

## **Credit Control and other Measures - May 2003**

**Selected circular issued by the Reserve Bank of India during May 2003 reproduced below:**

Ref.UBD No.BPD.CIR.48/13.04.00/2002-03 dated May 22, 2003

### **All Primary (Urban) Co-operative Banks**

#### **Income Recognition, Asset Classification, Provisioning - 90 days Norm for recognition of loan impairment - exemptions**

Please refer to paragraph 2.1.2 of the Master Circular No. BSD.IP.30/12.05.05/2002-03 dated December 26, 2002 on income recognition, asset classification, provisioning and related matters. It advised UCBs to classify an asset as non-performing if the interest and/or instalment of principal remain overdue for a period of more than 90 days, with effect from the year ending March 31, 2004.

2. As announced in Governor's Statement on Monetary and Credit Policy for the year 2003-04 (paragraph 110, copy enclosed), it has been decided to exempt both gold loans and small loans upto Rs. 1 lakh from the 90 days norm for recognition of loan impairment. These loans would therefore continue to be governed by the 180 days norm for classification as NPA even after March 31, 2004.

3. All other instructions contained in our aforesaid Circular remain unchanged.

4. Please acknowledge receipt of the Circular to our concerned Regional Office.