

RBI /163/2004-05

UBD.PCB.Cir 17 /13.04.00/2004-05

September 4, 2004

The Chief Executive Officers of All Primary (Urban) Co-operative banks

Dear Sir/Madam,

Income Recognition, Asset Classification and Provisioning - Adoption of 90 -days Norm

Please refer to our circular UBD.PCB. Cir No. 9/13.04.00/04-05 dated August 4, 2004 on the above subject, wherein UCBs were advised that 90-day loan impairment norm will be applicable to gold loans and small loans upto Rs. 1 lakh with effect from the financial year ending March 31, 2005.

2. The Reserve Bank has received requests from banks and Federation/ Association of UCBs for reconsideration of the above decision. Taking into consideration the submissions made in this regard, it has been decided that the gold loans and small loans up to Rs. 1 lakh will be governed by the 90-day norm with effect from the year ending March 31, 2007. Till then, they will be governed by the 180-day norm as hitherto.

3. Please acknowledge receipt of this circular to the concerned Regional Office.

Yours faithfully,

(N.S. Vishwanathan)
Chief General Manager