



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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RBI/2014-15/593

DCBR.BPD.(MSCB).Cir No.1/13.05.000/2014-15

May 14, 2015

The Chief Executive Officers
All Multi-State Urban Co-operative Banks

Dear Sir/Madam

**Guidelines on Sale of financial assets to Securitization Company (SC)/
Reconstruction Company (RC) - Reversal of excess provision on sale of NPAs
to SC/RC**

Please refer to para 5 (A) of our [circular UBD.BPD.\(PCB\).Cir. No.53/13.05.000/2013-14 dated March 28, 2014](#) wherein it was stipulated that if the sale is for a value higher than the Net Book Value (NBV), the excess provision will not be reversed, but will be utilised to meet the shortfall/loss on account of sale of other financial assets.

2. It has now been decided to permit Multi-State Urban Cooperative Banks to reverse to P&L account the excess provision when the sale is for a value higher than the NBV on sale of NPAs to their profit and loss account. However, banks can reverse excess provision arising out of sale of NPAs only when the cash received (by way of initial consideration and/or redemption of security receipt /pass through certificates) is higher than the NBV of the NPAs sold to SCs/RCs. Further, the quantum of excess provision reversed to profit and loss account will be limited to the extent of which cash exceeds the NBV of the NPAs sold.

3. The quantum of excess provision reversed to the Profit and Loss account on account of sale of NPAs shall be disclosed in the financial statements of the bank under "Notes to Account".

Yours faithfully

(Suma Varma)
Principal Chief General Manager

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बैंक हिन्दी में पत्राचार का स्वागत करता है।

चेतावनी: भारतीय रिज़र्व बैंक द्वारा ई-मेल, डाक, एसएमएस या फोन कॉल के जरिये कोई भी व्यक्तिगत जानकारी जैसे बैंक खाते का ब्यौरा, पासवर्ड आदि नहीं मांगा जाता है। यह धन रखने या देने का प्रस्ताव भी नहीं करता है। ऐसे प्रस्तावों का किसी भी प्रकार से जवाब मत दीजिए।

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