classified under any of the above items, for example in the case of inter-bank remittance facility scheme, as on date, the total amount held by a bank with other banks (in transit or other account) would be shown here as such sums cannot be constructed as 'balances' or 'call money' or 'advances'.
  - (vi) In this context, it may be clarified, that if a bank has lodged securities with another bank for borrowal arrangements, then such securities or the unencumbered position of the same should not be shown by the borrowing bank as 'assets' with 'Banking System'. Similarly, the bank which has received the securities should not show them as 'other liabilities', to the 'Banking System'.
  - (vii) Currency and rupee notes and coins held as till money should be shown as cash in India (i.e. cash in hand). However, currencies of foreign countries held with a bank should not be included.
17. Cash must not include balances with other banks or any item other than bank / currency notes, rupee coin (including one rupee notes) and subsidiary coins current on the date of the posting of the register.
18. Unencumbered approved securities to be valued on the basis of the method of valuation determined by the Reserve Bank (at present being valued at a price not exceeding current market price).
19. "unencumbered approved securities" of a co-op. bank shall include its approved 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.
20. Gold to be valued at a price not exceeding the current market price.