

**RBI/2005-06/175**

**UBD.PCB.CIR.No.14/13.05.000/05-06**

October 6, 2005

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

Dear Sir / Madam,

**Loans and advances to directors, relatives and firms/concerns in which they are interested-UCBs**

Please refer to our circulars UBD.PCB.CIR.50/13.05.00/2002-03 and UBD.BPD.Cir.No. 54/13.05.00/02-03 dated April 29, 2003 and June 24, 2003 respectively, prohibiting UCBs from extending any loans and advances (both secured and unsecured) to the directors, their relatives and the firms/concerns/companies in which they are interested.

2. On reconsideration it has been decided to exclude the following categories of director related loans from the purview of the instructions issued vide our circular under reference:

- (i) regular employee-related loans to staff directors on the Board of UCBs;
- (ii) normal loans as applicable to members to the directors on the Boards of salary earners' co-operative banks and
- (iii) normal employee-related loans to Managing Directors of Multi-State co-operative banks.

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

Yours faithfully,

sd/-

(A.K.Khound)  
Chief General Manager