

294-C BORROWINGS OF RURAL BANKS/COOPERATIVE BANKS

RBs and Coop Banks may rediscount papers with any bank.

The obligations of RBs arising from availments of rediscounting facilities and other borrowings from the Bangko Sentral, will be considered as deposit substitutes. However, with the qualification in the Tax Code of 1997 that the term *public* means borrowing from twenty (20) or more individual or corporate lenders at any one (1) time, it is clear that the obligations of the RBs to Bangko Sentral, which are entered in their books as "*Bills Payable-Bangko Sentral*," do not presently fall under the category of deposit substitutes.