

January 13 , 2009

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

Dear Sir/Madam,

**Instruments for Augmenting Capital Funds- UCBs**

Please refer to our circular UBD.PCB. Cir. No. 4/ 09.18.201/2008-09 dated July 15, 2008 on the captioned subject, forwarding therewith guidelines on issuance of Preference Shares and Long Term Deposits (LTDs).

2. In this connection we further advise as under:

- (i) PNCPs held may be treated as shares for the purpose of compliance with extant share linking norms.
- (ii) No loans and advances should be sanctioned against the collateral of preference shares (including PNCPs).
- (iii) There is no prohibition on existing shareholders subscribing to Long Term Deposits (LTDs).

3. Please acknowledge receipt to the Regional Office concerned.

Yours faithfully,

(A.K.Khound)  
Chief General Manager-in-Charge.