

Regulatory and Other Measures

January 2008

UCBs - Risk Weight for Educational Loans

Jan 29, 2008

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

Prudential Norms for Capital
Adequacy -

Risk Weight for Educational Loans-
UCBs

Please refer to our circular
UBD.PCB.Cir.33/09.116.00/04-05 dated
January 5, 2005 wherein the risk
weight on consumer credit including
personal loans was increased from 100
percent to 125 percent. At present,
'educational loans' are being classified
as a part of 'consumer credit' for the
purpose of capital adequacy, and
accordingly attract a risk weight of 125
per cent.

2. The position has since been
reviewed and it has been decided that
'educational loans' will not be
classified as consumer credit for the
purpose of capital adequacy norms.
Accordingly, the risk weight applicable
to educational loans would be 100 per
cent, as against 125 per cent at
present.