

## *Regulatory and Other Measures*

**March 2008**

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/09.20.001/07-08 March 7, 2008

The Chief Executives of all Primary  
(Urban) Cooperative Banks

### **Classification of UCBs for Regulatory Purposes - Revised Norms**

As you are aware, banks are being  
categorized for regulatory purposes as  
under:

(a) Tier I Banks: Unit banks, i.e.,  
banks having a single branch / HO  
with deposits up to Rs. 100 crore and  
banks having multiple branches within  
a single district with deposits up to  
Rs. 100 crore

(b) Tier II Banks: All other banks.

2. Based on the representations  
received from the UCB sector, it has  
been decided to amend the definition  
of Tier I banks and accordingly banks  
may be classified in Tier I category for  
regulatory purposes as under:

#### *(a) Tier I banks :*

i) Unit banks, i.e., banks having a  
single branch / Head Office and banks  
with deposits below Rs.100 crore,  
whose branches are located in a single  
district.

ii) Banks with deposits below Rs.100  
crore having branches in more than  
one district, provided the branches are  
in contiguous districts and deposits  
and advances of branches in one  
district separately constitute at least 95  
percent of the total deposits and  
advances respectively of the bank.

iii) Banks with deposits below Rs.100 crore, whose branches were originally in a single district but subsequently, became multi-district due to reorganization of the district.

### *(b) Tier II Banks: All other banks.*

As hitherto, the deposit base of Rs. 100 crore will be determined on the basis of average of the fortnightly Net Demand and Time Liabilities in the financial year concerned. Similarly, advances will be determined on the basis of fortnightly average in the financial year concerned.

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

### **Guidelines for Relief Measures by Banks to Poultry Industry (2008)-UCBs**

As you are aware, there have been instances of outbreak of Avian Influenza (bird flu) in some areas of the country. Keeping in view the loss of income that has occurred due to culling of birds as well as steep fall in the demand for poultry products and their prices, banks may consider extending the following facilities to poultry units financed by them :

(i) Principal and interest due on working capital loans as also installments and interest on term loans which have fallen due for payment on / after the onset of bird flu, i.e., December 31, 2007 and remaining unpaid may be converted

into term loans. The converted loans may be recovered in installments based on projected future inflows over a period up to three years with an initial moratorium of up to one year (the first year of repayment may be fixed after the expiry of moratorium period).

(ii) The remaining portion of term loans may be rescheduled similarly with a moratorium period up to one year depending upon the cash flow generating capacity of the unit.

(iii) The reschedulement / conversion may be completed on or before April 30, 2008.

(iv) The rescheduled / converted loans may be treated as current dues.

(v) After conversion as above, the borrower will be eligible for fresh need based finance.

(vi) The relief measures as above may be extended to all accounts of poultry industry, which were classified as Standard accounts as on December 31, 2007.

RBI/2007-2008/297 Ref. No. MPD. BC. 298/07.01.279/2007-08 April 25, 2008 Vaishakha 5, 1930 (S)

All Scheduled Commercial Banks.

### **Interest Rate Ceiling on Rupee Export Credit**

Please refer to our circular No. MPD. BC.295/07.01.279/2007-08 dated October 25, 2007 in terms of which the ceiling on interest rates on pre-shipment rupee export credit up 180 days and post-shipment rupee export credit up

to 90 days has been stipulated at BPLR minus 2.5 per cent, valid up to April 30, 2008.

2. It has been decided to extend the validity of the above dispensation up to October 31, 2008 (Annex).

### Annex

Category	With effect from May 1, 2008 (up to October 31, 2008)
Pre-shipment Rupee Export Credit Up to 180 days.	Not exceeding BPLR minus 2.5 percentage points
Post-shipment Rupee Export Credit (a) On demand bills for transit period (as specified by (FEDAI).	Not exceeding BPLR minus 2.5 percentage Points
(b) Usance bills up to 90 days.	Not exceeding BPLR minus 2.5 percentage points.

**BPLR** : Benchmark Prime Lending Rate.

**Note** : 1. Since these are ceiling rates, banks would be free to charge any rate below the ceiling rates.

2. Interest rates for the above - mentioned categories beyond the tenors as prescribed above are free.